ANALYSIS OF FINANCIAL DUE DILIGENCE UNSUCCESSFUL BUSINESS COMPANIES IN SERBIA

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Summary
In conditions of extreme financial and corporate scandals, in order to achieve a good position in the market and thus maximize profit, modern companies and their top managers must make continual innovation and change, as an adaptation of one of the basic imperatives of modern business. This means that today's modern enterprises are facing numerous challenges, including the need to find a way to survival, growth and development. The global economic crisis that occurred in 2007 passed the downfall of many companies and put into focus the creative application of financial resources in the process of bankruptcy.

Each company during its life cycle comes to a situation that is found in some form of crisis, but if it fails to overcome the crisis inevitably is to declare bankruptcy, which is a recognition that the company failed to meet its objectives. The causes of business failure are different, so the task of the financial due diligence to do the recording of enterprises, carefully, systematically and thoroughly investigate, examine and analyze them information company that filed for bankruptcy. The point of introduction of due diligence is in providing input as soon as possible, in order to take advantage of information in the right way and made the right decisions and strategies of the business. So due diligence serves as a tool or vehicle for designing business decisions, which is in the territory of the Republic of Serbia still minimal use.

The reorganization process is applied rather than the liquidation process, precisely in order to use all the resources that the company has, and thus protect shareholders, creditors and suppliers. This process is strictly controlled and regularized to avoid possible abuse by management that led the company to bankruptcy. The legislation allows considerable benefits company in the reorganization process, just to fit in a healthy leg, changed unsuccessful business and financial structure of the successful and continued to operate. Levies are implemented in Serbia on the basis of a number of regulations, among which the most important are: National Payment System Act, the Law on Enforcement Proceedings, Bankruptcy Law, Negotiable Instruments Act, and regulations - decisions, guidelines and instructions of the Governor of the National Bank of Serbia.

The growing competition, increased emphasis on efficiency and profitability as well as a strong need to survive in the market, leading to unethical and illegal business practices. Hence the need for the visible hand of government or international institutions in the form of stricter laws. However, the open question of who is at present competent to issue rules? Or rather, who is a judge judges?

The aim of the paper is to analyze the financial due diligence unsuccessful companies in the Republic of Serbia. The paper also deals with the process of bankruptcy of the company through its ability to reorganize and continue operations, as well as the process of liquidation of failed companies in Serbia

Keywords: Due diligence, unsuccessfully, company, Serbia

Clasificare JEL: M42

1. Introduction

Today's modern enterprise is torn between the need for stability and also necessary, adaptation. It must find a way to survival, growth and development by increasing flexibility (adaptability), which can only be achieved by constant innovation, on the one hand, while on the other hand require a certain degree of security because of the value and economic principles. This also means that the company has a constant need for change and stability, in order to achieve its objectives.
Financial due diligence shows all the factors of business, which is manifested in the basic financial statements that are prepared and published. They represent a motive for research and analysis, based on which the conclusions are made. The basic financial report shows the true state of affairs of a company with possible irregularities in the business and financial position of companies that initiate further analysis. It is also important in the situation when a company goes bankrupt. The most important data or coefficients, obtained from:

- balance sheet (liquidity, indebtedness)
- income statement (profitability)
- Intersection of balance sheet and income statement (efficiency).

Financial due diligence involves a comprehensive analysis of the business including interviews with key people. Consultancy procedures covering all relevant data of interest for due diligence. However, due diligence approach is different from the audit approach, since the purpose of due diligence to explain why something is happening, while the audit is dealing with what we found. Very often, financial and other types of due diligence performed accountancy firms. In addition, there are numerous advantages to hiring an auditor. Only one of them is to finance directors such work easier, because auditors have sufficient resources and expertise for conducting due diligence, which is not an audit. Methodology of financial due diligence includes: regimes, economic and market activities, organizational structure and personnel, accounting policies, information systems, trading result, net assets, cash flow, taxation, financial projections, other.

In our work continues to present the dynamics of business failure and the use of financial resources in the same conditions, with a particular focus on commercial failure of these societies in the Republic of Serbia.

2. **Concept, types and causes of business failure**

In 2008, the recession brought the downfall of many leveraged transactions and put into focus the creative application of financial resources in the process of bankruptcies. Each company during its life cycle finds himself in a crisis, or if it fails to overcome the crisis inevitably is to declare bankruptcy, which is a recognition that the company failed to meet its objectives. Business failure is a vague term and can have different meanings, but the empirical evidence presented its two main forms, with different economic failure and a financial failure. Economic failure is the relative category, because it can be said that the company was economically unsuccessful when failed to achieve their goals or if there are greater expenses than revenues. Also, the company failed economically if failed to achieve the planned revenue regardless of what is essentially profitable. On the other hand, the financial failure means that the company can not meet its current liabilities within their maturity because there are not enough funds. The company can be found in this situation and when successfully operating and when the value of the assets exceeds its liabilities. Thus, based on the study conducted by Dun and Bradstreet it was found that the most common causes of business failure are (Table 1).

<table>
<thead>
<tr>
<th>Serial number</th>
<th>The causes of business failure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Economic factors (weakness of industry, profits are insufficient)</td>
<td>41.00%</td>
</tr>
<tr>
<td>2</td>
<td>Financial factors (high cost, lack of capital)</td>
<td>32.50%</td>
</tr>
<tr>
<td>3</td>
<td>Factor experience (inexperience, ignorance, lack of management)</td>
<td>20.60%</td>
</tr>
<tr>
<td>4</td>
<td>Negligence (poor work habits, conflicts)</td>
<td>2.50%</td>
</tr>
<tr>
<td>5</td>
<td>Abuses</td>
<td>1.2%</td>
</tr>
<tr>
<td>6</td>
<td>Troubles</td>
<td>1.1%</td>
</tr>
<tr>
<td>7</td>
<td>Strategic factors (inherited difficulties, excessive expansion)</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Izvor: Gogan, Patrik A. (2004), Integration, acquisitions and corporate restructuring, Prometej, Novi Sad

Financial failure is closely related to the high leverage transactions, which are considered one of the defense strategy of acquisitions. Leverage represent recapitalization transaction when the influx of new debt obligations used for payments to shareholders. Denis and Denis consider that 31% of companies that used the leverage recapitalization experienced financial failure. Kaplan and Stein argue that the failure of leverage transactions excessively high cost of debt and bad financial structure.

Certainly in times of crisis, many companies had to sell some of its assets. Recessionary trends, market decline low-ranked bonds and limited sources of funding have further aggravated the situation of the company because their property loses value.

**The use of financial resources in the process of bankruptcy:** The funds in the accounts of the debtor manages the bankruptcy trustee, who immediately upon taking office shall notify in writing all banks in which the company has opened accounts and perform payment transactions. The aim is to prevent the transfer of funds and other
transactions of the debtor that are inconsistent with the Act. The bankruptcy trustee is also required to attach to the notice and the decision to initiate bankruptcy proceedings.

He also substances new bank account to which transferred all funds from existing accounts, and until then existing accounts shut down. In the same bank opens a foreign currency account, if the debtor has foreign exchange or expected influx from abroad. It can also open accounts and special purpose of which must immediately notify the bankruptcy judge and the creditors committee. Since the bankruptcy process all payments and payments relating to the debtor and its operations are carried out exclusively through accounts managed by the bankruptcy trustee who is obligated to perform periodic reconciliation of funds, to ensure that the accounting system is functioning smoothly. If the account has a surplus of funds, the administrator is required to be under the most favorable conditions, time deposit, and the resulting interest is attributable to the bankruptcy estate. The bankruptcy trustee may invest the funds of the debtor in other financial instruments, nor may these funds to use for purposes not related to his duties of the trustee. After the final closing of the bankruptcy proceedings, and after payment of funds in accordance with the decision on the conclusion, the trustee closes accounts in banks.

**Reorganization through bankruptcy proceedings:** Bankruptcy Law was passed in the US in 1978, and subsequently enhanced the adopted amendments and the law of the jurisdiction of the courts, which are bankruptcies fell under the jurisdiction of district courts. The Act of 1984 has impeded the process of automatic layoffs in bankruptcy, and was passed under pressure from trade unions and requires that a company must reach an agreement with employees before they enter the process of bankruptcy. Bankruptcy Law was amended again in 1994, which has strengthened the power of the courts for bankruptcy. Further amendments to the Act related to the bankruptcy of small firms were in 2001. Mentioned law regulates the issue of reorganization, the main objective is to facilitate the development of a plan of reorganization, which would be the basis for continued business. The purpose of the work of the Bankruptcy Law, which regulates the issue of the reorganization is to enable the preparation of a plan of reorganization that would be the basis for the continuing operations of the company. This plan defines the changes that are necessary to be converted into a profitable company. This is is regulated by Article 11 of the said Act, which refers to the process of reorganization. The reorganization process begins by filing a request for assistance (petition for relief) to the Court for bankruptcy. With the request of the borrower submits:

- a list of lenders and owners of securities,
- the financial statements,
- report on profits and losses and
- balance sheet.

In the next step, the Court determines the date by which creditors can file a Proof of Claim. At this stage, the company continues to operate smoothly and the court still does not take action to check its financial condition. The request is usually filed in federal areas where the headquarters. After submitting the application, the Court performs the allocation of the number of applications, opening the court record and the judge determines that the procedure. After filing the company becomes a debtor in possession, which is a new entity, but it is usually for practical reasons, to the same company with the same management and employees. From the perspective of the creditor to be a problem, so that they are able to invest request the court to appoint a trustee or bankruptcy administrator. The bankruptcy trustee has the authority to oversee the operations of the company in bankruptcy proceedings, a professional trustee could oversee specific activities. After accepting the request, the court awarded the automatic stay of proceedings. This is one of the primary benefits received by the debtor in the bankruptcy process in accordance with Article 11. In the mode of proceedings suspended all the proceedings and the enforcement of judgments before applying. Lenders can not exercise their right to compensation from the debtor's assets or cash owed by the debtor. Within ten days after the registration of bankruptcy debtor must submit a list of assets and liabilities of the court, with the addresses of each lender, until the court determines the deadline for registration and submission of proof of claims (bar date). If the lender fails this deadline or submit incomplete evidence lose the right to claim.

According to Article 11 of the debtor in possession uses a security property lender, or lenders are not able to seize assets when the power stayed the proceedings. However, this does not mean that the borrower has assets freely, but must carry out periodic payments to creditors in exchange for further disposal of assets. The debtor must submit monthly financial reports no later than 15 days after the end of the calendar month.

For larger judicial process is formed committee of lenders who make up the largest lenders who together with the administration of the Trusteeship monitor the actions of the debtor in order to prevent possible abuse. Meeting of creditors will be held within 20 to 40 days from the publication of bankruptcy, a mandatory meeting attended by representatives of the debtor. The debtor continues operations and during the reorganization process, but must obtain the permission of the court for bankruptcy before taking any actions that are not within the normal business activities, such as selling assets or shares. Within 120 days, the debtor must file a plan of reorganization (exclusivity period), but in practice this is often considerably extending the deadline at the request of the debtor. According to a recent version of the law plan of reorganization may be submitted by the lenders, and in the earlier versions of the law could only be done by the borrower.
One of the problems facing the company in bankruptcy is the impossibility of obtaining a loan, because if there is a large degree of credit indebtedness, the company could be a step closer to liquidation. The law helps to predict high priority to companies that have declared bankruptcy, although it is unlikely that the creditors are unwilling to extend the loan until the borrower fails to report bankruptcy.

The reorganization plan is a document that contains all the relevant information for the procedure to be carried out (disclosure statement). The plan shall be submitted to all the creditors, shareholders and customers, and must be approved by all creditors and shareholders. After acceptance by all parties to follow the proposed plan of reorganization hearing by a judge who must determine that in accordance with the provisions of the Bankruptcy Law. If the plan is successfully confirmed the debtor is relieved of all previous claims from the period before the filing of the application, which does not mean that the reorganized company exempt debt, but that changed the structure of debt and has the ability to remain sufficiently liquid to cover new obligations and possibly make a profit.

Once approved plan of reorganization is mandatory for owners of all class action even when they did not give consent, which is called the compression of receivables (cramdown). The judge may conduct compaction claims if there is only one class of creditors approved the plan, a "compressed" claimants are treated unfairly, and that no class of inferior claims not paid before the priority class paid 100% of their claims. This sequence of priorities is known as the absolute priority rule which says that priority claims must be fully discharged before younger or inferior due to come on line in settlement. This concept is motivated by the concern of the legislator that a small group of lenders do not block the implementation of the plan and thus do harm to most lenders.

It is essential that the reorganization plan is coherent and workable. Compliance refers to the satisfaction of claims against the priority of payments, while the concept of feasibility refers to the likelihood that the company after the approved plan has a very good chance to survive. The plan must contain sufficient working capital and capital structure that does not contain too much debt, and projected revenues must cover fixed costs, debt obligations and other current expenses.

**Reorganization based on new types of bankruptcy (previously agreed plan of reorganization):** In the late 80s of XX century, a new kind of bankruptcy, which by 1993 accounted for one-fifth of all restructuring failed companies. When previously agreed plans company arranges a reorganization plan with creditors before filing an application under article 11. The debtor wants to negotiate and agree on a plan of reorganization, which will subsequently be approved. In this way, the realization of the bankruptcy process much shorter and delivers significant financial savings, as well as a number of benefits for borrowers in distress who would like to preserve funding sources. Previously agreed plan of reorganization hardly feasible when there are a large number of lenders, especially if they have no common approach to the problem. Voting for the prior agreement can be implemented before or after the filing of documents according to article 11. Previously passed plans require much less time and costs significantly less pronounced share in shares and have better results when it comes to obligations that are not related to the capital. Previously agreed plans can provide tax relief because the net operating losses by previous arrangement taxed differently than in the case of bankruptcy. If the debtor voluntarily reach an agreement by which lenders are written off a certain percentage of the debt, this amount is subject to tax income. In the case of debt restructuring after receipt of the request for bankruptcy, the tax would not be applied to such agreements.

**Liquidation - the optimal solution for companies with poor financial situation:** Liquidation is the process in which terminates the legal personality of a legal entity. Liquidation is the most drastic move that may withdraw unsuccessful firm and represents the ultimate solution for those companies that have failed to implement a voluntary agreement or to implement a successful reorganization. In essence liquidation involves the sale of assets. The funds that are acquired through sale of property used for the creditors. For example, sales of assets in the United States is implemented in accordance with Article 7 of the Bankruptcy Law. On the basis of this law are priorities settlement of debts:

- **Secured creditors,**
  - Administrative costs of bankruptcy,
  - Costs of bankruptcy after the request,
  - Staff salaries for three months before filing the application (limit $ 2,000 employee),
  - AVC obligations in the form of debt retirement fund for six months before filing the application (limit $ 2,000 employee),
  - Unsecured customer deposits (limit $ 900),
  - Federal state and local taxes,
  - Unfunded pension liabilities,
  - Shareholders with preference shares,
  - Holders of ordinary shares.
3. Unsuccessful Business Companies and bankruptcy in Serbia

In Serbia, bankruptcy and liquidation carried out pursuant to the Bankruptcy Act (Službeni glasnik Republike Srbije no. 104/09) 2004., and according to this Act includes the concept of bankruptcy and bankruptcy (sale of assets of the debtor) and the reorganization of the debtor. This law does not differ much from other international law. By initiating bankruptcy proceedings aimed at the creditors, but in recent times and the reorganization of the debtor. In economic terms, the threat of bankruptcy is a disciplining tool that encourages management to better management of property companies with increased control of inputs and outputs.

Bankruptcy proceedings may be initiated by the debtor itself and its creditors. The main feature of the bankruptcy proceedings is the equality of all creditors, where the state most often in charge legislation provides the advantage of its claims in relation to other creditors. In the classical case, the court declared bankrupt society where there is a liquidation, all movable and immovable property is sold, and the proportion of funds raised are settled creditors, which usually are paid out in a lower amount of receivables. If the court decides that it is possible and expedient reorganization of the debtor and its recovery during the bankruptcy proceedings, provides a temporary protection of the debtor's creditors' demands and take measures aimed at healing the debtor. In this way without losing the identity of the debtor company already achieves its better business after termination of the bankruptcy procedure comes to complete the settlement with creditors.

Pursuant to Article 54 of the Bankruptcy Act (Službeni glasnik Republike Srbije no 104/09 from 2009.) Pursuant to Article 54 of the Bankruptcy Act (Official Gazette of the Republic of Serbia No. 104/09 of 2009) of the estate is primarily settled costs of the bankruptcy proceedings, and by their full settlement of the bankruptcy estate. The bankruptcy creditors, depending on their claims, classified in payment priorities. Bankruptcy creditors of lower priority may be settled only after the settlement of bankruptcy creditors of higher order. The bankruptcy creditors of the same order are paid in proportion to the amount of their claims.

Determine the following order of payment:
- in the first pay-red fall outstanding net earnings of employees and former employees in the amount of minimum wages for the last year before the opening of bankruptcy proceedings with interest from the date due until the date of opening of bankruptcy proceedings and unpaid contributions for pension and disability insurance for two years before the opening of bankruptcy proceedings, and whose basis for calculation is the lowest monthly contribution base, in accordance with the regulations on contributions for compulsory social insurance on the opening day of the bankruptcy proceedings, as well as claims based on contract with the companies which are subject to unpaid obligations on behalf of the pension and disability Insurance for the last two years before the opening of bankruptcy proceedings, and whose basis for calculation is the lowest monthly contribution base, in accordance with the regulations on contributions for compulsory social insurance on the date of bankruptcy;
- the second payment priority include claims based on all public revenues matured in the last three months before the opening of bankruptcy proceedings, except for contributions for pension and disability insurance;
- In the third payment priority include claims of other creditors of the bankruptcy. The claims of creditors who prior to the opening of bankruptcy proceedings agreed to be settled after the full satisfaction of the claims of one or more bankruptcy creditors will be settled only after full satisfaction of the third payment priority.

On the first creditor hearing, which was held not later than 40 days from the initiation of bankruptcy proceedings, the judge may order the liquidation of the bankruptcy estate in the following cases:
- If the debtor has no interest in reorganization or personal administration
- If the borrower fails to cooperate with the trustee or committee of creditors, or if do not execute the decisions or orders of the court,
- If within the prescribed period has not submitted any plan of reorganization
- If the creditors did not accept the reorganization vote
- If the reorganization is not successful-acting according to the plan of organization.

The liquidation shall be effected by the competent authority of the owner of a legal person, after the expiry of the legal entity established and the cessation of natural conditions for performing the activity, if a company is not in compliance with the Companies Law.

Information about the bankruptcy proceedings - as on 3.2.2015. year: With the exception of bankruptcy proceedings conducted under the Law on Compulsory Settlement, Bankruptcy and Liquidation ("Official Gazette of SFRY" No. 84/89 and "Official Gazette" No. 37/93 and 28/96), as well as the bankruptcy proceedings of banks for which it is the Agency deposit insurance, according to data from the Agency for bankruptcy Supervision, on the day of 02.03.2015. in the territory of the Republic of Serbia has a total of 1,864 active bankruptcy proceedings.

In the period from 01.01.2015. until 03/02/2015. open 31 bankruptcy proceedings in the territory of the Republic of Serbia. According to data from the Agency for Bankruptcy Supervision supervises up to 03.02.2015. year suspended were 504 bankruptcy proceedings, while from 2008 to 2918 today concluded procedures. By 2008 it was concluded 292 cases, in 2008 197 bankruptcy piostupaka, in 2009 it was concluded 166 cases, in 2010, 317

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bankruptcies, 2011, it was concluded 509 cases, 2012 644 procedure, in 2013 it was concluded 469 bankruptcies, throughout 2014, 317 cases and in 2015 another 7 bankruptcy proceedings were completed.

**Total average time bankruptcy procedure is the following:** For 5286 cases the duration is 2 years, 6 months and 18 days, and the total average duration of cases been launched 02.02.2005. years after the adoption of the Law on Bankruptcy Procedure is 2 years, 2 months and 15 days. For items that are run by the Bankruptcy Act, a total of 3,729 cases of 23.01.2010. The average duration is 1 year, 11 months and 22 days. On the Table 2. you can see the duration of the bankruptcy proceedings, and of the total 5,286 cases were recorded in the Agency, of them 2580 is less than 2 years, 2,705 procedures takes 2-15 years, and only one case is still open and lasts over 15 years.

Table 2: The meant duration of bankruptcy proceedings (initiated by FFP and ZS) As at 03.02.2015. year

<table>
<thead>
<tr>
<th></th>
<th>PRIVATE PROPERTY</th>
<th>PUBLIC ASSETS</th>
<th>Total average duration</th>
<th>TOTAL AVERAGE DURATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The number of bankruptcy cases</td>
<td>The average duration</td>
<td>The number of bankruptcy cases</td>
<td>The average duration</td>
</tr>
<tr>
<td>ACTIVE</td>
<td>1266</td>
<td>3year 1m 9day</td>
<td>535</td>
<td>4year 5m1 9day</td>
</tr>
<tr>
<td>SUSPENDED</td>
<td>389</td>
<td>0year 11m 21day</td>
<td>37</td>
<td>0year 9m 25day</td>
</tr>
<tr>
<td>CLOSED</td>
<td>2212</td>
<td>1year 4m 27day</td>
<td>390</td>
<td>2year 0m 20day</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3887</td>
<td>1year 11m 7day</td>
<td>962</td>
<td>3year 4m 6day</td>
</tr>
</tbody>
</table>

Source: www.alsu.gov.rs/la

Table 3 shows the duration of the bankruptcy proceedings for cases started under the Law on Bankruptcy Proceedings and Bankruptcy Act, and of TOTAL 4,849 cases, 2,549 of them (active, completed and discontinued) lasts two years, and 2,300 cases last from two to ten years.

Table 3: The meant duration of bankruptcy proceedings (initiated by ACBL - set by FFP, FFP and run by ZS) As at 03.02.2015. year

<table>
<thead>
<tr>
<th></th>
<th>PRIVATE PROPERTY</th>
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<tbody>
<tr>
<td></td>
<td>The number of bankruptcy cases</td>
<td>The average duration</td>
<td>The number of bankruptcy cases</td>
<td>The average duration</td>
</tr>
<tr>
<td>ACTIVE</td>
<td>1299</td>
<td>3year 2m 12day</td>
<td>565</td>
<td>4year 10m 24day</td>
</tr>
<tr>
<td>SUSPENDED</td>
<td>442</td>
<td>1year 4m 16day</td>
<td>62</td>
<td>2year 10m 16day</td>
</tr>
<tr>
<td>CLOSED</td>
<td>2376</td>
<td>1year 8m 15day</td>
<td>542</td>
<td>3year 1m 21day</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4117</td>
<td>2year 1m .20day</td>
<td>1169</td>
<td>3year 11m 24day</td>
</tr>
</tbody>
</table>

Source: www.alsu.gov.rs/la

Table 4. shows the duration of the cases started by the Bankruptcy Act, a total of 3,729 cases, 2,029 of them takes up to two years for the 1700 year of the cases were 2-6.

Table 4: The meant duration of bankruptcy procedures (run ZS) As at 02.03.21015. year

<table>
<thead>
<tr>
<th></th>
<th>PRIVATE PROPERTY</th>
<th>PUBLIC ASSETS</th>
<th>Total average duration</th>
<th>TOTAL AVERAGE DURATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The number of bankruptcy cases</td>
<td>The average duration</td>
<td>The number of bankruptcy cases</td>
<td>The average duration</td>
</tr>
<tr>
<td>ACTIVE</td>
<td>1217</td>
<td>2year 11m 3day</td>
<td>358</td>
<td>3year 6m 16day</td>
</tr>
<tr>
<td>SUSPENDED</td>
<td>271</td>
<td>0year 11m 7day</td>
<td>2</td>
<td>0year 10m 0day</td>
</tr>
<tr>
<td>CLOSED</td>
<td>1762</td>
<td>1year 2m 17day</td>
<td>119</td>
<td>1year 1m 8day</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3250</td>
<td>1year 10m 1day</td>
<td>479</td>
<td>2year 11m 6day</td>
</tr>
</tbody>
</table>

Source: www.alsu.gov.rs/la

**4. Conclusion**

The global economic crisis (2007) brought the downfall of many companies and put into focus the creative application of financial resources in the process of bankruptcies. The causes of business failure are different, so the task of the financial due diligence to do the due diligence of enterprises and carefully, systematically and thoroughly investigate, examine and analyze them information company that filed for bankruptcy. The reorganization process is applied rather than the liquidation process, precisely in order to use all the resources that the company has, and thus protect shareholders, creditors and suppliers. Bankruptcy is a legally regulated situation that occurs when a company is unable to pay its contractual obligations to creditors. In Serbia, the bankruptcy regulated Bankruptcy law in 2004., and according to that law, the concept of bankruptcy includes the sale of the assets of the debtor and the debtor's reorganization. By initiating bankruptcy proceedings aimed at the creditors, but in recent times and the reorganization...
of the debtor. In economic terms, the threat of bankruptcy is a disciplining tool that encourages management to better management of property companies with increased control of inputs and outputs. On the day of 02.03.2015, in the territory of the Republic of Serbia has a total of 1,864 active bankruptcy proceedings. This tells us that the current implementation of enterprise policy in a very poor level in Serbia and that it is necessary to reorganize the entrepreneurial policy in which decisions bring highly qualified management with a lot of knowledge and experience and commitment.

5. Literature

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[10] *** www.apr.gov.rs, access 05.03.2015