

Research on Debt Financing Status and Countermeasures of commercial complex built on subway

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Abstract: Money is like the blood of company operation. With the development of economy, enterprise financing to the outside world is an inevitable trend in the process of enterprise development. The Chinese economy has entered an era of surplus economy. In order to compete for commercial resources, various producers may give the business sector a certain period of credit sales. Many small and medium-sized enterprises have gained opportunities to grow through commercial credit sales. The establishment of a scientific and reasonable financing structure is very important for enterprises and is conducive to avoiding financing risks. In the choice of financing methods, enterprises should consider many factors in order to achieve the minimum cost of financing for enterprises and establish a debt financing risk control system. The goal is to maximize profits. The financing methods are diverse, the cost of different financing methods is not the same, and the risks borne by enterprises are also different. This paper analyzes the status quo of the financing model of the subway superstructure commercial complex, and puts forward some preventive measures against the existing problems, so as to play a positive role in the financing management of the subway superstructure commercial complex.

1. Introduction

The study of debt financing and risk has provided new ideas for enterprises to reduce financing costs and improve financing efficiency. In terms of theoretical research, foreign scholars have studied earlier and achieved rich results, and China's research has started late. However, a large number of scholars have conducted research on financing risks and preventive measures for Chinese companies. They have made great progress in various aspects and provided a certain theoretical basis for the writing of this article. This paper summarizes and analyzes the related theories of debt financing model of subway superstructure commercial complex, investigates and analyzes the risks in debt financing of subway superstructure commercial complex through empirical analysis, and puts forward some countermeasures. It provides reference value for managers of the same type of enterprises to make better decisions.

2. Current Status of Debt Financing For Commercial Complex Built on Subway

2.1 Current Financing Model for Commercial Complex Built on Subway

The commercial complex on the subway is generally synchronized with the construction of the newly renovated subway. Although the geographical location is good, the project is new and is in the early stages of development. The business scope is limited and the capital demand is large. Therefore, more use of debt financing mode as the main financing mode, choose bank loans as the main financing method, finance lease as an auxiliary financing method, when the company's capital is not working well, raw material procurement is limited, occasionally will use the financing method of private borrowing. As a supplement. There are still many problems in financing methods, which affect the financing efficiency of enterprises, and the financing cost remains high.

Taking the M Subway Superstructure Commercial Complex as an example. Table 1. is the summary table for the M Subway Superstructure Commercial Complex debt financing amount for nearly three years. Table 2. is the distribution table for the M Subway Superstructure Commercial

Complex debt financing mode for nearly three years.

Table 1. Summary Table for the M Subway Superstructure Commercial Complex debt financing amount for nearly three years Unit: \$

Year Item	Bank Loans	Financial Leases	Private Lending	Total
2016	600,000	0	0	600,000
2017	0	11,000	50,000	61,000
2018	0	12,000	32,000	44,000

Table 2. Distribution Table for the M Subway Superstructure Commercial Complex debt financing mode for nearly three years Unit: %

Year Item	Bank Loans	Financial Leases	Private Lending
2016	100	0	0
2017	0	18.03	81.97
2018	0	27.27	72.73

2.2 Debt Financing Risks in Commercial Complex Built on Subway

2.2.1 Financing risk of bank loans

When an enterprise applies for loans from a bank, the bank generally requires the enterprise to bear a certain level of interest rate, and the interest rate level is measured according to the different stages of the enterprise's development or the size of the project risk. When the enterprise has a low level of development and the project risk is large, Banks generally demand higher interest rates. In the early days of the establishment of the commercial complex on the subway, the level of development was average, the demand for project funds was large, and the return period was long. Banks and other financial institutions considered that their repayment capacity was not high, which made it more difficult to finance bank loans. It increases the financing cost and financial risk of the commercial complex on the subway.

2.2.2 Financing risk of financial leases

Since financial leases are off-balance-sheet financing, financial leases are not reflected in the liabilities items of the financial statements of enterprises and are deeply loved by many enterprise managers. However, business operators only pay attention to the accounting information reflected in the statements. The potential risks posed by financial leases are often overlooked, and the risks posed by such activities can not be underestimated. The commercial complex on the subway should understand the risks of financial leasing and take timely preventive measures to reduce the business risk.

2.2.3 Financing risk of private lending

Private loan financing, as a unique financing method in China, has been listed as a supplementary tool for formal financing, which sometimes helps the commercial complex on the subway to ease financing difficulties to some extent. However, private lending also has the risk of speculation in pursuit of high interest rates, and due to imperfect procedures and the lack of necessary legal restrictions, the risk of default is even greater in the event of an accident, which may put the commercial complex on the subway into a debt crisis. The financial situation has further deteriorated.

3. Causes of Debt Financing Risk in Commercial Complex Built on Subway

3.1 Higher conditions proposed by the bank

The commercial complex on the subway is generally in sync with the new construction of the subway. The company is in the early stages of development. There are fewer fixed assets, and there

is a lack of suitable collateral as a financing guarantee. The guarantee company that can provide guarantees is also due to the lack of clarity on the future development of the project. The unwillingness to provide guarantees for the commercial complex on the subway has to some extent restricted the level of financing of the commercial complex on the subway and hindered its financing possibilities. The number of bank loans per year is not high.

3.2 Low level of financing management of employees

The subway superstructure business complex did not employ a professional management team to conduct company management and financing decisions. The management level of managers was not high, and management was based on previous management experience. Due to the new teaching of the subway superstructure business complex project, the management experience was insufficient. In addition, the overall level of education of the employees of the company is low, which has seriously affected the overall level of the company's culture. Not only is it difficult to store in the choice of financing plans, but the financing strategies formulated can not be implemented well, and the management of funds and the calculation of costs are also inaccurate. phenomenon.

4. Countermeasures of Debt Financing Risk in Commercial Complex Built on Subway

4.1 Improving their financing capacity

The strength of the enterprise's own synthesis is the basis whether a company can obtain financing resources. The commercial complex on the subway must fully realize that the internal management system of the company directly affects the debt financing ability and the development speed of the entire company. It also affects the efficiency of the use of the company's funds in all aspects and the entire enterprise's capital turnover rate, improves the internal management level, improves the internal financial system of the company, improves the execution power of the production link, improves the efficiency of the production link, maximizes the capital turnover, and reduces financing risks. We will continue to improve our competitiveness, increase access to financing and enhance our ability to raise funds.

4.2 Diversification of financing programs

In order to minimize the cost and obtain profits, we should formulate a more reasonable and complete financing plan based on our own financing capabilities and on the basis of existing operations and development, integrating the company's profitability and loss ability. If the enterprise is profitable, it will carry out debt financing; If the equity capital of a company has the ability to expand, it should consider equity financing. First, because the capital cost of external financing is generally higher, the commercial complex on the subway must make good use of internal financing, and the internal financing cost is low and the risk is minimal, so as to help the company determine the stable financial development status; Secondly, if external debt financing has to be taken into account, the amount and duration of financing must be reasonably arranged for the commercial complex covered by the subway. The interest generated by short-term borrowing is lower than long-term borrowing, but the repayment pressure is greater and long-term borrowing is more stable. However, the interest costs incurred are also higher. Therefore, requiring prudent cash budgets to repay short-term loans in a timely manner to avoid delays in repayment will lead to a debt crisis and further deterioration of the financial situation.

4.3 Establishment of a professional finance management team

We should fully recognize the importance of talents and recognize that the financing of the commercial complex built on the subway requires the active participation of all departments, keep pace with the times, change ideas, improve their own management level, and attract more high-quality talents to join the company. Establish a professional financing management team to accurately calculate the capital cost of financing and implement the company's financing plan. More fresh blood can be injected into enterprises through appropriate wage increases and more effective pay incentives.

4.4 Establishment of a Performance Evaluation System for Financing to Enhance Risk Prevention and Control Capacities

In order to base on the market, the commercial complex on the subway must ensure the effectiveness of financial risk warning and company monitoring system, establish a sound internal risk prevention system, and establish a defense line to prevent and defuse financial risks. Through the establishment of financial early warning mechanism in the whole production and business process, it can predict risks in a timely manner, issue early warnings, prevent source risks, avoid financial crises caused by decision-making mistakes, and minimize the risk of debt financing. Set up a financing performance evaluation system, divide the relevant indicators, compare the index value of risk with the standard value of the index, and issue an early warning when the debt financing index is close to the critical value, and timely carry out risk prevention to effectively reflect the company's comprehensive financing situation.

5. Summary

The financing problem has a long history and is an important influencing factor for the survival and development of enterprises. Due to the limitations of all aspects of the commercial complex on the subway, it is difficult for it to obtain equity financing, and it is instead invested in easier debt financing methods such as bank loans and financial leases. However, there are many risks in the debt financing model of the subway commercial complex. We should improve our ability to raise capital, formulate diversified financing plans, set up professional financing management teams, establish a financing performance evaluation system, and improve risk prevention and control capabilities. It provides an effective reference for managers of the same type of enterprises in Shaanxi province to guard against the risk of debt financing.

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