FINANCIAL EQUILIBRIUMS ANALYSED AND PREVISIONED ON THE BALANCE-SHEET DATES

ECHILIBRE FINANCIARE ANALIZATE ŞI PREVIZIONATE PE BAZA DATELOR DIN BILANŢ

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Abstract: The present paper objective is the analysis and the research of the balance-sheet on two directions (horizontal and vertical), each of that making evident certain correlations, with special significance for the enterprise's financial situation appreciation. In this way, the horizontal analysis of the balance-sheet, the one we have in view, make evident the mode in which are realised the main financial equilibriums for the enterprise's or for the group of enterprises, on short and long term, through some elements such as the bearing fond and, respective, the necessary bearing fond. During the time, the bearing fond has various interpretations but only two of them are more useful for the financial analysis and administration and are known under the names of clear or permanent bearing fond, respective, own bearing fond. The existence of the bearing fond is bounded by the clear need of capitals which appears in the exploitation cycle and is known under the name of necessary bearing fond. The last one appears from the comparison between the needs and the means of finance.

Rezumat: Lucrarea de faţă are în vedere analiza şi studiul bilanţului pe două di-recţii (orizontală şi verticală), fiecare dintre acestea punând în evidenţă anu-mite corelaţii, cu semnificaţie deosebită în aprecierea situaţiei financiare a în-treprinderii. Astfel, analiza pe orizontală a bilanţului, pe care o vom avea în ve-dere, pune în evidenţă modul în care se realizează principalele echilibre finan-ciare pe termen scurt şi pe termen lung ale întreprinderii sau grupului de între-prinderi, prin intermediul unor elemente dintre care, vom lua în discuţie, în lu-crarea de faţă, fondul de rulment şi necesarul de fond de rulment[1]. Fondul de rulment a suferit în decursul timpului numeroase interpretări, două dintre aces-tea dovedindu-se de mare utilitate în cadrul analizei şi gestiunii financiare şi purtând denumirea de fond de rulment net sau permanent, respectiv fond de rul-ment propriu. Existenţa fondului de rulment este strâns legată de nevoia netă de capitaluri manifestată în cadrul ciclului de exploatare şi cunoscută sub denumi-rea de necesar de fond de rulment care ia naştere în urma comparării nevoilor de finanţare cu mijloacele de finanţare.

MATERIAL AND METHOD

The horizontal analysis of the balance-sheet make evident the main financial equilibriums on short and long term of the enterprise or of a group of enterprises through some measures as: the clear situation, the bearing fond, the necessary bearing fond and the treasury[2].

The determination of the enterprise's clear situation have, at basis, the following

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[1]Petrescu Silvia, *Analiza economico-financiară, Concepte-Modele-Studii de caz*, Editura Universităţii "Al.I.Cuza" Iaşi, 2003, p. 241.
[2]Ibidem.

relation:

$$SN = A - DT,$$

where:

NS represent the clear situation;

A - actives;

TD - total liabilities.

Being the expression of the enterprise's owner fortune (because represents the value of the active who can be realised at a certain moment), the clear situation must be sufficient to assure not only the enterprise's function but also its financial independence. In the same time, it present interest also for the enterprise's creditors, especially for its liquidation case.

If we have in view the financial balance-sheet, the clear situation will be determined as difference between the active total and the advanced incomes (on one hand) and total liabilities (on the other hand), fact who represent nothing else than the enterprise's own capitals value. The harmonised accounting balance-sheet proceeds to the calculus of the clear situation as difference between the active total, current liabilities and long term liabilities.

According to its measure values, the firm will be characterised through a *healthy economic administration* (when the clear situation is positive and increasing); in that case, the enterprise's value and its own capitals are maximised; *before bankruptcy situation* (the is case characterised through a negative clear situation).

RESULTS AND DISCUSSIONS

To characterise the clear situation of the analysed enterprise "X", on the studied period of time, and also to show the mode in which it will evolve in future, we will proceed to the enterprise's own capitals prevision. The effective and future values of its elements are presented in table 1. The existence of some positive and increasing values for the own capitals leads to the conclusion that the analysed firm is characterised through an economic healthy administration.

Table 1

The situation of the own capitals at the analysed enterprise (thousands lei)

Own capitals at S.C. "X" SA			
The analysed period of time		Prevision values	
Years	Value	Years	Value
2001	527,50	2008	1.355,67
2002	579,54	2009	1.556,12
2003	726,28	2010	1.777,67
2004	742,80		
2005	891,51		
2006	955,71		
2007	1.218,09		

The bearing fond and the necessary bearing fond – indexes of the enterprise's financial equilibrium; The bearing fond suffers, during the time, various interpretations, two of them proving big utility for the financial analysis and administration, known under the names of clear or permanent bearing fond, respective own bearing fond.

The clear bearing fond determination starts from the idea to reclassify the posts from the accounting balance-sheet, for the utilizations part and, also, for the resources part. In that way, for the utilizations, we obtain an order of it after the liquidity criterion (over an year for the fixed assets, respective under an year for the circulating assets). The resources was under classified according the liability criterion, in permanent capitals (own capitals plus liabilities who must be reimbursed in a period over an year) and liabilities under an

year (the one with a reimburse term inferior than the financial exercise period of time and who are bounded, as result, by the enterprise's solvability degree).

The calculus relations for the clear bearing fond are:

CBF = PC – FA (determined according to the superior part of the financial balance sheet)

CBF = CA – CCL (determined according to the inferior part of the financial balance sheet, where:

CBF represent the clear bearing fond ;
PC - permanent capitals;
FA - fixed assets;
CA - circulating assets;
CCL - clear current liabilities.

To demonstrate the equivalence between the two calculus modes of the clear bearing fond we use the dates presented in table 2.

Table 2

The equivalence between the two methods used for the CBF calculus (thousands lei)

Elements	2001	2002	2003	2004	2005	2006	2007
First method							
PC	527,500	579,538	726,279	742,796	1.042,98	1.312,934	2.077,015
FA	471,185	497,237	512,907	512,395	794,429	1.210,538	1.435,483
CBF	56,315	82,301	213,372	230,401	248,551	102,396	641,532
Second method							
CA	76,015	144,440	387,124	703,581	1.046,669	1.429,014	2.512,080
CCL	19,700	62,139	173,752	473,180	798,118	1.326,618	1.870,548
CBF	56,315	82,301	213,372	230,401	248,551	102,396	641,532

According to the relations which exists between the permanent capitals and the fixed assets, respective between the circulating assets and the short term liabilities, the clear bearing fond can take the following values:

▸ *positive* – the situation correspond to the case when, according to the chosen determination relation, the permanent capitals are superior to the fixed assets or the circulating assets are bigger than the short term liabilities;

▸ *negative* – in that case, the bearing fond can not assure even the assets whole finance; to its completion we must appeal to a series of resources on short term.

▸ *zero* – the present situation, hard to find in practice, can be interpreted as a perfect equilibration of the resources with the utilizations and also, a circulating assets whole finance on the short term liabilities.

The own bearing fond, as enterprise's financial autonomy expression, can be determined as difference between the own capitals value and the one of the fixed assets, according to the formula:

OBF = OC – FA,

where: OBF represent the own bearing fond; OC-own capitals; FA-fixed assets.

For the enterprise "X" studied, the value of the own bearing fond will be determined using the dates from table 3.

Table 3

The values of the own bearing font of the "X" society (thousands lei)

Elements	2001	2002	2003	2004	2005	2006	2007
OC	527,500	579,538	726,279	742,796	891,507	955,712	1.218,086
FA	471,185	497,237	512,907	512,395	794,429	1.210,538	1.435,483
OBF	56,315	82,301	213,372	230,401	97,078	-254,826	-217,397

After the examination of the dates from table 3 we can say that the enterprise have total financial autonomy for the 2001 – 2007 period of time financing all its fixed assets from own resources. After that, the existence of a negative own bearing fond appears as a consequence of the fact that the own resources became insufficient to finance the assets, fact who lead to the necessity to appeal at borrowed resources. The last one are tightly connected to the *borrowed bearing fond* determined as difference between the clear bearing fond and the own bearing fond.

The existence of an increasing bearing fond is a proof of the increase of the circulating assets part financed on the permanent capitals, meaning an increase of the enterprise's security mardge. The stationary bearing fond shows that the enterprise is stagnating, from different reasons, on a certain period of time and the decrease of the bearing fond is caused by the permanent capital decrease (credits reimbursements on long term or liabilities credits) or by the clear assets increase (investments).

The existence of the bearing fond is tightly bounded by the clear need of capitals manifested into the exploitation cycle and known as *necessary bearing fond*. The last one appears from the comparison of the finance needs (fond which must be used by the enterprise to buy raw materials and materials, to pass the unfinished production through different fabrication process stages, to cover the expenses caused by the circulating active's depositing till the delivered moment etc. and, respective, to afford the establishing, in the customers relations, of certain payments terms, after the delivery; when the enterprise used the customer- credit, a period of time she will not benefit by liquidities but only by debts) with the finance means (the suppliers – credits obtained by the enterprise and who permit to it to benefit by a series of fond because of the fact that the payment is made to a certain date of payment from the engagement appearing).

The permanent character of the necessary bearing fond results because of the fact that even the factors who compose it (utilizations and respective resources) have a short existence in the enterprise, they solicit a permanent renewal. The fluctuant character of the necessary bearing fond is tightly bounded by the turnover variation (that's increase suppose the increase of the circulating assets and debts volume and its decrease means the inverse evolution of these circulating assets).

To cover the finance necessity of the production activity (exploitation cycle), the enterprise appeal, as rule, to a series of resources with temporary character known as exploitation liabilities which appears as effect of the firm's economic-financial reports with suppliers, creditors etc. According to the nature of the difference which appears between that two elements and which can be explained through the discrepancy who exists between the realization moment of an economic-financial operation and the one of its implications over the treasury, we can appreciate the normality of an enterprise in the following mode:

✔ *the existence of a positive bearing fond* (which means a superior level of the cyclic allocations according to the cyclic resources) is the interpretation, from the enterprise's point of view, of a normal state (if represent the result of an investment process which correspond to the exploitation cycle) and, also, the expression of the existence of one discrepancy between cashing and payments (the debts cash term increase and the payment one decrease);

✔ *a negative necessary bearing fond*, appeared as effect of the superior level of the exploitation temporary resources according to the temporary allocations, can be understand as a positive fact only if it shows through the circulating assets rotation speed acceleration and, respective, through the increase of the exploitation's liabilities payment term; for the situation when that fact do not exist, the appearance of a negative necessary bearing fond is the expression of certain difficulties bounded the provisioning and, implicit, by the circulating assets renewal.

As generally determination rule, *the necessary bearing fond* represents the difference between the circulating assets (excepting the active treasury) and the capitals with smaller than an year exigibility (excepting the passive treasury). As effect of the distinction realised by the functionally balance-sheet construction between the exploitation's operations and the outside one, the necessary bearing fond can be decomposed in the following mode:

• exploitation necessary bearing fond (ENBF);
• necessary bearing fond outside the exploitation (NBFOE).

The determination mode for the two measures is the following one[3]:

$$\textbf{ENBF} = \textbf{ECA} - \textbf{EL},$$
$$\textbf{NBFOE} = \textbf{OECA} - \textbf{LOE},$$

where:

ENBF represent the exploitation necessary bearing fond;

ECA - exploitation circulating assets (stocks and unfinished production, advances to the suppliers, exploitation debts and exploitation advanced expenses);

EL - exploitation liabilities (advances from the customers, exploitation liabilities – liabilities to the suppliers, social and fiscal liabilities from exploitation and exploitation advanced incomes);

OECA - outside exploitation circulating assets;

LOE - liabilities outside the exploitation.

The exploitation necessary bearing fond can be realised taking account by the enterprise's exploitations norms, meaning the own activity conditions of it. The method, known as dynamic method for the exploitation necessary bearing fond prevision have, at basis, the stocks rotation period of time, of the customers-credit and, respective, of the suppliers credit. It permit the determination of the enterprise's necessary bearing fond

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[3]Georgescu Iuliana, *Conturile anuale în societăţile comerciale*, Editura Sedcom libris, Iaşi, 1999

and came to complete the determination method of it on the balance-sheet base. For the determination of the provisioned values of the exploitation necessary bearing fond we can use: the exploitation circulating assets value, the exploitation liabilities and the provisioned turnover.

CONCLUSIONS

The existence of a positive clear bearing fond means that the last one is sufficient to assure the finance of the whole fixed assets and for a part of the circulating assets. The necessity almost permanent of money capitals for the finance of the cyclic assets is a consequence of a continuous renewal character of the stocks and debts. Looking to a new perspective, that kind of value for the bearing fond is the expression of the fact that the circulating assets permit not only the reimbursement on term of the short term liabilities, but also, a plus of liquidities, fact with a positive influence over the enterprise's solvability.

The negative bearing fond means, in liquidity terms, that the circulating assets gives sufficient cash for the liabilities reimburse on short term, fact which, at the first sight, seems to affect negative the enterprise's solvability. For a sure verdict, it is necessary a detailed analysis of the structure on term for the circulating assets and, also, for the liabilities with the payment date under an year, an important role being the one of the medium payment day term. If the last one is smaller (in days) than the one of the short term liabilities, the enterprise's solvability will be not affected because the released sums from the cashing debts will be sufficient to reimburse the part from the short term liabilities which correspond to the costumers credit period of time. For the contrary case, to not affect the enterprise's solvability it is necessary the existence of a substantial clear bearing fond.

We can say that the enterprise can appreciates the optimum level of the bearing fond (as own finance resource) only if have in view a level for it which will cover the minimum and permanent need of bearing fond. The part from the necessary bearing fond which is superior to the permanent and minimum need will be covered by treasury credits or by a series of advantages credits looking the cost.

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