MODALITIES OF FINANCIAL STRUCTURE ANALYSIS IN ROMANIAN ENTITIES IN THE POST CRISIS ERA

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Abstract. *In this paper the authors analyze the financial structure on two levels, namely time for charging and funding sources. For each tier financial structure is analyzed with a correlated indicators including overall indebtedness and financial autonomy.*

Keywords: financial structure, capital structure, financial autonomy indebtedness

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1. Literature Review

The financial structure of the company is determined by the structure of the entire balance sheet liabilities and highlights our opinion, the role of capital in financing entity.
Compared to capital structure, financial structure also comprises short-term borrowed capital. From these references result how the financial structure includes capital structure of the company. In this respect, the financial structure means the ratio between short-term financing and long-term financing and medium enterprise.

Table 1: Financial Structure

Financial structure of the entity	**Short term resources**	***Tresaury resources***
	Long term resources	***Permanent capital***

Need funding for both operating activities appears that production and operations that are not specific operational activity
Cash resources as part of the financial structure consist of short-term bank loans and commercial loans which together cover a part of current assets.
Permanent capital consists of equity of the enterprise and mid -and long- term loans, which together cover assets and part of current assets that takes the form of working capital and medium and long term financing. In order to increase activity requires investment firms. Financing growth company requires the existence of permanent resources, and for this purpose may be used either equity or borrowing of the company.Leverage enterprise can take place either through the use of loans from banks and other specialized financial institutions or the bond loan .

In a simplified form, the financial structure of the entity can be appreciated after Total Debt and equity financing share and reflect on borrowed resources compared to their own resources, the ratio being called the global debt ratio. Analysis of the financial structure of the main aims assessing the company's financial policies and strategies, training on how financial resources maturity and source categories.

2. Methods and Results

2.1. The analysis of financial resources maturity

Structure maturities of financial resources is evidenced by a system of indicators including financial stability and the current funding level.

a. Financial stability analysis

Rate reflects the financial stability of the connection between the permanent capital of the company has a stable (over a period of 1 year) and total assets. It is calculated as a percentage ratio between permanent capital and total liabilities.

The predominance of permanent capital in the total financial resources reflects the permanent financing activity conferring a high degree of safety with stability in funding.

Table 2: Financial stability

No.	Indicators	MU	2010	2011	2012	2013
1	Capital permanent	lei	9.432.879	21.500.371	84.085.591	102.604.432
2	Passives	lei	16.839.194	34.237.986	98.255.799	149.439.945
3	Financial Stability Ratio	%	56,02	62,80	85,58	68,66
4	Minimum value acceptable	%	50,00	50,00	50,00	50,00

It is noted that throughout the period of analysis businesses have a high degree of financial stability. The situation is favorable even in the last year they recorded a higher discount rate due to increase in total liabilities (152%) than the growth rate of permanent capital (122%). In the last year of analysis finance their businesses over 68.66% of its capital resources permanent, with a good financial stability.

b. Analysis of the current financing

Current funding level reflects the extent to which current resources participating in the form of resource and financing activities and is calculated as the ratio of short-term debt and total liabilities.

For enterprises the situation is analyzed below.

Table 3: Current funding level

No.	Indicators	MU	Year			
			2010	**2011**	**2012**	**2013**
1.	Short term liabilities	lei	7.406.315	12.737.615	14.170.208	46.835.513
2.	Passives	lei	16.839.194	34.237.986	98.255.799	149.439.945
3.	Current financing	%	43,98	37,20	14,42	31,34
4.	Maximum value acceptable	%	50,00	50,00	50,00	50,00

In the first three years of the indicator is decreasing trend analysis, that current resources total weight loss of funding. In the last year of analysis, however, the indicator increases sharply. However the indicator recorded an acceptable level, which ensures high undertakings financial stability.

2.2. The Analysis of Sources of Financial Resources

On sources, the financial structure covers two components: financial autonomy and indebtedness.

a. *Analysis of financial autonomy*

Global financial autonomy ratio shows how heritage is funded enterprises based on own resources and is calculated as a percentage ratio of total equity and liabilities.
Analyzed companies rate the following values:

Table 4: Global financial autonomy ratio

No.	Indicators	MU	Year			
			2010	**2011**	**2012**	**2013**
1	Equity	lei	9.432.879	21.500.371	75831664	81676656
2	Passives	lei	16.839.194	34.237.986	98.255.799	149.439.945
3	Global financial autonomy ratio	%	56,02	62,80	77,18	54,66
4	Minimum value acceptable	%	33,00	33,00	33,00	33,00

In the last year the company finances its activities in a proportion of 54.66% from own resources ie 22.52% less than the previous year. This was due to the faster growth of total resources (152%) than own resources (108%). In the first three years the trend has been the growth analysis, then decreases in the last year, but without going below the minimum acceptable level.

Global financial autonomy index report shows funding from own resources and foreign. Show the extent to which total debt to equity may be covered. This index is calculated as a percentage ratio between equity and total debt.

Table 5: Global financial autonomy index

No.	Indicators	MU	Year			
			2010	**2011**	**2012**	**2013**
1	Equity	lei	9.432.879	21.500.371	75.831.664	81.676.656
2	Liabilities	lei	7.406.315	12.737.615	22.424.135	67.763.289
3	Global financial autonomy index	%	127,36	168,79	338,17	120,53
4	Minimum value acceptable	%	55,00	55,00	55,00	55,00

During the whole period of analysis, firms were able to cover more than the full total debt on the account equity. In the last year equity were 20.53% higher than the loan and raised, due to:

- Increase equity by 7.71%;
- Increase total debt by 202.19%.

In the first three years the trend has been to raise rates because last year the situation to present a downward trend, which leads to the conclusion that the continued trend indicator will have negative consequences for the global financial autonomy.

Term financial autonomy reflects the proportion of the equity part in the formation of permanent capital, and are calculated as a percentage ratio of equity capital and permanent.
Minimum allowable value of the indicator is 50% below this limit businesses are in an unfavorable situation in terms of risk of insolvency. The indicator values are listed below:

Table 6: Term financial autonomy

No.	Indicators	MU	Year			
			2010	**2011**	**2012**	**2013**
1	Equity	lei	9.432.879	21.500.371	75.831.664	81.676.656
2	Permanent capital	lei	9.432.879	21.500.371	84.085.591	102.604.432
3	Term financial autonomy	%	100,00	100,00	90,18	79,60
4	Minimum value acceptable	%	50,00	50,00	50,00	50,00

Throughout the period under review businesses fall into a high degree of financial autonomy, although the trend indicator in the last two years of decline. Thus, last year, the equity of companies representing over 79.86% of permanent, 10.58% less than the previous year. This was due to a faster rate of permanent capital (22.02%) than own (7.71%), which means that the medium and long term debts were more dynamic than own resources.

Term financial autonomy index reflects the extent to which mid-and long-term debt can be covered on account of equity and is calculated as a ratio of equity and debt in the medium and long term.

Table 7: Term financial autonomy index

No.	indicators	MU	Year			
			2010	**2011**	**2012**	**2013**
1	Equity	lei	9.432.879	21.500.371	75.831.664	81.676.656
2	Long and medium liabilities	lei	0	0	8.253.927	20.927.776
3	Term financial autonomy index	%	-	-	918,73	390,28
4	Minimum value acceptable	%	100,00	100,00	100,00	100,00

In the last year of analysis equity firms covering more than 3.9 times the medium and long term debt, this value being business friendly. On the other hand, financial autonomy index trend recorded over the past year is significant (135.4% in relative values), indicating a potential problem. This was due to very rapid growth in the medium and long term debt (202.19%) to equity (7.71%). Businesses are in a comfortable situation, but must pay special attention to high debt fast pace.

b. *Analysis of borrowing*

Overall leverage ratio measures the proportion of total debt to assets of businesses and show how attracted borrowed sources participating in the financing of and are calculated as a percentage ratio between total debt and total liabilities.
Maximum allowable value of this indicator can be 66%, although it is considered that a value of 50% is safer. Removing the safety value means a reduction in borrowing firms, an increase of financial autonomy.

Table 8: Overall leverage ratio

No.	Indicators	MU	Year			
			2010	**2011**	**2012**	**2013**
1	Liabilities	lei	7.406.315	12.737.615	22.424.135	67.763.289
2	Passives	lei	16.839.194	34.237.986	98.255.799	149.439.945
3	Overall leverage ratio	%	43,98	37,20	22,82	45,34
4	Maximum value acceptable	%	66,00	66,00	66,00	66,00

From this point of view, companies are in a favorable situation for the entire period of analysis being under the maximum allowable value of the indicator. The trend was favorable indicator (reduction) in the first three years, as the last year of the analysis to, seen a sharp increase (98.69%), which is a warning on the trend of borrowing.

The index of global debt and leveraged attracted (total debt) and equity.
Maximum allowable value is 200%. Above this level, businesses are in danger of insolvency.

Table 9: The index of global debt

No.	Indicators	MU	Year			
			2010	**2011**	**2012**	**2013**
1	Liabilities	lei	7.406.315	12.737.615	22.424.135	67.763.289
2	Equity	lei	9.432.879	21.500.371	75.831.664	81.676.656
3	The index of global debt	%	78,52	59,24	29,57	82,97
4	Maximum value acceptable	%	200,00	200,00	200,00	200,00

From this point of view, businesses are safe for the entire period being analyzed under the maximum allowable value of the indicator, showing the first three years of a downward trend in its growth due to a faster rate of total debt to equity. In the last year of equity analysis are only about 17% higher than the total debt, the indicator increased by 180.56% (in relative values) over the previous year.

Term borrowing ratio reflects the extent to which the medium and long term debts participate in the formation of permanent resources and are calculated as a percentage ratio of medium and long-term debt and capital potentiometers.

Maximum allowable value is 50%. Above this level businesses are in danger of insolvency.

Table 10*:* Term borrowing ratio

No.	Indicators	MU	Year			
			2010	**2011**	**2012**	**2013**
1	Long and medium liabilities	lei	0	0	8.253.927	20.927.776
2	Permanent capital	lei	9.432.879	21.500.371	84.085.591	102.604.432
3	Term borrowing ratio	%	0	0	9,82	20,40
4	Maximum value acceptable	%	50,00	50,00	50,00	50,00

Throughout the period analyzed enterprises registered a low term debt, standing at the maximum limit allowed. In the last year about 20.4% of permanent resources came from medium and long-term debt, that is 10.58% more than the previous year. This was due to very rapid and long-term loans, rising much higher than the increase permanent capital.

Term indebtedness index reflects the ratio in which the medium and long term debt to equity. The maximum allowable value is 100%.

Table 11: Term indebtedness index

No.	Indicators	MU	Year			
			2010	2011	2012	2013
1	Long and medium liabilities	lei	0	0	8.253.927	20.927.776
2	Permanent capital	lei	9.432.879	21.500.371	75.831.664	81.676.656
3	Term indebtedness index	%	0	0	10,88	25,62
4	Maximum value acceptable	%	100,00	100,00	100,00	100,00

Throughout the period under review businesses have benefited from low term debt (high degree of financial autonomy time). In the last year and long-term debt accounted for 25.62% of the equity value of approximately 14.74% less than the previous year. This was due to faster growth, the pace of medium and long term debt to equity growth.

3.Conclusions

From the point of view of financial structure ratios, reflecting the formation of sources and time-acceleration of financial resources, it can be concluded that businesses are in a favorable situation characterized by a high degree of financial autonomy, low debt and high safety. However, lately the trend indicators was unfavorable, a sign that the financial structure of the company has deteriorated.

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