FINANCIAL ANALYSIS BASED ON INTERMEDIATE MANAGEMENT BALANCES

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ABSTRACT: *Main content of Finance aims to maximize business value and economic means and tools to achieve this objective are the subject of financial management. The financial management in the broad sense means all actions relating to the conservation, management and disposition of a patrimonial right. The property firm is reflected script in the balance sheet, summary of the monetary expression of the activity in one year is given by results account. Synthesis of the results renders all income and expenditure of the company's overall activity, i.e. cash picture of any operation conducted by the firm and hired her heritage in any way. If stock of a company expresses patrimonial state, how they reached that state, which are streams of revenue and expenditures are expressed through your results. Account the economic flows resulting emphasises term revenue and expenditure management, resulting from operating activities, financial and exceptional. Intermediate management balances aimed at explaining the training outcome management company to review its progress. These are two categories of financial management indicators: balances interim management, capacity of self-financing. Give different levels of profitability of the firm. Characterize the financial situation of the enterprise in terms of contribution of different inputs. GIS are largely indicators "cascade".*

KEY WORDS: *finance, financial management, heritage, of the results, balances interim management, turnover, margin commercial, financial year, gross exploitation surplus, the current results, etc.*

Main content of Finance aims to maximize business value and economic means and tools to achieve this objective are the subject of financial management. The financial management in the broad sense means all actions relating to the conservation, management and disposition of a patrimonial right. Financial management as part of overall management means managing all of the shares of the company cash resources

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to maximize its value. In this sense we can distinguish a short-term financial management and a medium and long term.

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Table 1. Account Summary Results

Expenditure	Revenue
(i) – supply (goods, raw materials, consumable supplies, supplies Stocked, packaging); - Changes in inventories; - External services (rents, repairs, insurance, fees, advertising, transportation, mail); - Taxes; - Staff (rights, daytime, education); - Other costs of current management (fees, chips present); - Depreciation and provisions; (ii) – (no subclass) (iii) – Interest and similar charges; - Loss of current foreign exchange; - Net expenditure transfer of securities investment; - Redemption and financial provisions (Debenture redemption provisions for securities); (iv) - operations management (fiscal or criminal fines, debts become non-refundable); - Capital from operations (non-recovery of loss by depreciation of all depreciable property); - Depreciation and exceptional provisions.	(i) - Sale of goods; - Sale of finished products; - Value of stored; - Immobilized-production (value of products used for their own equipment); - Net income from operations long-term (share part of the balance charged to operations extending over several years); - Operating grants; - Other income from current management (royalties received, rent received from rental of production capacity); - Resumes on depreciation and provisions; - Transfer of expenditure; (ii) – (no subclass) (iii) – of equity; - Of financial assets; - Replays of redemption and financial provisions; - Transfer of financial costs; - Net income from investment securities transfer; (iv) – operations management (penalties charged, donations, tax relief); - Capital from operations (income from disposal of assets, the share of investment subsidies for the year of assessment); - Resumes the exceptional depreciation and provisions

Track record is one of the traditional objectives of general accounting, in all countries drafted in this effect called a summary statement of the results or profit and loss. Accounting measurement result based on a principle which is to determine a real surplus.

This principle, however, raises some difficulties in assessing the monetary surplus released by the business and financial analysis calls for the calculation of specific indicators to measure it. Traditional accounting results based on a comparison between the actual expenses incurred by an enterprise in a period of time (year) and income from work in the same period. If stock of a company expresses patrimonial state, how they reached that state, which are streams of revenue and expenditures are expressed through your results.

Account the economic flows resulting emphasises term revenue and expenditure management, resulting from operating activities, financial and exceptional. Revenues and costs are structured into three main categories according to areas of activity that generated: operating on sectors: Industrial, commercial, services etc. on financial holdings in other companies and other equity capital investment; extraordinary. Costs are all elements of costs incurred by a trader during the year following the consumption of inputs for production and sale of goods or services such as consumption of raw and auxiliary materials, energy, water, personnel costs, calculated depreciation and provisions, etc.

Revenues are the total economic operations that affect company assets by increasing the asset if the proceeds are cash or pre-recorded claims or by reducing provisions where they remain meaningless. The most important income is a turnover. The revenue includes sales invoiced to customers, increasing stocks of unfinished production and stocks of finished goods, resumes on depreciation and provisions.

Comparing the size of income expenditure is obtained size financial results or gross profit. It is also referred to as the accounting outcome is determined by the principles and accounting rules. Taxable profit is calculated as the difference between the revenues derived from any source and expenses incurred for carrying them out one year, minus taxable income and deductible expenses are added.

The following are considered taxable income the dividends received by a Romanian legal person from another Romanian legal person, the differences favour the value of fund units recorded following the incorporation of reserves, the first issue, etc. Revenue from debt cancellation were considered non-deductible expenses and the cancellation provisions for which no deduction was granted, other income deductible expressly provided for in special laws.

The calculation of taxable income is deductible expenses if they are involved in developing revenue. The categories of expenditure deductible remember: income tax expense, including the difference between the current year or previous years (and taxes imposed abroad), fines, seizures, increased the delay and penalties due to Romanian authorities, according to legal provisions other than those in economic contracts, fines, penalties and increases paid by foreign authorities or economic contracts concluded with non-residents in Romania are deductible expenses, expenses that exceed the limit of Protocol 2% applied to the difference between total revenue results and expenses, less income tax expenses and costs incurred during the year the Protocol, the amount of travel allowance expenses paid employees, which exceeds 2.5 times the legal limit for public institutions, the amounts used for the establishment or increase of reserves over the legal limit, amounts to up reserves over the legal limits, amounts exceeding the limit considered deductible expenses of the annual budget law, expenditure on non-taxable income.

For the interpretation of accounting and financial charges and income, longer require some clarification: a sale of finished product is in terms of accounting (and thus determine the outcome and final) income even if that claim will be charged at a time following (including the following financial years), and when it will be charged will not be in income, consumption (eg electricity) is an expense for business even if the payment provider will be made following a period (financial years following), and when payment will be made, it is no longer an expense, the annual depreciation of fixed assets are recorded at cost but has no impact on net cash position than to the extent that payments are made for acquisition of property , constitute provisions to cover (the future) Impairment of assets or to cover risks and will account for expenditure, but not affecting the results for the Treasury.

If the future risks will become effective when payment will occur and will reduce or annul the provisions charged to income. Also, the cancellation provisions nugatory will affect profit or loss charged to income. Intermediate management balances aimed at explaining the training outcome management company to review its progress. These are two categories of financial management indicators: balances interim management (GIS) capacity of self-financing (CAF). Give different levels of profitability of the firm. Characterize the financial situation of the enterprise in terms of contribution of different inputs. GIS are largely indicators "cascade".

a) Turnover (CA) - is the size of "business" conducted by third parties through normal activity specific to the firm. The aggregate is calculated by adding production sold (PV) with sales of goods (V): AC = PV + V where: PV - production sold; V - sales of goods. It is a fundamental element of financial analysis, serving as a landmark or point of comparison for the size of other financial aggregates (speed of rotation, the intensity of activity, profitability, etc.). Values is used without T.V.A

b) commercial margin (CM) - is an essential management and key indicator for the enterprise engaged in commercial activity. Determination to make the difference between sales of goods (V) and the purchase cost of goods sold (CC): MC = W - DC = V - C - CS + DSM - Where: CC - purchase cost of goods, C - value purchases, CS - additional expenditure required purchase goods - changes in stocks of goods. Margin trading allows comparisons between companies and represents a step in the calculation of "margin on variable costs" on which to determine break-even.

c) Production year (EP) - is the sum of three elements: production sold, stored production and production property: PE = PV + PS + PI - Where: EP - production year, PV - production sold, PS - output stored, PI - production of property

d) Value added (VA) - is to increase the value resulting from the use of production factors, especially labour and capital factors. Is calculated as: VA = EP + MC - CT - Where: Ct - external inputs from third parties (drinks year from third parties). It is a source of accumulation of money is made direct and indirect participants pay the business of the company: personnel with salaries, allowances, bonuses, social spending, state by taxes, fees and similar payments, the dividends paid to shareholders, company by capacity self-financing.

e) the gross operating surplus (EBE) - expressing Gross operating. Is calculated as: EBE = VA + SE - I - PS-Where: SE - operating grants; I - Taxation, PA - personnel costs. EBE is independent of financial policy and depreciation policy of the company and is not influenced by exceptional results.

f) Operating result (RE) - is appropriate normal activities of the undertaking, and expresses the absolute magnitude of the profitability of the business of operating income net of all costs of operation calculated whether charged or paid respectively. Is calculated as: RE = EBE + PR + AVE - AP - ACE-where: RP - resumes on provisions (provisions on income from operating activities); AVE - other operating income; AP - depreciation and provisions (operating expenses on depreciation and provisions), ACE - other operating expenses.

g) The result of the current year (RC) is determined as the result of operation and financial activity, the result for repetitive activities and normal. It is calculated as follows: RC = RE + VF - CF-where VF - financial income, CF - Financial

h) Result of Extraordinary (REX) - the difference between income and extraordinary expenses. Is calculated as: Rex = Vex - CEX-where Vex - extraordinary income, CEX – Extraordinary.

i) Profit for the year (RNE) - expresses the absolute magnitude of financial return to shareholders are paid. It is to be distributed as dividends or development. Is calculated as: RNE = CR + Rex - IP where IP - income tax.

II. Sample financial analysis on the basis of the results of SC X SA between 31.12 2006-31.12.2008

Table 2. Results of SC X SA between 31.12 2006-31.12.2008

No.	Indicators	31.12.2006	31.12.2007	31.12.2008
1.	Total revenue, of which	101.891.476	132.594.386	141.136.188
	Operating revenue of which:	100.346.031	130.752.971	137.632.505
	Production sold	97.739.453	131.505.824	142.903.600
	Selling goods	7.280.262	2.539.144	70.276
	Changes in inventories	-6.034.191	-6.500.206	-7.911.251
	Production immobilized	1.107.642	2.779.299	1.374.325
	Other income explain	252.865	428.910	1.195.555
	- Financial income	1.545.445	1.841.415	3.503.683
2.	Total expenditure, of which	100.922.713	131.924.987	139.365.043
	- Operating expenses, which	98.099.978	126.308.368	135.161.313
	Spend. with math. pr. and materials	49.603.746	63.703.101	82.026.437
	Spend. energy and water	13.957.822	28.158.550	27.760.121
	Spend. on goods	7.256.137	2.515.819	744.047
	Spend. staff	13.610.436	13.333.461	13.511.907
	Other spending. operating	13.671.837	18.597.437	11.118.801
	- Financial spendings	2.822.735	5.599.752	4.203.730
3.	Gross profit for the year	968.763	669.399	1.771.145

Table 3. Account the results of SC X SA between 31.12 2006-31.12.2008

Name index	Values obtained		
	2006	2007	2008
MC	7.280.262	2.539.144	70.276
PE	92.812.904,00	127.784.917,00	136.366.674,00
MI	29.495.976,00	35.923.266,00	29.672.884,00
VA	36.776.238,00	38.462.410,00	29.743.160,00
EBE	22.871.045,00	24.771.075,00	15.873.089,00
RE	2.246.053,00	4.444.603,00	2.471.192,00
RC	968.763,00	686.266,00	1.771.145,00
RN	433.349,00	401.585,00	1.262.547,00
CAF	23.304.394,00	25.172.660,00	17.135.636,00
Rec	0,0222	0,0464	0,0213
Rfin	0,0099	0,0089	0,0178

Table centralized specific indicators of financial performance analysis.

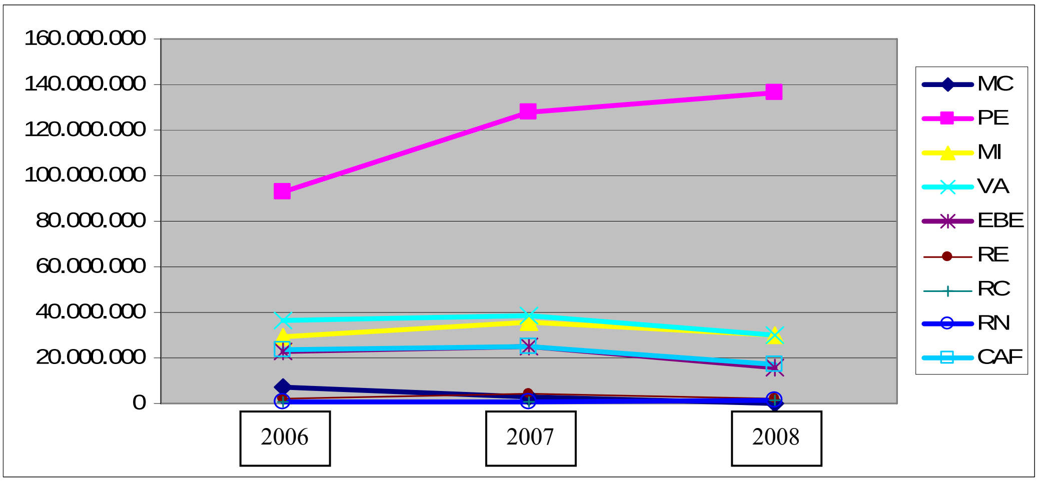

Figure 1. Evolution of main indicators of financial performance

In conclusion, marketing margin (CM) considering the scope of work of SC X SA, namely production and marketing of graphite electrodes and nipples, the marketing margin calculations only take into consideration the production sold. But the notion of MC is not enough, because in the cost of goods sold and other inputs arise from outside the enterprise (supplies, works performed by third parties etc.). Value added is a commercial margin, enlarged by this kind of expenditure.

Thus the MC calculation to consider only the sales value of goods and varying can see it, and the depreciation of the value of 99.03% in 2006 compared to 2004. Production year (EP) register an upward trend, both because of the increased production capacity, due to higher prices and sold products. High levels of this indicator is due primarily to the fact that SC X is realized almost exclusively an activity of production.

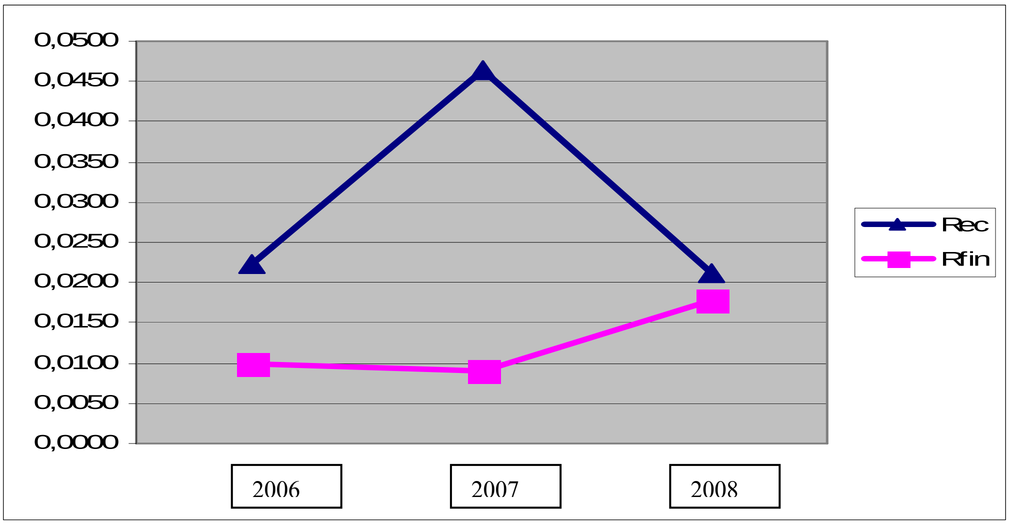

Figure 2. Evolution of R_{ec} and R_{fin}

Value added (VA) is the difference between sales and production enterprise on the one hand and what was bought from third parties on the other. It measures the value created by the enterprise through its work and is an indicator of company growth. Development will in the period 2006 - 2008 is quite fluctuating, an increase in 2007 compared with 2006 followed by a decrease in 2008 compared with 2006.

Gross operating surplus (EBE) measures enterprise resource obtained from operating activities regardless of financial issues, property or business. EBE is an important financial resource for enterprise, resource to be used for maintaining increase production capacity, pays financial, tax benefits etc. EBE is also a real potential cash resource. If SC X SA, evolution EBE is fluctuating between 2006-2008, according to trend will respectively increase, followed by a decrease of 30.6% in 2008 compared to 2006.

The result of operation (RE) measures current activity of the company. This indicator registers increasing values during 2004-2005 (up 97.89% in 2007 compared with 2006) and decreasing values in 2008 compared to 2007 (down 44.40% in 2006 compared to 2007). The main cause is on the increase in operating expenses relative to income.

Current result (CR) is the result after tax resulting from operations and normal operating current and financial operations are enterprise. Size range indicator, and from a decline of 29.16% of RC in 2007 compared to 2006, following an increase of 158.08% in its 2006 compared to 2007. Evolution of the indicator is in direct relationship to the evolution of exploitation and the evolution of income Financial income (financial income-expenditure accounts). Thus, in 2007 the financial result is apparent decline, followed by an increase in its in 2008.

The net result (NR) expresses the effective exercise of the entire activities of the company and is one of the most outstanding used to calculate rates. It may be noted that the evolution of TN is fluctuating, that a decrease in 2007 of 7.33% over 2006, followed by an increase of 214.39% in 2008 compared to 2007.

The company achieve positive results both from operating activities and of financial activity. Company is solvent-which shows the ability of enterprise to pay immediate cash obligations and removed.

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