ASSESSING THE FINANCIAL POSITION THROUGH RATE SYSTEM

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Abstract: *Financial equilibrium rate system reflects the company's capacity to secure and strengthen its own heritage, closely related to financing choices. In this respect the method call rates. Rates are expressed as ratios between two balance sheet items, profit and loss account or combined as determining the financial health of an economic entity with the returns management and a source of documentation for both enterprise management and for other active economic environment. Rate method is an effective operational tool of financial analysis. Despite its technical simplicity, this method provides clarifying guidance on the financial situation of the company, especially if comparative analysis in time and space.*
Keywords: *rates financial, balance sheet, financial analysis, rates of intangible assets, rate tangible.*

1. RATES OF THE BALANCE SHEET STRUCTURE

Rates financial structure reflects the way to achieve financial balance short and long term (financial equilibrium rates / function itself, which defines the financial coverage rates and liquidity rates), the management of business activity under the impact of borrowing (leverage ratio and solvency ratio), and changes in the structure of assets, liabilities and equity).

Asset Structure defines "composition" economic heritage of the company in line with the more or less "capitalistic" of it, and its vulnerability to developments in inflation.

The overall rate of the asset structure, the most representative as informative and most commonly used financial practice are:

1. Rate of fixed assets or property items used constantly share in total assets characterizes the capital investment in the company.

- Rates of intangible assets indicates the proportion of intangible assets (ie patents, licenses, trademarks, goodwill, etc.) In total assets. The businesses in our country is very small share of intangible assets.

- Rate tangible shows the proportion of tangible fixed capital, ie land, buildings, machinery and equipment in the total assets of the company.

- Rate financial assets reflects the share of financial assets in total assets, causing intensity assessed financial links the entity has established with other businesses, particularly on the occasion of external growth operations through portfolio investments.

For example, the formulas for calculating the rates of structure and balance sheet data of a company are determined and presented in Table 1 values of rates fixed assets.

Table 1. Rate of fixed assets the company analyzed

No. crt.	NAME OF ELEMENT (million ron)	Financial Year					
		2006	**2007**	**2008**	**2009**	**2010**	**2011**
1	Assets	13.092,00	16.375,00	19.807,00	22.243,00	26.624,00	28.568,00
2	Total Assets	19.459,00	21.161,00	24.927,00	26.714,00	32.102,00	33.819,00
3	**Rate of fixed assets (1/2)**	**67,28**	**77,38**	**79,46**	**83,26**	**82,94**	**84,47**
	Indices (%)	100,00	115,02	102,68	104,79	99,61	101,85
4	Intangible Assets	156,00	304,00	1.130,00	987,00	1.142,00	1.067,00
5	**Rate of intangible assets (4/2)**	**0,80**	**1,44**	**4,53**	**3,69**	**3,56**	**3,16**
	Indices (%)	100,00	179,20	315,55	81,50	96,28	88,69
6	Tangible Assets	8.405,00	10.564,00	13.656,00	15.829,00	18.770,00	21.256,00
7	**Rate of tangible assets (6/2)**	**43,19**	**49,92**	**54,78**	**59,25**	**58,47**	**62,85**
	Indices (%)	100,00	115,58	109,74	108,16	98,68	107,50
8	Financial Assets	4.531,00	5.507,00	5.021,00	5.427,00	6.712,00	6.246,00
9	**Rate of Financial Assets (8/2)**	**23,28**	**26,02**	**20,14**	**20,32**	**20,91**	**18,47**
	Indices (%)	100,00	111,76	77,40	100,86	102,92	88,33

The company analyzed during 2006-2011, the rate of fixed assets recorded an upward trend, explained by increasing current assets, total assets. Thus, during this period the rate of fixed assets increased by 25% in 2011 compared to 2006. In the financial year 2008 increased by 79.46% indicator was due mainly made significant investments.

In 2008-2009 continues to increase 4.78% over the previous financial year, ie 2008 as a result of changes in a larger proportion of the value of net assets in relation to total asset size. Meanwhile, in 2009 the value of fixed assets was higher due to increased lending and subsidiaries.

The year 2011 is marked by a high fixed asset of 84.47% which means that only increased by 1.84% compared to 2010. This is justified by the reduction of financial assets in total fixed assets. The other components of current asset with a steady increase throughout the period studied.

Therefore, the increase in tangible assets is due in general to investments in production, development and upgrading of surface production equipment. However this rate reflects the high level of risk assumed by managers due to low liquidity of these assets.

Rate indicates the share of assets to current assets in total assets temporarily, which characterizes the company's financial flexibility given that current assets are converted to cash or otherwise expresses the essence of the treasury.

Between the weight and the weight of current assets property, there is a relationship calculation, as follows: $R_{ai} + R_{ac} = 1$

As in the case of fixed assets, rates can be calculated and analytical analysis of current assets, namely: inventory rate, the rate of trade receivables, cash and marketable securities rate.

- Rate stocks indicates the proportion of current assets such as stocks in total assets.

- Rate of trade receivables is determined by dividing the trade receivables

of the company's total assets and total assets in the shares of claims;

- Rate cash and cash equivalents and marketable securities (RDB) is the

share of total assets and liquidity in domestic liquidity expresses the economic entity.

A high level of this indicator expresses the balance financially stable, even if the resources used are insufficient. Cash rate should be approached with caution due to frequent changes and ways of making erroneous data records.

Using the information of the analyzed company balance can determine the rate of current assets listed in tables 2:

Table 2. Rates of current assets

No. crt.	NAME OF ELEMENT (million ron)	Financial Year					
		2006	2007	2008	2009	2010	2011
1	Current Assets	6.277,00	4.691,00	5.083,00	4.414,00	5.404,00	5.136,00
2	Active Totale	19.459,00	21.161,00	24.927,00	26.714,00	32.102,00	33.819,00
3	**Rate of Current Assets (1/2)**	**32,26**	**22,17**	**20,39**	**16,52**	**16,83**	**15,19**
	Indices (%)	100,00	68,72	91,99	81,03	101,88	90,22
4	Stocks	1.465,00	1.922,00	2.394,00	2.098,00	1.829,00	1.696,00
5	**Rate of stocks (4/2)**	**7,53**	**9,08**	**9,60**	**7,85**	**5,70**	**5,01**
	Indices (%)	100,00	120,64	105,74	81,77	72,55	88,02
6	Claims	1.361,00	2.016,00	1.704,00	2.036,00	2.159,00	2.873,00
7	**Rate of Claims (6/2)**	**6,99**	**9,53**	**6,84**	**7,62**	**6,73**	**8,50**
	Indices (%)	100,00	136,21	71,75	111,49	88,24	126,31
8	Cash and bank accounts	3.451,00	753,00	261,00	280,00	1.416,00	567,00
9	**Rate of cash (8/2)**	**17,73**	**3,56**	**1,05**	**1,05**	**4,41**	**1,68**
	Indices (%)	100,00	20,06	29,42	100,10	420,84	38,01

From Table 2 the following conclusions: the ratio of current assets is a downward trend from one year to another, as a result of reducing the value of current assets in an amount greater than the total assets.

This indicator is influenced by the evolution of the structural elements of current assets, ie stocks and receivables as well as cash and cash equivalents. In 2006-2008 it is observed that as they grow up stocks and receivables, cash and cash equivalents decrease obviously, which shows reducing current assets during this period. Rate stocks tends to increase by 27 and 49% in 2008 compared to 2006, while the debt ratio declined. The years 2009-2011 have seen values decrease of current assets of 25.50%, this is due to the reduction in short-term investment instruments hedging the oil price, but also due to lower inventories, partially offset to increase short-term financial assets. In these circumstances the company must accelerate the speed of rotation of current assets.

2. Generate capital structure the financing of the economic entity and reflects the stability and financial independence that guarantees all resources having different origins and variations.

Financial independence with the indebtedness of the entity are highlighted by rates of capital structure.

a. Financial stability rate is the share of resources that the company has for more than a year, covering all sources of economic assets.

b. Rate financial autonomy expressed by:

- Global financial autonomy rate: heritage reflects how the entity is covered by own resources:

- Rate term financial autonomy: more representative than the rate of the global financial autonomy, as assessed accurately by the influence of permanent capital.

Indicator, given that equity is equal to or higher than long-term debt, the degree of financial independence of the company.

c. Short-term debt rate is correlated with the treasury business and reflects the extent to which current resources involved in the formation and financing of total resources.

d. Leverage enterprise expresses the total amount of debt financing sources.

There are several ways to determine this indicator, as follows:

Financial leverage and total leverage ratio, calculated as the ratio between total debt and total capital structure depends on financing is important for managers and creditors, to the extent that claims, some degree of financial independence and, Furthermore, the firm's ability to use new loans.

As an indicator of financial risk, affect the return on equity. Expresses leverage global leverage ratio.

- Term borrowing rate is calculated by the ratio of total long-term permanent capital, ie the ratio of long-term debt to equity.

Rate term debt has a broader meaning in financial theory and practice, as illustrates the extent to which the company calls the so-called, leverage. "Also allows assessment of debt capacity of a firm. Against this background, debt capacity is saturated when leverage term approaches 1indebtedness will be even greater as the value of this indicator is lower.

- Overall borrowing rate - indicates the proportion of total debt to total sources of funding third parties, regardless of their nature.

This indicator must be less than unity, removal of one representing a deleveraging enterprise, an increase of financial autonomy.

Ratio measures the ability possibilities of the company, if it is more than 0.5%.

The components that enter into the calculation of the liability structure of society under study are presented in Table 3.

Table 3. Rates Liability Structure

No. crt.	NAME OF ELEMENT (million ron)	Financial Year					
		2006	2007	2008	2009	2010	2011
1	Permanent capital	12.346,00	13.213,00	15.072,00	16.878,00	19.682,00	21.146,00
2	Total liabilities	19.459,00	21.161,00	24.927,00	26.714,00	32.102,00	33.819,00
3	**Financial stability rate (1/2)**	**63,45**	**62,44**	**60,46**	**63,18**	**61,31**	**62,53**
	Indices (%)	100,00	98,41	96,84	104,49	97,04	101,98
4	Equity to	12.324,00	13.184,00	13.568,00	14.056,00	16.195,00	18.891,00
5	**Global financial autonomy rate (4/2)**	**63,33**	**62,30**	**54,43**	**52,62**	**50,45**	**55,86**
	Indices (%)	100,00	98,37	87,36	96,67	95,88	110,72
6	**Rate term financial autonomy (4/1)**	**99,82**	**99,78**	**90,02**	**83,28**	**82,28**	**89,34**
	Indices (%)	100,00	99,96	90,22	92,51	98,80	108,57
7	Current liabilities	2.257,00	2.580,00	3.446,00	3.561,00	4.884,00	4.678,00
8	**Rate short-term debt (7/2)**	**11,60**	**12,19**	**13,82**	**13,33**	**15,21**	**13,83**
	Indices (%)	100,00	105,12	113,39	96,42	114,13	90,92
9	Long-term liabilities	22,00	29,00	1.504,00	2.822,00	3.487,00	2.255,00
10	**Term borrowing rate (9/1)**	**0,11**	**0,14**	**6,03**	**10,56**	**10,86**	**6,67**
	Indices (%)	100,00	121,22	4.402,67	175,08	102,83	61,39
11	Total Debts	2.279,00	2.609,00	4.950,00	6.383,00	8.371,00	6.933,00
12	**Financial Leverage (11/4)**	**0,18**	**0,20**	**0,36**	**0,45**	**0,52**	**0,37**
	Indices (%)	100,00	107,01	184,36	124,47	113,82	71,00
13	**Overall borrowing rate (11/2)**	**0,12**	**0,12**	**0,20**	**0,24**	**0,26**	**0,21**
	Indices (%)	100,00	105,27	161,06	120,32	109,13	78,62
14	**The indebtedness capacity (4/1)**	**0,99**	**0,99**	**0,90**	**0,83**	**0,82**	**0,89**
	Indices (%)	100,00	99,96	90,22	92,51	98,80	108,57

From the data presented in Table 3 as exemplified for companies shows the following:

In 2006-2008 financial stability rate shows a downward trend unfavorable due to increased long-term debt. In subsequent years, 2008-2009 rate values are increasing financial stability, reflected in increasing equity by 2.91% and long-term debt with 87.63%, which demonstrates an increasing share of the total liability permanent capital 11.98%. The year 2011 is marked by an increased rate, which reflects a favorable situation due to the increase permanent resources in relation to total liabilities as a result of increasing equity. However, the value of this rate remains below the minimum acceptable value of 66%. Global financial autonomy rate shows a downward trend in the years 2006-2010 due to increasing share of equity in total liabilities. Under these conditions the global financial autonomy rate decreases, so there is a decrease in the level of financial independence due to increased equity in a slower pace than total liabilities. The year 2011 is characterized by an increase in financial autonomy rate 10.72% due to increase equity by 16.64% over the previous year. However, the value of this rate is much higher than the minimum acceptable value of 33%, which means in 2011 a finance company activities in the proportion of 55.86% from own resources.

Analysis of financial autonomy term rate determined in this case by reference to the permanent equity, highlights the reduction indicator, as a result of the increasing share of equity in total permanent capital. Although this rate has a downward trend is ensured, since the size of equity is higher than the long-term debt. However, financial autonomy within society is ensured because the maximum allowable indicator exceeds 50%.

Period 2006-2007 at a rate term debt increased by 27.27% in 2007 compared to 2006, but given the rate values below 1, reflecting a decreased dependence of lenders due to poor development of short-term debt and growth equity. The indicator shows an upward trend in the next period, ie 2008-2010, an increase of 80.09%, which shows increasing dependence on creditors as a result of faster growth of debt with maturities over one year compared with permanent capital. The year 2011 proved to be a term duty rate down 38.61% compared to the previous year due to increase in long term debt ratio in relation to the permanent capital of the company.

Overall borrowing rate values are increasing from year to year during the years 2006-2010, the upward trend due to the increase in the short term and long term obligations, adversely affecting the ability of the company's debt. In 2010-2011 total borrowing rate is down 21.38%, which reflects the decrease of total debt in the financial structure. Financial leverage is characterized by an increase in 2006-2010, reflecting a reduction in the debt in relation to equity. Since the rate is below par values are in agreement with deleveraging, leading to increased financial autonomy. In 2010-2011, financial risk indicator shows a reduction of 29.00%, influenced by the decrease in total debt capital.

The indebtedness capacity during the period 2006-2011, has a slow turnover, the increase or decrease depending on the reduction or increase in equity share capital permanently. In this context, the key index values are above 0.5 which means a possibility of leverage capacity and high enterprise.

2. CONCLUSION

Such rates out in the forefront of the economic entity financial features such as: rapid transformation in the form of money capital, leverage and independence from third parties, correlations established between resources funded permanent and permanent needs, such as and between resources funded respite and temporary needs.

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