THE DECISION ON FIRM FUNDING

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ABSTRACT: *Microeconomic funding decision is complex and must ensure the selection of sources of financing at the lowest cost of procurement, but other economic criteria and constraints to which a company is subject. We distinguish, depending on the destination of the financing sources, two categories: short-term financing sources to cover the needs of the exploitation cycle and medium and long-term funding sources for investment financing. Depending on sources of origin, sources of funding are grouped into equity and borrowed sources. The paper presents the situation of a company that needs borrowed sources of short-term loans to finance the needs of the operating cycle. Depending on the offer, the bank accesses a short-term loan package considered advantageous for the development and development of the specific activity.*

KEY WORDS: *financing decision, sources of finance, equity, borrowed financing sources, operating debts, bank loans, discount, factoring, lump-sum, leasing, bond issues. credit line.*

1. INTRODUCTION

The sources of financing for commercial companies are divided, according to their origin/constitution, into two categories: own sources and borrowed sources. Own sources include own capital consisting of external contributions and internal contributions. External contributions to equity formation are contributions of shareholders or associates in cash or in kind. Thus, when a trading company is set up, it must form a social capital, with the law providing for minimum value limits. For limited liability companies the minimum limit is 90000 lei and for the limited liability companies 200 lei. The share capital is constituted by contributions made by shareholders or associates, and during the performance of the activity the share capital may be increased by new contributions of the existing shareholders or new shareholders.

Also, the share capital can be increased by incorporating other elements of equity (equity capital, reserves), this operation only having the effect of changing the

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structure of equity. Internal contributions are formed from the resources that flow from our own business activity, so we are witnessing a self-financing process that is particularly important in ensuring financial autonomy. Thus, the distribution of the profit for development leads to the increase of the own capital, the trading company going through a capitalization process.

Financing sources borrowed, depending on their source, comprise several categories, the most important being the following: loans from credit institutions; bond issue loans; leasing operations; commercial credits. If the allocations of these funding are taken into account, the following structure results: financing grants to fund fixed assets (permanent allocations); financing sources to finance current assets (temporary allocations). Thus, the sources of financing of the exploitation cycle can be divided, according to their constitution, into three categories: own sources; attracted sources; borrowed sources.

Financing the funding cycle from its own sources ensures financial autonomy, and the risk of unexpected capital withdrawal is virtually non-existent. Own sources that can secure the funding of current assets are given by the magnitude of the surplus between the permanent sources and the permanent allocation needs, and this difference is called the working capital. Attracted sources are debts to third parties that, to maturity, provide financing for some of the needs of the operating cycle.

These are the operating debts, the most important being: debts to suppliers (supplier credit), debts to the State's consolidated general government budget (mainly taxes and duties), debts to employees. Sources borrowed to finance operating needs are short-term loans (up to one year's duration) contracted from credit institutions. It should be noted that these credits can only be accessed by companies with good financial performance, necessarily with profitable activity. Sources of investment financing include equity and medium- and long-term borrowed funds (medium- and long-term loans, bond issues, leasing operations).

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2.1. Short-term funding sources

Financing of the exploitation cycle accounts for all the short-term financing, with a duration of no more than one year. Thus, financing of the operating cycle provides funding sources for short-term allocations called current assets or current assets. To substantiate the financing decision, it is based on the principle that current assets are financed from short-term sources and fixed assets from long-term sources.

This principle can not be applied strictly because a company sometimes has to secure the financing of fixed assets from short-term sources and part of the sources of financing of the operating cycle can be secured by the surplus of comparative long-term financing sources with permanent allocations. Thus, the sources of financing of the exploitation cycle can be divided, according to their constitution, into three categories: own sources; attracted sources and borrowed sources.

The objective of the financing decision is the selection and the operative mobilization of the circulating capital sources at the lowest cost of their procurement and under conditions of risk reduction. The financing decision of the exploitation cycle ensures the entire management of the circulating capital, ie the balance that must be ensured between the need to finance the current assets and the sources of its financing.

An optimal financing decision for the operating cycle must balance the contradictory relationship between increasing financial autonomy by using its own sources and the need to resort to short-term capital sources to complement its own capital to cover cyclical needs. Thus, most of the current assets are funded by attracted sources, also called operating liabilities. If the own sources of capital and sources are not sufficient to ensure the need to finance the operating cycle, the enterprise has to resort to borrowed sources.

The decision to finance the operating cycle is complex taking into account a set of criteria relating to the achievement of the financial, profitability, liquidity and risk mitigation objectives. When comparing the set of permanent sources of equity and medium to long-term liabilities (mainly loans), with permanent allocations of fixed assets, it results in the global working capital fund (FRG) and the difference between equity and fixed assets called its own ball bearings**.**

If FRG> 0, permanent sources exceed permanent allocations, and fixed assets are funded from stable and secure sources. A positive working capital means that there is a surplus of permanent sources in relation to the permanent allocations, which can be used to finance the needs of the operating cycle.

If FRG = 0, the permanent sources are equal to the permanent allocations. Obviously, it is only a purely theoretical situation that indicates that permanent sources ensure the full allocation of permanent allocations, without generating a surplus that can be used to finance the needs of the operating cycle.

If FRG <0, permanent sources are smaller than permanent allocations and they are only partially funded. A negative working capital means that there is a shortage of permanent sources in relation to permanent allocations to be covered from other sources in the short term.

As a rule, enterprises registering a negative working capital have recorded losses that have led to a decrease in equity, and the use of cyclical sources in fact leads to the constraint of non-payment of debts at maturity, with the known consequences, mainly the entry into procedures bankruptcy.

Own sources, where the working capital has positive values, provide for the partial financing of current assets.

The need to finance the operating cycle is mainly covered by attracted sources, also called operating liabilities, which have a level, structure and development dependent on the characteristics of the operating cycle, which determines both the size of the operating debts and the duration their eligibility. As a result of carrying out a specific activity, the company is forced to pay certain maturities to its customers, to whom they have delivered goods, delivered services or executed works.

In addition to debts to suppliers, the enterprise records short-term liabilities to various receivables as follows: employee staff rights; fiscal and other debts to the state budget, state social security budget, local budgets, special fund budgets; dividends to be paid to shareholders or associates; other debts to third parties.

These short-term liabilities, also called operating liabilities, have fixed or variable payment terms, regulated by contractual clauses or specific laws. Until the due date, the enterprise's debts to third parties are sources of capital attracted to finance the needs of the operating cycle. Any company is in a position to get a favorable gap between debt collection periods and debt repayment times, by increasing the liquidity of claims and reducing the degree of short-term debt.

In forecasting calculations, the minimum balance of debt to third parties, which, due to permanent renewal, is stable. These attracted resources are also referred to as stable liabilities.

Sustainable liabilities are liabilities of the enterprise to third parties, minimal and attracted for a period of time as a result of their continuous renewal. Stable liabilities, depending on payment maturities, are grouped into two categories: debts with fixed payment terms; debts with variable payment terms.

Fixed-term payables, which fall into the category of stable I-type liabilities, have an increasing evolution of the balance up to the date of payment, and this category includes: debts representing employees' rights to employees; state debts; debts to utility providers and other fixed-term payment services.

Debt with variable payment terms, which fall into the category of stable Type II liabilities, are mainly debts to suppliers of raw materials, materials, spare parts, works and services. They have payment terms established according to the contractual clauses related to each contract and have a variable balance over a management period.

We appreciate that operating liabilities are only sources of financing for the operating cycle if they are placed within the maturity band, and overdue debts reflect the company's inability to pay to third parties that may lead to bankruptcy proceedings.

Sources borrowed to finance the operating cycle are short-term loans with a maturity of less than one year, obtained from credit institutions.

Short-term bank credits are designed to provide for the financing of operational life needs that can not be covered by attracted or own sources.

The necessity of resorting to borrowed sources arises from the diminution of own sources (working capital), the increase of circulating assets due to the development of activities specific to the object of activity, the reduction of the liquidity of circulating assets, the increase of short-term debt eligibility, etc.

Loans granted for up to one year are designed to enable the enterprise to finance operating operations, operations related to the operating cycle, and long-term and medium-term loans are intended to cover investment needs that are of a nature-sustainable.

Short-term bank credits vary by object, destination, delivery, guarantee, refund, duration and cost.

Given the wide variety of short-term loans, they can be grouped into several categories, including:

- Commercial receivables - are receivables of customers mobilized by the credit institution, in the form of settlement, factoring, lump-sums and other trade receivables;
- The commercial account is the transaction whereby the credit institution makes available to the claimant the value of the effect, less agio (the discount charge and

the related commission), in exchange for a trade effect (bill of exchange, promissory note), without waiting for the effect to mature, and the credit institution has the right of appeal against the beneficiary of the funds;

- Factoring-ull is the operation by which the client, referred to as "adhering", transfers the property of his credit claims to the credit institution, called the "factor" he has the obligation under the concluded contract, to secure the collection of the debtor's claims, assuming the risk of non-payment. The credit institution shall, on the basis of the documents received, pay the nominal amount of the claims, less agio, immediately upon maturity or at the contractual maturity;
- Lending is the transaction between the bank and its client through which it sells to the bank the foreign currency claims it has against a buyer or beneficiary for the purpose of recovering the pre-maturity amounts against a lump sum fee;
- Treasure Treasury -Secure accounts of loans to clients in general in the short term, intended to meet the clients' treasury needs, legal and physical persons, which complement or replace other types of special financing (uses from open-ended loans, loans based on global operating lines, reimbursement differences related to the use of cards and other treasury credits);
- Global exploitation credits granted to cover the necessary funds for the realization of the programmed production that has sales assured by contracts and firm orders;
- Ultra-actions from permanent credit openings - credit lines that operate after the revolving system, being granted for a fractional use of funds, according to the client's needs. Thus, the credit line is a maximum amount within which the borrower can make successive withdrawals and rebates according to needs and possibilities;
- Credit account credits - granted for short periods (maximum 30 days) to economic agents with very good economic and financial situation, when they cannot temporarily make payments in certain justified economic cases;
- Overdraft credits - granted over very short periods (maximum 7 days) for the payment of stringent obligations regarding the supply of raw materials, fuel, energy, taxes, duties and other current obligations;
- Credits to finance foreign trade operations - provides for the bookkeeping of credits for imports (loans granted consecutively to the opening of documentary credits, advances in foreign currency granted to importers, other credits to customers for imports) and export credits granted to meet current needs or exceptional customer exposure to the production of products for export in the case of firm export contracts or orders;
- Credit finance credits are loans to customers for financing cyclical operations (campaign credits, grain storage, agricultural, industrial, hotel, oil, etc.).

We distinguish appropriations for the financing of temporary expenditures and stocks granted in the conditions of economic causes that have led to the formation of temporary expenditures and stocks and credits for the financing of seasonal expenses and stocks for agricultural and agri-food stocks consumed in a period of one quarter and one year for creation there are firm contracts and orders.

2.2. Long-term funding decisions

In order to carry out the specific activity each enterprise needs important sources of financing for the needs of the operating cycle, as well as for the financing of development, restructuring or modernization activities.

Long-term funding sources, by source, can be divided into two categories: equity (own funds); borrowed capital (loans).

Every company has more opportunities to finance the investment activity, and the selection is made according to certain economic criteria and constraints to which it is subject, correlating the cost of resources with the cost-effectiveness of the projects. Because these resources, with a low degree of eligibility, are part of the permanent capital, having recourse to the company's financial structure over a longer period of time, it is necessary to provide the lowest cost of financing, determined by an optimal ratio of borrowing and equity.

Any trading company cannot be set up if it does not have a minimum share capital so that the owner or owners have to hire a minimum contribution.

In accordance with the legal regulations in force (Law No. 441 of 2006 amending and supplementing Company Law No 31 of 1990, republished), the share capital of a public limited company or a limited partnership may not be less than 90,000 lei, and the Government will be able to change the minimum amount of the share capital, taking into account the exchange rate, at least once every two years, so that this amount represents the equivalent in lei of the sum of 25,000 euros. The minimum share capital of a limited liability company is 200 lei. In the case of limited liability companies, their share capital remained at the same minimum level provided by Law 31/1990 on commercial companies, divided into shares that can not be less than 10 lei. In the case of joint stock companies or limited partnerships, the nominal value of a share may not be less than 0.1 lei.

The share capital is equal to the nominal value of the shares or shares, respectively the value of the capital contribution, the embedded premiums and reserves or other operations that lead to its modification

Each shareholder, in return for his contribution, will receive a number of shares representing his right over the capital of the enterprise.

The action is a participation title that gives the holder the status of associate or shareholder, giving him the right to a proportional share of the profits distributed for shareholder remuneration.

From a legal point of view, an action is the ownership right of its holder over a share of the company.

The holder of one or more shares of a company has the right to receive dividends from its profits, has the right to participate in the decision making through the General Meeting of Shareholders and is entitled to a share of the amounts resulting from a possible liquidation of the in proportion to the number of shares held.

Shares are securities that investors can buy and the holders can sell on a regulated market through the Stock Exchange.

An enterprise's share capital may be increased in several ways, the most important being the following: new contributions in cash or in kind, from old shareholders or new shareholders; incorporation of other equity items: issue premiums; reserves; non-distributed profits; converting bonds into shares.

Of the above mentioned, only the cash contribution to the increase of the social capital provides a new source of financing. In-kind contributions are an indirect financing operation and the incorporation of other equity items only results in a change in the entity's financial structure.

Internal contributions to the equity capital of an enterprise consist of the resources that flow from the firm's business by harnessing a self-financing process backed by a degree of return that provides financial autonomy.

Thus, at the end of the financial year, the General Meeting of Shareholders may take the decision that part of the net profit be allocated for development, mainly by setting up legal reserves; statutory or contractual; other reserves.

The creation of reserves has a direct effect on the increase of own capital, and later they can be incorporated into the share capital.

Increasing capital through the incorporation of reserves is another alternative to financing the enterprise on the basis of internal sources. Since the annual profit obtained and evidenced through the balance sheet is used, among other things, to build up and increase reserves, the enterprise may decide (when the reserves reach a certain level) their incorporation into the share capital by issuing new shares to be distributed shareholders free of charge. More specifically, the content of this operation consists in transferring to the social capital account amounts already booked in the reserve category.

Increasing the share capital by incorporating reserves does not provide additional financial resources for the enterprise; it is an operation that is not reflected in visible financial flows because, prior to its inception, the firm had the respective amounts that were kept in a latent form by accounting in the reserve category.

Although self-financing is a sound financial policy, specialists caution that it is important not to exaggerate in this direction in order to avoid the disconnection between the enterprise and the financial market on the one hand, but also to ensure adequate capital mobility on the one hand other side. It is possible that in case they fully cover their financing needs for development from internal sources, the company's managers ignore the cost of equity compared to the cost of borrowed capital guided by the misleading appearance that the former would be free of charge. However, economic and financial realities have shown that situations in which the cost of equity exceeds that of borrowed capital have a rather high incidence in practice.

To secure long-term funding sources, a company, in addition to its own capital, is forced to use lent capital, which is usually constituted as follows: loans from the issue of bonds; medium and long-term credits from credit institutions; the leasing loan.

Debt securities borrowings are the equivalent of the bonds issued by public subscription, according to the legislation in force. There are medium and long-term loans issued by private companies, the public sector or the semi-public sector, agents that generally have access to the financial market. These loans are divided into equal parts, called bonds, repayable at a specified maturity and generating interest, usually annual. Titles are handed over to creditors who have subscribed to the loan, these being called and bailiffs.

All bonds have the same initial value, called the nominal value. The issue price may be equal to or higher than the face value, the difference being called the issue premium. Also, the repayment price is usually equal to the face value, but may even be higher, the difference being called the reimbursement premium,

Unlike stockholders who are the owners of the business, bondholders are only creditors, and as such they can not control its leadership. Also, the bond is a fixed-income value, as opposed to the action, which is a variable-yield value.

Depending on the type of interest rate, bond issues are divided into two categories: fixed interest rate loans for the entire duration of the loan; floating rate loans, which are revised or indexed according to the bond and money market rates.

The way of repayment of the obligatory loans is fixed at the moment of the issue and the reimbursement can be made as follows: in full, at maturity; progressively, in multiple tranches, by redemption, or by drawing lots.

The modalities of reimbursement through "constant annuity" or "constant depreciation" have usually disappeared from the practice of financial markets.

The duration of the bond issue is determined by the issuing company, the most frequent duration, in European practice being between 8-10 years.

The public offer for the sale of bonds is similar to the sale of shares. Thus, as with shares, bonds are issued through public offering through a specialized brokerage firm called Financial Investment Services (SSIF). The SSIF coordinates all operations related to bond financing, the most important being the following: the issuance of the prospectus based on the parameters established in agreement with the issuing company and the data received from it; the relationship with the capital market authorities; coordination of bond sale operations; drawing up the tender closure report; listing of bonds.

The issuing company establishes, being advised by the intermediary company, the parameters of the bond issue, the most important being the following: the total amount of the obligatory loan; the nominal value and the number of bonds, bond interest, the life and frequency of payments, the sale period of the bonds, their type (convertible or non convertible), the way of guaranteeing, listing on an organized market.

On the basis of these parameters and other information, the issue prospectus, which is the official document for the presentation of the issuing company and of the bonds offered for sale, is drawn up. The prospectus must be endorsed by the National Securities Commission (CNVM). According to the regulations in force, it is recommended to guarantee bonds especially for new issues. During the period of the offer, the bonds are offered for sale by the banks with which the issuer has concluded distribution contracts or even by the financial investment services company.

The offer is deemed to be successful if the amount of the loan is at least equivalent to EUR 100,000. After successful bidding, the bonds are registered with the Securities Evidence Office (OEVM) within CNVM and they can be subsequently listed on the Bucharest Stock Exchange. After issuing the bonds, the company will pay interest on a regular basis, according to the assumed obligations, and at the maturity of the loan, the nominal value of the bonds bought will be repaid to the investors.

The leasing loan involves the carrying out of operations whereby a specialized financial institution buys, at the request of an undertaking, goods which it can lease to it in return for the payment of a periodic fee. Therefore, the enterprise uses leased property, is not the owner, but only has the right to use for a strictly defined period.

The term "leasing" includes a variety of transactions from those in which leasing is the use of leased property for a short period of time to those in which the lease is, in fact, a means of financing the user - the tenant to acquire the good hire.

From a certain point of view, leasing is a sale-by-install transaction (if the asset is transferred to the user's property). But the similarity only comes from the finality. The difference lies in the fact that if the sale of a certain good results in its money equivalent, the right to use a good is given through leasing.

From the user's point of view, leasing is a form of credit whereby the amounts necessary to acquire the good are obtained by exploiting it, and its reimbursement is made in the form of lease rates and ultimately the residual value. The credit obtained is however in the form of equipment and not money.

The contract concluded between the specialized financial institution and the enterprise often provides for the possibility for the beneficiary to buy the good at the end of the lease at an advantageous price. The rental loan can also be regarded as an additional means of financing for the realization of the investment program if all the sources of the company have been exhausted.

This credit has the following features: ending for a determined period. Generally, until the asset is depreciated; at the conclusion of the contract, there is the possibility of returning the asset to the owner or his purchase at a residual value fixed in the contract, as well as the possibility of renewal of the contract.

From an economic point of view, leasing commitments are term liabilities medium or long. From a financial point of view, although it is a contract involving financial charges, money or expense, this credit has the advantage that compared to the usual one, it has the flexibility to use, it gives the company the opportunity to acquire the fixed capital it has need, and can also achieve certain tax benefits. Benefits: financially, the lease does not change the financial structure of the enterprise, but only the payment commitments; on a fiscal level, payments made on rentals reduce the base taxable. Disadvantages: is a technique of financing the enterprise on the basis of profitability; exploitation, affecting future self-financing as a result of the periodic payment obligations.

3. FINANCING OF THE OPERATING CYCLE THROUGH SHORT-TERM CREDITS

A trading company, in order to finance the needs of the operating cycle, in closing its own and attracted sources needs borrowed sources, i.e. short-term bank loans. Taking into account the financial situation: cost-effective activity, financial balance, solvency, the possibility of guaranteeing loans, requires the bank financing.

As a result of the bank's analysis, it was decided that the company would be willing to receive a credit to cover its needs by qualifying as a standard A with a total of 42 points based on the calculation of the creditworthiness ratios determined on the basis of the balance sheet as at 31.12.2015.

The Bank took the lending decision under the following conditions: a cumulative three bank product, being a new firm on the market, did not qualify for a credit of such a size as to cover its needs. This cumulating of banking products refers to the following: credit "O ORA TM WORKING CAPITAL" worth 9,500 lei; the fast credit line worth 17,500 lei; accounting a credit card.

The credit for working capital amounting to 9500 lei was granted by the bank for a period of 3 years, from 06.05.2016 to 25.04.2019. The annual interest rate is 9.75%, variable and consists of the ROBOR index at 6 months, calculated on the last working day of the previous calendar quarter, ie 1.04% plus the Bank's margin of 8.71%. The annual interest rate will be updated quarterly on the first working day of the calendar quarter, with the official ROBOR index calculated on the last working day of the previous calendar quarter. The interest calculation period is 360 days and the payment date is the last day of each month and the maturity of the loan. If the company does not honor its payment on maturity date, it will bear a 15% penalty interest on the credit representing the percentage of interest that is applicable to any amount owed to the bank and outstanding at maturity, from the due date to date of effective payment.

This credit also includes certain commissions as follows: award fee: 1.25% of the loan amount, ie 118.75 lei, which was withdrawn at the first use of the loan; getiation fee: 0.15% of the average monthly credit balance, which is paid monthly with interest; early repayment commission: 1% for loans taken over by other banks; if the company wishes to pay out its own money without recourse to refinancing loans from other banks then no commissions will be charged, only a written request by the administrator will be required, with the prior and express agreement of the Bank.

In order to qualify for this credit, due to the fact that the company had no other form of guarantee, the bank took as a guarantee the following:

- the guarantee 1 (according to the mortgage contract on the debtor's accounts): the mortgage on the existing amounts and / or which will be charged to the debtor's current contours up to the debtor's debt to the creditor;
- the guarantee 2 (according to the fiduciary contract for individuals): the insurer, the administrator, has established in favor of the creditor, the bank, a personal guarantee, by which he guaranteed with all its present and future assets the fulfillment by the company of the obligations stipulated in the contract of credit;
- the guarantee 3 (according to mobile mortgage contact for the specified assets): the mortgage on the JCB Midi Excavator and including the mortgage on the 4 purchased cups. The equipment provided under the guarantee will be insured for the entire period of the loan, to an insurance company approved by T Bank, and the policies will be transferred to the bank.

In the credit agreement there are specified special grant terms; firstly, the company must run at least 50% of its turnover through the accounts opened with the Bank condition to be verified at the date of the extension of the redemption line and if it is not satisfied the interest on the company's loans will increase by 0.50%.

The second special clause in the credit agreement refers to subordinating the amount of 35,000 lei from the amount of the debt the company has to the sole associate, during the entire lending period.

Also, if the company does not provide the requested documents to the bank within a maximum of 30 days from the expiration of the legal term, it may declare the anticipated maturity loan and the borrower may execute the forced execution. In the event that a client has established his own account and he does not pay the amount within 5 days from the date of ownership, the Bank has the right to declare the loan due in advance and to proceed with the recovery of the receivables.

According to the repayment schedule, the first rate that the company will have to pay was maturing on 25.05.2016, in the amount of 263.89 lei being constituted only by credit and on 31.05.2016 the interest will be paid (63.89 lei) and commissions (1.42 lei), totaling 75.31 lei). From the repayment schedule, it is noted that both interest and commissions on the credit declined considerably from January 2018.

The credit rate will be 25.04.2019, 265.97 lei, the same as the initial loan (263.85 lei), interest (1.79 lei) and commissions (0.33 lei).

The second banking product is a credit line of ROL 17,500, the duration of use being less than that of the loan, respectively, from 06.05.2016 until 04.05.2017. For this line of credit, the annual interest rate is 9.25% being variable. As with working capital credit, the annual interest rate is determined based on the ROBOR index at 6 months, calculated on the last working day of the previous calendar quarter, ie 1.04%, plus the Bank's margin of 8.21% the annual interest rate will also be updated quarterly. The interest payment date will be on the last day of each month and on the maturity date of the credit. As with working capital credit there are penalties, 15% for any amount due and unpaid at maturity and an increased interest rate of 0.50% for non-compliance with contractual clauses.

The credit line includes certain fees: commission analysis: 1% of the amount awarded; management: 0.1% of the average monthly balance; non-use of the credit line: 3% calculated on the remaining unused credit amount and payable on the last day of each calendar month.

In the case of the credit line it was guaranteed by the same means as the working capital loan, the guarantees provided being provided by an insurance company agreed by the bank, and the policies are divested to the Bank at the end of the contract. The credit line could be used by the company as a revolving loan to finance its current business. This feature of the credit line has given the company an extraordinary facility, because it has been able to cover its debts in the short term.

The special credit line provisions are the same as in the case of the first credit, but the company was required to submit to the bank for analysis all the documents required to extend the credit facility at least 30 days prior to the maturity of the facility.

Another facility provided by the bank to the company refers to the credit card. The approved credit card amount was 1,500 lei, being flexible and can be increased quarterly depending on the evolution of the turnover and the amounts received by the company in the accounts opened at the bank.

As regards the use of the credit, the amount was made available to the company in the form of a credit limit, operating in the form of a credit line and reintegration at each full reimbursement of the amount used out of the credit limit value. In the case of this credit card credit, the bank did not take the company-owned equipment in the form of a guarantee, but only the first two guarantees included in the credit for labor capital and the credit line. Thus, during one month, the company was able to perform ATM and POS payment operations, after having performed these operations, the company reimbursed the amounts used up to the 25th of the month.

4. CONCLUSIONS

The micro-economic financing decision within a trading company is complex and must take into account procurement costs, opportunities, constraints, and correlation with the return on business so that it finally achieves a desired and satisfactory return.

We distinguish, depending on the destination of the financing sources, two categories: short-term financing sources to cover the needs of the exploitation cycle and medium and long-term funding sources for investment financing.

We mention that only profitable companies have access to the borrowed sources, but the decision to finance these sources must be carefully considered so as not to affect more than the future profitability of the company, the minimum limit being the continued profit taking.

In the presented case, the company needs to complement its own and attracted sources, in order to finance the needs of the operating cycle, from borrowed sources representing loans attracted from credit institutions.

In order to meet these needs, the bank agrees to provide the client with a package of: "O ORA TM WORKING CAPITAL" loan amounting to RON 9,500; fast credit line worth 17,500 lei; the credit card credit card ceiling so that funding needs are met and the company can develop and develop its business on a profitable basis.

The commercial company considers it to be an advantageous offer that enables it to perform its activity on a profitable basis with the ability to repay and pay interest and related commissions.

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