

Treasury, the Resultant Flow Business

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Abstract

Treasury expresses the result of all activities of the enterprise and how to comply with the requirements of financial balance. All operations which the undertaking is found out immediately and forward the form of cash flow.

The enterprise is a system which, in turn, is characterized by economic, social and financial structure. Inside and outside the company are born a lot of flows, a point mentioned in the previous chapter, from which the money have a role and an important place.

Keywords

Treasury, flow of receipts, payment flows, treasury management, financial stability, cash expenses.

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Treasury an enterprise is the flow of receipts and payments take place at the firm within a specified period of time that the flow of differences between receipts and payments by the enterprise.

Treasury expresses the result of all activities of the enterprise and how to comply with the requirements of financial balance. All operations which the undertaking is found out immediately and forward the form of cash flow.

French author B. Colas believes that the concept of "cash the company has a clear content, as this concept is used to indicate two different meanings:

- first sense refers to the designation: earnings, liquidity, the availability of its disposal at one time or it has fodurilor cashier or bank deposits "on demand";
- the second sense, most recently occurred after 70 years, is about the name assigned to the result of the difference between working capital and need working capital or from earnings and short-term business loans in a given period.

Given that concerns the means by which the undertaking shall provide financial balance with the lowest cost, first to understand, given the Treasury, is more common.

For example Professor I. Neagoe treasury management characterized as "optimal management of short-term funds to ensure solvency of the company in the best conditions" and the Treasury as "all operations, which manages short-term funds.

Treasury management, according to Professor I.A.Giurgiu, is "the set of decisions and proper performance of their operations related to procuring the necessary liquidity honor obligations and about the proper recovery of any surpluses.

Express purpose of treasury management must be given under the financial management of business purpose. Therefore, some work shows that the treasury should be managed so as to obtain first the lowest cost of capital used by the enterprise, and on the other hand, placing any surplus to achieve the best returns.

In view of the French economists, includes the entire treasury management decisions, rules and procedures to maintain, at lowest cost, the financial balance of the company.

Treasury management plays in the background, decisions and transactions that involve obtaining and then using the optimal conditions of liquidity in order to ensure permanent financial balance of the company.

Treasury management is split into two services:

- one services aimed primarily determining the budget and plan daily cash receipts and payments, and monitoring their implementation;
- and other services that the surplus liquidity especially administration and conduct financial transactions on the procurement market liquidity for temporary needs.

Necessary condition for the undertaking to be viable is it to maintain balance cash flow (receipts and payments) and also work to evolve on a permanent basis, cash.

Second, Treasury is a policy instrument available to enterprise managers to achieve strategic objectives of the enterprise. Thus, the treasury can be used either to purchase equipment necessary internal growth or to purchase the securities to increase foreign participation.

Placing efficient global cash surplus in the short term (in terms of cost and maximum liquidity and low risk) before it is committed to undertaking long-term strategic decisions must be permanent care company treasurer. Cash flows that may be to increase equity or to raise debt, or to cause their reduction in case of reimbursement are driven by funding decisions. Also, making mining operations, the company collected money from sales, has paid salaries and other expenses, which adjusts its suppliers and other external charges. Thus, all flows resulting from treasury operations arise from transactions outside the mining and exploitation.

As previously stated, any company is in an economic context. Its goal is to create a material and intellectual wealth to meet the current and future needs of a market of consumers.

However, the enterprise is a system which, in turn, is characterized by economic, social and financial structure. Inside and outside the company are born a lot of flows, a point mentioned in the previous chapter, from which the money have a role and an important place.

These flows are related to capital formation and its compensation by increasing capital or by increasing the number of shareholders, through external funding, either through exchange quotation.

The enterprise needs capital to finance:

- its investment costs;
- operating costs, cash, for the duration of his (the operation).

Treasury Services is a distinct service of large companies, the Treasury is a component of the financial direction of the company. This service plays an active role on the financial market through an office (desk) specialist.

Another office dealing with administrative management of the treasury, control compliance procedures, and position confirmation operations.

The main activities carried out under the company's cash are:

- determining cash budget set from compiling all other Budgets of the Company;
- forecast receipts and payments daily and highlight differences.

Operating activities of an enterprise network flows determines remember the actual flows of goods, materials, services, on the one hand, and monetary flows, on the other hand, the level that the link between inputs and outputs is provided by the Treasury.

Treasury is the image availability arising from changes in current monetary receipts and payments, willingness to be to meet continuously maturity.

To make a positive contribution to company profitability, the treasury should be well done, to the contrary, may even lead to legal recovery proceedings.

At company level, activities which are expected cash flows in accordance with actual flows, is a financial forecasting. As a consequence of financial forecast cash resources are sized and found on that occasion the most effective ways of procuring them to realize in practice the objectives and actions that give the general strategy of company content cost and minimum risk.

The forecast cash flow activity is accomplished by "back office" to materialize, mainly through cash budgeting and plan daily receipts and payments for the enterprise.

As an expression of financial forecasting, forecasting cash, receipts and payments estimates reflect company and outlining the management of surplus or deficit of cash.

Forecast inflows refer to the evaluation:

- flow necessary for operation;
- flow generated by increased capital of the enterprise;
- flows from the loan company.

The provision is the key revenue forecast analysis because flows are dependent on income business operation. They are a product of business functions and financial behavior.

Internal analysis is completed by external analysis to develop forecasts of integration of the development level of prices, the market share. These internal and external investigations are crucial in forecasting revenue for the input stream.

In conclusion, the input flow projections are based on the distribution or revenue nature, ie their income and income from loans.

Sources of data on income, which depend on inflows, budgets are provided by financial investment and trade.

Compared to predict flows of entry, exit flow forecast is the result:

- ☐ operating decisions on regulations, agreements with suppliers, paying for trading expenses, salaries;
- ☐ ong-term decisions: repayments of loans, commitments and regulations on procurement of fixed assets.

The flow exits consist of:

1. The operating expenses

Future development of part of sales are determined for a firm, forecast production. Production rate depends on the strategy adopted by the company. Production is unstable over time, and surplus production is stored or redistributed if there is a possible further sales, decreasing costs of storage, which tempers, in turn, affect other costs and production efficiency.

Production scheduling is based on forecast operating costs and investment data: procurement, payroll and similar, liabilities, taxes and other expenses.

2. investment costs, expenses arising from the investment program developed by the company.
3. Dividends paid;
4. Profit taxes.

The confrontation with the inflows of output for some period (month, quarter, semester, year), resulting either surplus or deficit of cash.

Treasurer may influence some flows to achieve a safe balance in the following directions:

- expedite the receipt of the claim;
- mitigation payments from home as possible;
- use of floating rate, the difference between bank accounts.

If the input flow is less than cash flow exits, the Treasurer may apply to a bank support, namely:

- treasury budget allows an upper limit determining whether the company wants to use a credit line;
- budget to establish the level size, date and duration of the loan required if the company requested a bank loan.

In the reverse situation, ie a higher flow input flow output, the Treasury operates, with investments over surpluses.

The Treasurer has the means to optimize cash standing:

- ☐ existing credit arrangements;
- ☐ importance of credit lines used;
- ☐ short-term investment opportunity.

Budget work is part of the Treasury of revenue and expenditure of the company.

By processing the accounting information to establish the structure activity cash budget so that they obtain information only to the actual income received and expenditure actually paid.

Treasury budget activity is in fact a profit and loss anticipated as it allows analysis of economic indicators that provide information on intermediate balances management, specifically on how the financial balance is achieved dynamic enterprise.

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