

ASPECTS OF DECISION-MAKING ON FINANCING FROM INTERNAL OR EXTERNAL SOURCES

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1 INTRODUCTION

The success of any enterprise, as a dynamic and target-oriented system is contingent on the ability of the company to use its available resources in an economical and at the same time the ability to adapt to changes in the economic environment. The financial and economic crisis at the time of financing is quite complex. It is actually a process that will allow the company to survive, or develop. It is not easy to raise capital either at the time of the expansion of economic development of the country. The issue of financing is among the areas dealt with in almost every business.

2 THE CURRENT STATE OF AFFAIRS, WHICH IS

The issue of financing businesses, whether from internal or external sources to many authors. Currently we find very many publications from domestic as well as foreign authors who are devoted to the subject.

In any business, it is necessary to set some major targets on the basis of which we can or to accomplish the tasks that we have identified. Also in this work I have defined the main objectives, which may help you decide on the financing of the company's internal or external sources, and last but not least when you design the right looking at the cover of the business assets.

The objectives:

1. Processing of the available literature and information about aspects of the decision-making process for financing from internal or external sources.
2. The processing of data of the selected companies.
3. Analysis of the use of internal and external resources for the financing of the selected companies.
4. Choosing aspects of the decision-making process for financing of the company.
5. In the case of weaknesses, to propose a better financial decision making and financing of selected companies.

I am going to try to work to meet the objectives listed above in the following parts of my work, whether in the form of principal or targets.

3 BACKGROUND: THE FINANCING OF AN ENTERPRISE

3.1 Financial management

"Management is a mental as well as physical work to coordinate various activities seeking to achieve the desired result. Organised and controlled by the workers and managers through them are governed by the financial, technical and material activities and factors in the functioning of the enterprise. Financial management of the financial aspects of the company activity is theft protection." [1]

Among the basic tasks of financial management-getting the necessary financial resources and their effective allocation. This is a way to cash in on the basis of a financing decision and the acquisition of assets and how much to invest, the decision, which is actually the investment decision.

Obtaining the necessary financial resources is a complex and difficult task requiring an intimate knowledge of the economic environment, and in particular the situation in the financial markets. This task can be ensured through internal resources or external resources. Overall, we can say that the role of financial management in the enterprise is to plan, forecast, analyze, manage, and control the economic activities of the enterprise. [1]

The aim of the financial management of the enterprise is to provide an overview of the financial situation of the financial management of the enterprise. and contexts This is a summary of the activities whose purpose is to manage the financial management of the enterprise. The focus is the provision of financial resources to ensure their optimum structure and their use in terms of the objectives of the company.

All businesses have a common goal and that is satisfactory return on the capital under favorable long-term solvency, while maintaining the existence of, and further efforts to ensure the long-term development of the enterprise. Financial management plays a vital role here.

In a market economy, the basic objective of maximizing the market value of the financial undertaking is considered to be long term. The key business objectives are:

- Permanent financial equilibrium-stability business shall be subject to the administrative structure of long-term financial resources (the optimal ratio between private and foreign capital) and selecting the most appropriate sources of funding.

- High sufficient Permanent income (VH), which represents the company's ability to produce effects for the owners in the required amount. [2]

The basic aim of company activities is therefore a productive use of one's own and foreign capital to maximize the market value of the company during the next period of time. Copeland, Koller Murin and say: "in the last decade, the loud bang met two separate streams of thought and action – corporate finance and corporate strategy. Corporate finance, however, are no longer the exclusive domain of financiers and corporate strategy is no longer governed by Executive Directors of the company. The link between strategy and finances has become very tight and manifest. New reality poses a challenge: they must drive value managers. " [3]

3.2 The financial resources of an enterprise

The financial resources of the company are defined as sources of cash and the company's capital. It is possible to characterize the financial resources as well as a summary of the money that the realisation of their products, services, or their non-monetary assets, the growth of various forms of equity, debt, in the form of subsidies. [4]

Financial resources can be sorted according to several criteria, of which the most frequently used are shown in the following table.

Tab. 1 The breakdown of the financial resources of an enterprise

The criterion of	Financial resources	
type of source	internal	external
the owner of the	own	foreign
time	short term	long term

Sometimes in the context of long-term resources earmarked resources in the medium term, with a maturity of 1 year to 4 years. [4]

In the breakdown of the financial resources is not to be confused with the concepts of internal resources and external resources with foreign sources of own resources. Own funds are broader concept which covers internal resources and external resources, which has the character of that part of the resources owners such as preference shares or equities.

Foreign sources are a short term as external resources, because all the external resources include deposits reduced by owners. [1]

Own resources own resources – for business owners to take deposits, withdrawals and the payment of dividends and profit after tax, disposable resources from the sale of non-cash items of property.

Foreign sources – all of the additions to the debt, foreign sources of financing with the rental of the property we consider as well leasingove.

3.3 Internal financial resources

Funding for the enterprise from the internal (internal) resources, we understand the needs of the resources used for the development of the economic activity of the enterprise-from. The internal resources of the company needs to appear in the course of the management of the enterprise.

Depending on how an enterprise acquires resources, there are these four forms:

- Funding – self-financing;
- Funding of depreciation;
- Funding of reserves;
- Financing in the wake of the release of the money-changing structure and the application of technological advances to streamline, property. [1]

In business administration from 2005 publications distributed to Alexy, j. internal financial resources only in three basic forms, and funding from the profit, depreciation and financing from other internal sources of financing – in this part of the reserves are included along with the reserves. The author provides a relaxed the rationalisation of business operations include the capital. [5]

The advantage lies in the fact that the company's internal financing does not have to disclose their intentions, does not have any emission costs and is most comfortable. The costs of financial distress does not add any further. When self-financing is not increased the number of shareholders or creditors and their inspection role. The advantage is that the cash flow from these sources can be financially covered by the investment with a high degree of risk, which are difficult to obtain external resources.

The downside of an internal financing is the non-utilisation of financial leverage, which offers debt financing. It is sometimes referred to the disadvantage of smaller business efficiency of the Moot of own resources due to the lack of control of another entity. [2]

3.4 External financial resources

"External sources of funding are the resources that flow to an enterprise by means of other entities. We are talking about external financing, if capital comes into the enterprise in the form of loans, grants, or liabilities arising out of trade between the parties. " [6]

External resources are in fact venture debt, which the company must at some time be paid by this time external resources on the editorial team in the short term (within one year) and long-term (over 1 year).

In the financial management of an enterprise should apply the principle according to which the fixed assets to be financed by long-term and short-term financial resources (current) assets should be financed by

short-term financial resources – this principle is called "the golden rule of balance sheet".

External finance (capital) of an enterprise may get directly on the financial market (through the issuance of shares, corporate bonds), the use of the services of the institutions, a loan, or with supplier credits, which actually represent an estimate of the payment of a delivery or its gradual disbursement in a particular period. In all the above cases, a form, or a specific property directly with the common raise money features, which are: [1]

- the agreed method of payment;
- the payment of the agreed interest;
- the warranty.

3.5 The financial decision-making of the enterprise

Decision making is the Foundation of modern management, then select one of the options from the many options. The simplest case is a decision with a clear solution, in this case the chosen variant, which leads to the best possible outcome, given the decision-making criteria. We meet as a rule in financial management with more complex situations where the outcome depends on factors that are not measurable, or do we have the same reasons only partial information. [2]

Financial decisions belongs to the complex regulatory process. Every decision assumes a good knowledge of the economic nature of the phenomenon, its connection with the other steered and controlled by an independent assessment of the available information and forecasts of variables, the consideration of risks and uncertainties. However, there are some general procedures that are applicable, regardless of the factual content of the business and financial analysis as a formalised method and financial planning. The main task of the financial analysis is to assess the level of the current financial situation of the enterprise as far as possible in a comprehensive, the financial soundness of the company, to assess the prospects for the company's future financial position and prepare documents for the preparation and improvement of the decision-making process. Future financial situation reflected in future financial statements. Financial decisions are trying to project the future financial position in the form of a financial plan.

The long-term financial plan contains financial decisions on long-term assets or liabilities, which cannot always be easily repealed and that can bind to the same direction of the activity of the enterprise for multiple years. It is actually about the decision on the need for capital (investment projects and their effectiveness), on ways of financing (own or third-party sources), and decisions on the structure of the sources cover the capital needs.

Short term financial plan includes a long-term financial plan financial decisions as opposed to short-term assets or liabilities. These decisions relate to the implementation of the trade, production and other

activities of the enterprise, are easier to use than a long, but certainly not any less important. An enterprise may be a good investment decisions, but still may be his decline, because they don't care enough about it to provide funds for the payment of obligations.

Types of enterprise financial decision making

The most important types of decision-making situations in the area of the financing of the enterprise are:

1. Deciding on the total amount of the required capital in the wake of the estimated size of the property, to the discretion of the revenue derived from the expected.
2. Deciding on the structure of the necessary capital, i.e. the proportion of its own and foreign capital, various forms of its own and foreign capital. Here it is necessary to take into account, in particular, to the structure of the property, the price of different types of capital and financial risk.
3. Deciding on the structure of its assets, the share of current and fixed assets and on the share of the different components of the revolving or fixed asset. Even here it is necessary to consider the costs of acquisition and maintenance of the property, the risk of insolvency and other factors.
4. Decisions about investing (using) the company's capital. The basic reasoning lies in the decision on the financial or real investment, i.e., investment in securities, or to the acquisition of assets of the enterprise – fixed assets, components in inventory, receivables. Other considerations relate to the adjudication of individual variants of the investment, taking into account the expected capital expenditure and to the expected financial effect of the (cash) investment option. Different variants of decision-making in financial investment, whether or not also occur to invest in shares of other enterprises, to buy different kinds of bonds, short-term securities, etc. Even here it is necessary to take into account not only the expected income from the holding of securities, but also to building necessary liquidity and thereby minimizing financial risk.
5. Decision on allocation of profits of the company after tax. Here it is necessary to consider, in particular, the necessary amount of reserves, the payment of profit shares in the profits, whether on the further expansion of the company's assets. Deciding on the distribution of profit is often limited, for example by the obligatory legal requirements for the creation of the reserve. Significantly affects not only funds for the development of enterprise, but also determined the market price of the shares.
6. Deciding on a variety of forms to download and join a business, (e.g. the purchase of a business or other undertakings include the establishment of a joint venture), register the dissolution of the

undertaking in the form of its liquidation. It is one of the most complex and often controversial activities in the area of corporate finance. It is based primarily on the proper terms of the market value of the company and responsible for the assessment of the economic effect from coupling. Can it reflect the divergent economic interests of owners and managers. [2]

Strategic financial decisions relating to fixed assets and long-term capital are significantly affected by the financial situation of the enterprise over a long period. His changes are more difficult to implement. Therefore, the basic strategic financial decisions are centralized in the top management of the enterprise and the enterprise must be approved by the general meeting of shareholders in stock companies. Those decisions reflected the need to respect the level of risk increased significantly and the time factor.

In the framework of the fundamental strategic solutions managers must decide the short term financial business, operational, financial, goods and capital to short-term variations. Short-term financial decisions is less risky, it shows the impact of time and the changes are so much easier to complete. Short term decision making is less risky than long-term decision-making.

In the area of short-term financial decisions include, in particular:

1. Deciding on the size and structure of the individual components of current assets. Optimization of cash, a selection of various forms of short-term securities, deciding on the optimal amount of inventory, accounts receivable, work-in-progress and finished goods.
2. Deciding on the optimal form of short-term capital, for example, about how to use the different variants of short-term trade credits, financial reserves, etc.
3. Deciding on a method of protection against various forms of risk arising from the movement of prices, interest rates, foreign exchange rates and affecting the financial results of the enterprise. [2]

It is obvious that the financial decisions of a short term nature are, in principle, significantly affected long-term financial decision-making.

4 ANALYSIS OF THE USE OF THE INTERNAL OR EXTERNAL RESOURCES TO FINANCE SELECTED COMPANIES

4.1 Characteristics of the company

The railroad company Cargo Slovakia, a.s. is one of the two newly established companies which have 1 nástupnických. January 2005 by the original operator in passenger rail transport-Rail Company, a.s. and expensively activity builds on the more than 150-year history of the railways of the Slovak Republic. Its founder

and 100 per cent shareholder in the Slovak Republic, on behalf of the Ministry of transport, building and regional development of the SLOVAK REPUBLIC (SR MDVRR).

The railroad company Cargo Slovakia, a.s. brings full business of national and international carriage of goods, with the possibility of efficient management of transport services, the procurement process and the efficient use of mobile resources.

The company's mission is to provide safe, reliable, environmentally friendly and affordable rail transport oriented to the needs and requirements of the customer expensively. In addition to the additional services that are directly linked to the realisation of the freight and combined transport company as their second main product provides services related to the leasing of rolling stock, repairs and maintenance.

4.2 The financing of companies

On the basis of a comprehensive report for the year ending 31 December 2005. We have found that compared to December of 2010 showed an operating profit. Nevertheless, in the current year, the company finds itself in the loss of 331 thousand. EUROS.

As we can see from the accounts of the company, enough foreign resources over its own far outweigh resources. This means that the growth of foreign capital in excess of the total capital, which increases the risk of bankruptcy of the company. The high proportion of debt is increasing the likelihood that the company will not be able to repay their debts when there is a period of time and to pay interest.

On the basis of information about the company, it is clear that the company uses to finance its business activities to a greater extent on external financial resources, which represent the different loans, overdrafts and loans. An overdraft is used primarily to overcome short-term difficulties of payment companies. This means the short-term improvement of solvency and liquidity of the business. Compared to the year 2010, the company has reduced its short-term obligations in 2011, but on the other hand, the amount of long-term liabilities increased by 38 606 000. EUROS.

The criterion of optimization of the financial structure of the company, as well as other financial decisions is to maximize the market value of the company at the same time minimizing the cost of capital.

In the analysis of society, we also noted that the company's debt for the year 2011 is up to 75%, which has a negative impact on the further development of the company. High-debt countries are United, as well as the costs associated with financial difficulties. They may be direct costs associated with the liquidation of the company, but a very significant cost or loss of suboptimálnych in the period of the financial difficulties the company decisions.

5 PROPOSAL FOR IMPROVING FINANCIAL DECISION-MAKING AND FINANCING COMPANIES

5.1 The introduction of the financial measures in the context of the enterprise

- Payment of old debts to the State RAILWAYS ZS, through negotiation with the RAILWAYS and on rescheduling debt repayments should be set against the real Carga RAILWAY with the years 2012 and 2013;
- In order to ensure financial stability (cash flow) is necessary to get a new bank loan in 2012 for a period longer than one year, provided the starting point for a full 12 months and no repayment of principal in the year 2012. At the same time it is necessary to increase an overdraft facility;
- Return a reasonable profit ZSSK;
- Development of prices under the State RAILWAYS ZS and the performances in the public interest;
- Deployment of the security issue of simple reproduction of railway investment, acquired with the participation of Euro-funds;

The financial arrangements of the State against a parent folder SHIFT payments and deferment of repayment of principal,

- to provide repayable financial assistance granted to the SLOVAK REPUBLIC;
- Apply for protection on the financial market at the level of international cooperation in the framework of the co-financing of projects.

A major source of funding for the development of the company are the sources of the EU. State financing of the Slovak rail sector promotes the idea to participate in direct investment by subsidies to co-finance European projects.

The benefit of these measures is to improve the performance of the company, as well as increased protection against the much more developed and more experienced partner in an international environment.

5.2 Improving financial decision making society

The company should make financial decisions in the term to 1 year, so those are short-term financial decisions and decisions on the 3-4 years, which is actually a long term business decisions. From the information I have available, I concluded that the company should take a more effective long-term as well as short-term financing plan.

Proposal for the compilation of a long-term financial plan:

- in long-term planning should be to take decisions on investing in different types of assets, the assets of the undertaking and the decisions on

funding, it is about a particular structure and the proportion of the company's capital;

- the financial manager should know the theoretical approaches and practical modifications to their capital structure and to know the conditions applicable to their own capital as well;
- the basic aim is to pick the future structure of financial decision making in this area and to find a combination of securities, which will be the most reliable for investors and which will maximize the market value of the company;
- we have to take into account when planning the capital structure of many factors, such as the cost of the enterprise to obtain the type of capital, level of risk capital providers, the composition of the company's assets, the amount of taxation of corporate profits, stability, and etc.;
- for the creation of an optimal capital structure is not unique, there is no formula to it, how the success of the solution depends primarily on the ability of the financial manager.

Proposal for the compilation of a short term financial plan:

- short term financial plan should agree with the time horizon budgets;
- budgets are actually tool factory production control;
- budgets should be drawn up, managers who are responsible for the relevant area of business activity;
- budgets should be mutually compared with the draft financial plan for the short term and mutually harmonise.

At the heart of almost every company is to become a dynamic and recognized company with stable market shares. The development of a business should be oriented to the long term financial stability, improve performance and increase the satisfaction of your potential customers.

The benefit of this approach is the use of the whole range of principles, followed by a time of financial planning. Long term stability and the maintaining a comprehensive perspective on the financing aspect of creating while also taking a short term perspective, for the timeliness of the coverage for immediate obligations.

6 CONCLUSION

Success of any business, whether small or large depends on its ability to efficiently use the available resources and the ability to adapt to changes in the economic environment. For investment in rail transport is a hallmark of the high demands on financial resources. Financing of the railway undertaking is possible from several sources, but it is very important to make proper financial decisions that will affect the continued operation

of the enterprise. In the financing of the undertaking, it is necessary to address two fundamental questions, the amount of capital the business needs and the capital gains needed by the company.

The benefits of my thesis, I see that my suggestion to improve financial decision-making and financing could take the top staff of the Finance Department as a basis for the review of the current state of financing and financial decision making, and to consider the inclusion of some of my proposals into the financial management of the company.

I am aware of the fact that the work could have been developed demanding applications as well with the use of economic statistics, which, however, was not the subject of the thesis.

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