Abstract: One of the components of prudence measures adopted by the competent authorities with the regulation and supervision of financial markets at national and European level is mandatory consolidation of accounts. Romania as member of the European Union it harmonized national regulations with the European consolidation of accounts of companies. For the banks have been issued by the appropriate rules by the regulators authority, concerned by National Bank of Romania. In accordance with national regulations, companies are required to prepare annual consolidated financial statements may make such situations according to the regulations or accounting in accordance with Directive VII of the European Economic Community, under International Financial Reporting Standards.

Keywords: consolidated financial, balance sheet, financial decision, financial balance indicators, treasury fluxes

Develop VIIth Directive of the European Economic Community was held for the consolidated accounts and was a necessity for many companies that are an integral part of national or multinational groups and must present an overall financial internal and external users. Thus, in evaluating the financial reporting, where fair value should be recorded in accounting, business evaluation results will be presented as a range of values. When fair values are estimated as values of the market, the users (auditors, business executives) expects that estimated fair values to represent more accurately the market value of assets on evaluation.

To the assessor may be required, additional information on the trend of asset prices in balance, the market liquidity degree of these assets or describing the most important factors of influence.

Consolidated accounts are required to be made by a company (called parent company) where:
- holds a majority of voting rights in another company;
- has the right to appoint or remove a majority of members of the management of another company ,being in the same time a shareholder or member thereof;
- exercise significant influence over another company which is not associated or shareholder, by virtue of agreements, whether in contract or in the incorporation of that company.

Consolidated financial statements should be prepared using uniform accounting policies for like transactions and similar events. If you can not use uniform accounting policies in preparing consolidated accounts, this must be presented in the notes, together with the weights of items for which they applied different accounting policies. In many cases, if a member of the group uses
accounting policies other than those adopted in the consolidated financial statements for like transactions and similar events should be made adequate homogenization of individual financial situations when they are used for the consolidated annual accounts.

On the basis of the annual financial statements were detached following feedback on the activity and financial results of Banca Transilvania Financial Group:

1. **Economic results - financial situations according to consolidated IFRS:**

Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the Committee on International Accounting Standards Board (IASB) adopted by the European Union. Consolidated financial statements include the financial position of Transilvania Bank SA and its subsidiaries. Transilvania Bank SA together with its subsidiaries forms "BT Group". Since the financial year ended 31 December 2006, in accordance with Accounting nr.82/1991 Law and Order nr.5/2005 National Bank of Romania with subsequent modifications and additions, credit institutions are required as preparation of financial statements own individual, and the consolidated group of financial situations of, the second set of situations. Subsidiaries are consolidated from the date in which control is transferred to the group and cease to be consolidated from the date when the group loses control. The financial statements of subsidiaries have been prepared for the same reporting period as a bank and using the same accounting policies.

2. **Evolution of key financial indicators, according to IFRS**

Consolidated financial statements have been prepared on the basis of conventions fair value, assets and financial liabilities at fair value through profit and loss and financial instruments available for sale, except those for which fair value can not be credibly established.

Other assets and financial liabilities and non-financial assets and liabilities are stated at cost charge off, assessed value or historical cost. Consolidated financial statements differ by individual statutory issues such as:

- transactions carried out intra- group are removed (eg dividends received intra-group);
- provisions for impairment of receivables are recalculated based on different methodologies of calculation;
- interest income from lending activity is recognized by the effective interest rate method;
- adjustments to fair value are recognized in different ways;
- presentation of financial information is made in a different manner.

Consolidated balance sheet and profit and loss account consolidated drawn in accordance with IFRS, are presented in Table. 1 and Table. 2.

Capital and net income accordable to minority shareholders were presented separately in the balance equity category, and the profit and loss. Evolution of key financial indicators of BT Group on 31 December 2007 compared with 2006 is presented as follows:
<table>
<thead>
<tr>
<th>BT Group</th>
<th>IFRS Situations</th>
<th>IFRS Situations</th>
<th>2007/2006 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>14,083,485</td>
<td>8,330,628</td>
<td>169.06</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>12,810,311</td>
<td>7,535,235</td>
<td>170.01</td>
</tr>
<tr>
<td>Total equity</td>
<td>1,273,174</td>
<td>795,393</td>
<td>160.07</td>
</tr>
<tr>
<td>Operational Income</td>
<td>876,290</td>
<td>614,992</td>
<td>142.49</td>
</tr>
<tr>
<td>Operational Expenses</td>
<td>682,768</td>
<td>453,099</td>
<td>150.69</td>
</tr>
<tr>
<td>Expense tax</td>
<td>28,099</td>
<td>20,140</td>
<td>139.51</td>
</tr>
<tr>
<td>Profit from continuing operations</td>
<td>165,423</td>
<td>141,753</td>
<td>116.69</td>
</tr>
<tr>
<td>Gain from discontinued operations</td>
<td>144,021</td>
<td>(33,156)</td>
<td>-</td>
</tr>
<tr>
<td>Net profit of exercise</td>
<td>309,444</td>
<td>108,597</td>
<td>285</td>
</tr>
</tbody>
</table>

Total assets increased by 69.06% from 8,330,628 millions lei to 14,083,485 millions lei, primarily due to increasing volume of credits (from 4833 million to 8484 million lei lei), its share in total assets is 60.24% at the end of 2007, in terms of assets, market share of Transilvania Bank increased from 4.61% in 2006 to 5.5% at the end of 2007, being among the first 4 banking institution in Romania. Cash and investments at banks also have influenced the growth of assets, the balance has increased by 51.23% from previous year (from 1995 million lei, to 3017 million USD), due on the one hand increase the volume of bank deposits and on the other hand increasing the reserve requirements, especially in foreign currency.

Increase in tangible assets 27.89%, from 234 million lei in 2006 to 300 million lei at the end of 2007 is due mainly to accelerate the pace of territorial development of BT Group in 2007.

Increase by 70% debt, compared with 2006 stems mainly from the increase in resources attracted from customs, with 84.05% from previous year (from 5645 to 10,390 million lei ) and loans raised from banks which increased by 47% compared to 2006 (from 1268 million to 1873 million lei lei). Equity increased by 60.07%, respectively from 795.39 million lei to 1273 million lei, by increasing capital and reserve group entities, similar to the policy of capitalization of the bank, not subsidiaries distribute the net profit obtained, retaining those amounts for the improvement of the capital. Net profit of exercise (including loss of 19 million lei from BT AEGON) increased substantially from the previous exercise (with 284.95%) due to both increase operational profits obtained by the Bank Group and subsidiaries, and because the gain from the sale company BT Insurance SA to Groupama International SA at a price of 90 mil EUR.
Rate of 85% of the sale price was received in December 2007 and the remaining 15% has been locked in an escrow account, the completion of the transaction will take place after completion of IFRS financial results of BT Insurance. Net interest income increased by 28.25% (from 340.41 million to 436.60 million million lei) due mainly to increase the portfolio of loans in 2007 with 75.54% compared to 2006 levels falling in legal limits.

3. **Forecast activity on Financial Group Transilvania Bank**

To ensure the development and profitability on long-term strategy in BT Financial Group is maintaining a balance between necessary services portfolio and risk profile, while maintaining efforts to ensure operational efficiency. Financial Group Transilvania Bank is the following main objectives of development for 2008:

- strengthening the market position of companies owned by BT Group;
- expansion of the banking market share;
- expanding the supply of products subsidiaries of BT Group with other products offered by banks in the European Union, which would be an advantage against local competitors;
- ensuring a higher growth rate compared to the competition through innovation, expansion, increase of quality products and services;
- business development focusing on the SMEs due favorable expectations business performance in the market of the European Union;
- development activities of leasing and factoring.

Activity budgets for 2008 provide profit targets for individual needs for each of the activities of Group companies and objectives related to the general interest of the Financial Group and bank deposit volume growth, interest rates have not increased proportionally with the volume of loans fall due to market rates of interest; Net revenues of charges and commissions increased with 70.98%, respectively, from 175 million lei to 299 million lei, in the conditions in which the bank received commissions in dealing with loans were staggered during the credits, influencing the profit in the sense reduce to 108,020 million lei in situations IFRS (125,118 million lei and in statutory cases);

Operating expenses increased with 50.53% from previous year (from 453 million lei to 682 million lei), mainly due to increasing development costs (rent spaces, opening agencies, advertising). Return on assets registered a level of 2.20% (in previous year 1.30%) level within the limits are imposed by law; Return on equity was 24.30% at the end of 2007 (13.65% on 31.12.2006), the increase being determined by the profit increase 284% compared with the previous year, resetting the indicator to the level 1 rating of the bank. The solvency ratio calculated on the basis of IFRS consolidated situations group was 13.94% (15.94% at end of year 2006) level in which is included in the law.
Conclusions

Results of a subsidiary are included in the consolidated financial statements from the date of acquisition, namely the actual date of taking over control the subsidiary by the buyer, under IFRS 3 Business Combinations. Just compare Romanian balance (which shall be made in the form of the list) with the published balance sheets of most international groups (which are in table form) to see that included in the consolidated financial statements of such a group a Romanian subsidiary forces it to draw up the balance in a new format. The same applies to the income which shall be made in Romania appealing to a classification of revenues and expenditures by their nature, while the international retained, as a rule, the breakdown by destination. Both are allowed by IAS but, once made by the group for a variation, all branches must submit financial statements and in the form required by the group.

References

Nr.82/1991 accounting law, republished, with subsequent amendments.
International Financial Reporting Standards, 2007 Edition, issued by the International Accounting Standards Board (IASB), Published by CECCAR.