

ECONOMIC AND FINANCIAL ASPECTS OF ACTIVITY IN SC INAGRO L.L.C. - CRAIOVA, DOLJ

Dragoş Mihai MEDELETE, Radu Lucian PÂNZARU

University of Craiova, 19 Libertăţii, 200421, Craiova, Romania, Phone: +40 251 416 595/146, Fax: + 40 251 418 475, E-mail: medelete@yahoo.com, rlp1967craiova@yahoo.com

Corresponding author: medelete@yahoo.com

Abstract

The unit was established in 2003, with the object of "growing plants of the field" - CAEN code 0111. When setting up the unit has had a share capital of 2,000,000 ROL, based in Craiova and Predesti branch in town. It operates 180 ha, which is grown mainly wheat and sunflower crops of maize, barley and oats are grown on small surfaces. The Unit has a number of 5 permanent employees, and during campaigns calling about 10 laborers. Heritage includes an administrative office, huts, warehouses, sector of mechanization, etc.. Based on the three categories of income (operating, financial and extraordinary) are formed farm's total revenue, which is as follows: 176 777 lei in 2009, 193,356 lei in the year 2010 to 109.4% in dynamics, 371 766 lei for 2011 (outrunning 2.10 times the reporting base) 247,299.7 lei period average (39.9% compared to 2009 - term of reference). Total operating expenses based on total material costs, personnel costs, adjustments and other operating expenses. Based on parameter values, remember earlier has been reached sequential levels of: 163 478 lei in 2009, 173,779 lei in 2010 (+6.3% dynamic) 210 371 lei in 2011 (+28.7% compared to the period reference) 210 371 lei for period average (11.7% in the dynamics). Gross profit is equal to current income as farm profit or extraordinary loss has not registered. The gross profit rate is equal to the current rate of profit as the company has not registered extraordinary profit or loss.

Key words: assets, capital, customers, equipment, landscape, providers

INTRODUCTION

In determining farm income distinction should be made between farm income and agricultural income. This difference shows that the level of holdings can be deployed and non-agricultural activities that can increase total income, with positive effects on farm viability. Regarding income from agriculture should be noted that the size depends on the production obtained, the market prices of agricultural products, inputs costs, interest on any loans taken out policies to support agriculture by the state, other economic factors, natural and biological agents that exert their influence on labor productivity and implicitly on agricultural income [3].

Costs of agricultural production is an economic category conditional on the production of goods, a manifestation of the law of value, directly linked to the process of obtaining goods and services.

Production costs are based synthetic indicator for assessing the profitability and economic efficiency of crop and livestock [1].

It is the extra profit made by companies from the fact that they earn more than they spend on sales to produce those goods. The total profit of a firm (Pr) is the difference between total sales (VT) and total production costs (CT):

$$\text{Pr} = \text{VT} - \text{CT}$$

Profit maximization implies to compare costs with revenues and analyze at what level of production, the profit will be maximized, and also which is this level of profit [3].

The budget is designed in the form of balance, it containing the revenue side and the expenditure side, also including financial results - namely profits and the distribution thereof.

While the budget is an instrument of the financial strategy of a producer, the balance reflects the results obtained during a financial year. Balance reflects the correlation between economic means and sources of their formation is composed of two distinct parts: active and passive. [2]

MATERIALS AND METHODS

Making the work involved stage in documentation based on the use of financial reporting data [4]. The data processing was performed by using comparisons over time and by providing structures for certain indicators used. The indicators were grouped into three categories homogeneous as follows: indicators of income, expenditure indicators and profitability indicators. The analysis covers the period 2009-2011, and using period average.

RESULTS AND DISCUSSIONS

Indicators of income. Table 1. presents the level of income indicators for the period 2009-2011.

Table 1. Annual revenue (lei)

CRT. NO.	SPECIFICATION	2009		2010		2011		AVERAGE	
		EF.	DIN.	EF.	DIN.	EF.	DIN.	EF.	DIN.
1.	Production sold	-	100	-	-	8.614	100	4.307	50,0
2	Revenue from sale of goods	98.079	100	96.051	97,9	208.445	212,5	134.191,7	136,8
3	Income from subsidies	113.321	100	41.761	36,9	133.414	117,7	96.165,3	84,9
4	Net turnover (1+2+3)	211.400	100	137.812	65,2	350.473	165,8	233.228,3	110,3
5	Profits due to cost of production in progress	34.634*	-	55.528**	-	21.267**	-	14.053,7	-
6	Other income	-	-	-	-	-	-	-	-
I	Income from operations (4+5+6)	176.766	100	193.340	109,4	371.740	210,3	247.282	139,9
7	Income from interest	11	100	16	145,5	26	236,4	17,7	160,6
8	Other financial income	-	-	-	-	-	-	-	-
II	Financial income (7+8)	11	100	16	145,5	26	236,4	17,7	160,6
III	Extraordinary income	-	-	-	-	-	-	-	-
IV	Total revenues (I+II+III)	176.777	100	193.356	109,4	371.766	210,3	247.299,7	139,9

* falling revenues in balance D subtracted from net sales;

** incomes falling in the balance C is added to net sales;

Based on the indicators listed was determined the turnover this averaging 233,228.3 lei (10.3% compared to 2009-211400 lei). The extreme values of the indicator were 137 812 lei in 2010 (-34.8%) and 350,473 lei in 2011 (+65.8%).

Revenue from cost of production in progress varied from 21267 lei in 2011 to 55528 lei for 2010. Average for the period was 14,053.7 lei, since the 2009 value of 34364 lei has been assigned the outstanding balance of D and not C, as in 2010 and 2011.

The farm has not registered other income categories for operating activities and operating income as a result achieved: 176,766 lei in

The first indicator of revenue is the production sold. This indicator appears only in the year 2011 - 8614 lei, as such period average is 4307 lei (50.0% - in dynamics).

Revenue from sale of goods ranged from 96 051 lei in 2010 to 208 445 lei in 2011, the average period being 134,191.7 lei. The dynamics is lower than in 2010 (97.9%) for average and over-unit 2011 - advancing of 1.36 and 2.12 times respectively of the reporting term - 2009 (98 079 lei).

Revenues from grants accounted for 113,321 lei in 2009, 41,761 lei in 2010 (-63.1% in dynamics), 133,414 lei in 2011 (17.7% of the reporting) and 96153.3 lei period average (-15.1%).

2009, 193,340 lei for 2010 to 109.4% in dynamically 371 740 lei for the year 2011 to 210.3 % 247 282 lei for period average (39.9%). Unit recorded income from interest of 11 lei in 2009, 16 lei in 2010 and 26 lei in 2011, therefore the average period was 17.7 lei. Dynamics outlines the terms of reference outruns of 1.45, 1.60 and 2.36 times in 2010 and the average period of 2011.

Since the unit is no longer achieved other financial income, financial income is equal to the interest earned. It should be noted that the firm has not recorded during the period, any extraordinary income.

Based on the three categories of income (operating, financial and extraordinary) is constitute the total revenues for the farm, which is as follows: 176 777 lei in 2009, 193,356 lei in the year 2010 to 109.4% in dynamics, 371 766 lei for 2011 (downgrade 2.10 times in the basis of reporting) 247,299.7 lei the average period (39.9% compared to 2009 - term of reference).

Spending indicators. Table 2. presents the indicators of expenditure for the period 2009-2011. Expenses with raw materials and

consumables ranged from 88,689 lei in 2009 to 125,756 lei in 2011, while the average period was 107 323 lei.

Dynamic ascending trend of the indicator underlines, the overtaking of reference terms: 1.21 times in 2010 and the period average, 1.41 times in 2011. Other materials expenses appear only for the year 2011 - 489 lei, something that leads to an average for the period of 245.5 lei (50.0% in dynamics).

Table 2. Spending indicators (-lei-)

CRT. NO.	SPECIFICATION	2009		2010		2011		AVERAGE	
		EF.	DIN.	EF.	DIN.	EF.	DIN.	EF.	DIN.
1	Spending with raw materials and consumable	88.689	100	107.524	121,2	125.756	141,8	107.323	121,0
2	Other materials expenses	-	-	-	-	489	100	245,5	50,0
3	Expenses (water, energy)	-	-	-	-	-	-	-	-
4	Total expenditures for materials and goods (1+2+3)	88.689	100	107.524	121,2	126.245	142,4	107.486	121,2
6	Salaries	26.250	100	27.267	103,9	37.135	141,5	30.217,3	115,1
7	Insurance expenses	7.019	100	7.341	104,6	9.157	130,5	7.839	111,7
8	Personnel expenses (6+7)	33.269	100	34.608	104,0	46.292	139,1	38.056,3	114,4
9	Adjustments	11.331	100	840	7,4	2.160	19,1	4.777	42,2
10	Expenditure on external services	10.429	100	9.768	93,7	18.930	181,5	13.042,3	125,1
11	Other taxes, fees and similar payments	499	100	539	108,0	394	79,0	477,3	95,7
12	Other expenses	19.261	100	20.500	106,4	16.350	84,9	18.703,7	97,1
13	Other operating expenses (external services, other taxes - taxes, contributions, donations compensation, assets transferred) (10+11+12)	30.189	100	30.807	102,1	35.674	118,2	32.223,3	106,7
I	Total operational expenses (4+8+9+13)	163.478	100	173.779	106,3	210.371	128,7	182.542,7	111,7
11	Interest expense	-	-	-	-	-	-	-	-
12	Other financial expense	-	-	-	-	-	-	-	-
II	Financial expenses (11+12)	-	-	-	-	-	-	-	-
III	Extraordinary expenses	-	-	-	-	-	-	-	-
IV	Total expenditure (I+II+III)	163.478	100	173.779	106,3	210.371	128,7	182.542,7	111,7

Due to this situation, the expenditure was identical to materials in 2009 and 2010 by the costs of raw materials and consumables, but they have reached the level of 126 245 lei in 2011 (42.4%). Under these conditions the average period ahead of 1.21 times the based of reporting (107 486 to 88 689 lei).

Wages have risen from 26250 lei in 2009, 3.9% in 2010 (27267lei) and 41.5% for 2011 (37135lei). The same tendency are present for average period which extends beyond compared to 15.1% - 30217.3 lei.

Insurance spending have averaged 7839 lei (11.1% of the reporting), with extremes of 7019 lei in 2009 and 9157 lei in 2010 (30.5%). In 2010 the indicator has exceeded the benchmark by 4.6% - 7341 lei.

Based on salaries and insurance were determined personal expenses. This indicator has values upward for the period under review

from 33,269 lei in 2009 to 46 292 lei in 2011. You can discuss the increasing trend of the indicator highlighted by overcoming reference, as follows: 4.0% for 2010 (34608 lei), 14.4% of the average period (38056.3 lei) and 39.1% in 2011. Another item of expenditure appears as the adjustments on assets, an indicator that has a net downward trend. The year 2009 is characterized by a value of 11331 lei adjustments, value drops to 840 lei in 2010 and 2160 lei for the year 2011. Under these conditions the average period reached 4777 lei (42.2% of the reporting). Dynamics is dominated by indices below par - 7.4% in 2010 and 19.1% in 2011.

Expenditure on external services were 10,429 lei in 2009, fell by 6.3% in 2010 (9768 lei) increased by 81.5% in 2011 (18930 lei), while the average term exceeded 1.25 times the reporting deadline - 13042.3 lei.

With regard to other taxes, fees and similar payments, it can be seen that they ranged from 394 lei in 2011 to 539 lei in 2010, while the average period was 477.3 lei. In the dynamics can be observed variation made with fixed base indices: subunit values for 2011 and the period average (79.0 and 95.7% respectively), values above par in 2010 to 108.0%.

For other expenses average is 18703.7 lei (2.9% of the reporting period), with values sequential variables: 16350 lei in 2011 (-15.1%), 19261 lei in the first term of the dynamic series (2009), 20,500 lei in 2010 (+6.4% compared to the reporting deadline).

Following the values quoted for the last three indicators were determined other operating expenses which have been: 30189 lei in 2009, 30,807 lei for 2010 to 102.1% lei 35674 - 118.2%. With these values we determined the average period was 32223.3 lei, which in dynamic was exceeded by 6.7% reporting database.

Total operating expenses based on total material costs, personnel costs, adjustments and other operating expenses. Based on parameter values, remember earlier, it was sequential levels: 163 478 lei in 2009, 173,779 lei in 2010 (+6.3% dynamic) 210 371 lei in 2011 (+28.7% compared to the period reference) 210 371 lei for period average (11.7% in dynamic made).

These values noted ascending trend of operating expenses for the period analyzed. In terms of total spending, it is noteworthy that it is identical to the previously indicator - total operating expenses - not recorded as financial expenses and any extraordinary expenses.

Profitability indicators. Table 3. present the level of profitability indicators for the period 2009-2011.

Operating profit is characterized by an average of 64739.3 lei sequential annual value levels resulting from 13288 lei in 2009, 19561 lei specific in 2010 and 161,369 lei for 2011.

These values underlines ascending trend of the indicator, which is beneficial for the work done. Financial profit was 11, 16 and 26 lei for the three components of the dynamic series 2009, 2010 and 2011 respectively (45.5 and 136.4% in dynamics to the reporting deadline).

Due to this situation, the average period reached 17.7 lei, ie 160.6% fixed base index value.

Current profit appears as the sum of operating profit and financial profit. So talk about values 13299 lei in 2009, 19,577 lei in 2010, 161,395 lei in 2011 and 64757 lei for the period average. The dynamics is characterized by values exclusively supraunitary of component index: demotions of the reporting period in 2010, 1.47 times, 4.86 times and 12.13 times the average period for 2011.

Gross profit is equal to current income as farm profit or not registered extraordinary loss. Company did not pay income tax, but paid "other taxes" that were located at 6500 lei in 2009, 3225 lei in 2010 (50.4% dynamic) 10515 lei in 2011 (61.8%). Under these conditions the average period was 6746.7 lei, which exceeded by 3.8% based reporting.

Net profit is characterized by an average of 58010.3 lei, while the extreme values of the indicator occurred in 2009-6799 lei and 2011-150880 lei.

The dynamics is strictly ascending, advancing the reporting term being 2.40 times in 2010 (16352 lei), 8.53 times and 22.19 times the average period in 2011.

Operating profit rate was 8.13% in 2009, 11.26% in 2010, 76.71% in 2011 and to 35.47% for the period average.

Evolution in time of the indicator is in the form of an upward trend, advancing the reference term in 2010 1.38 times, 4.36 times and 9.43 times the average period for 2011.

It can be seen that the current profit rate is slightly higher than the previous indicator, the annual growth of 0.01% (except the average period is identical to the one shown above).

The gross profit rate is equal to the current rate of profit as the company has not recorded extraordinary profit or loss.

The last indicator of profitability refers to the net profit rate.

It may be noted that this indicator has averaged 31.78% (7.64 times outrunning the reporting in the basis of), with extreme values of 4.16% for 2009 and 71.72% in 2011.

The consequence of this situation dynamics is strictly upward benchmark term being

exceeded 2.26 times in 2010 to 17.2 times in 2011.

Table 3. Profitability indicators

CRT. NO.	SPECIFICATION	U.M.	2009		2010		2011		AVERAGE	
			EF.	DIN.	EF.	DIN.	EF.	DIN.	EF.	DIN.
1	Operating profit	Lei	13.288	100	19.561	147,2	161.369	12,14 times	64.739,3	4,87 times
2	Financial profit	Lei	11	100	16	145,5	26	236,4	17,7	160,6
3	Current profit (1+2)	Lei	13.299	100	19.577	147,2	161.395	12,13 times	64.757	4,86 times
4	Extraordinary profit	Lei	-	-	-	-	-	-	-	-
5	Gross profit (3+4)	Lei	13.299	100	19.577	147,2	161.395	12,13 times	64.757	4,86 times
6	Income tax	Lei	-	-	-	-	-	-	-	-
7	Other taxes or levies	Lei	6.500	100	3.225	49,6	10.515	161,8	6.746,7	103,8
8	Net profit (5-6-7)	Lei	6.799	100	16.352	240,5	150.880	22,19 times	58.010,3	8,53 times
9	Operating profit rate	%	8,13	100	11,26	138,5	76,71	9,43 times	35,47	4,36 times
11	Current profit rate	%	8,14	100	11,27	138,5	76,72	9,42 times	35,47	4,35 times
12	Extraordinary profit rate	%	-	-	-	-	-	-	-	-
13	The gross profit rate	%	8,14	100	11,27	138,5	76,72	9,42 times	35,47	4,35 times
14	Net profit rate	%	4,16	100	9,41	226,2	71,72	17,2 times	31,78	7,64 times

CONCLUSIONS

a. in total revenue structure prevailing operating income by 99.99%, financial income was only 0.01% of the total. Components are included in operating revenue ratios: 94.33% turnover, 54.26% of production sold, 38.88% income subsidies, 5.68% revenues from production costs, 1.74% output sold - Figure 1;

b. total expenditure is equal to operating expenses and material costs prevailing in their structure - 58.88%, followed by personnel costs - 20.85% Other operating expenses - 17.65% and adjustments - 2.62% - fig.2;

c. the unit record operating profit and financial profit - 64739.3 lei 17.7 respectively, which make current profit - 64757 lei;

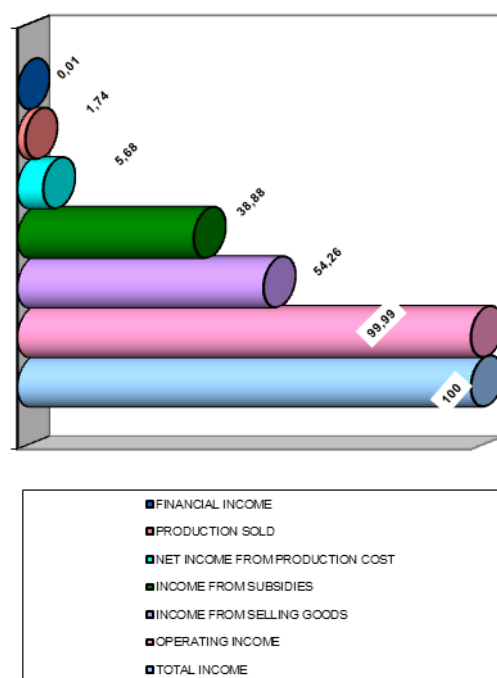


Fig. 1. The ratio of total income and its main components (%)

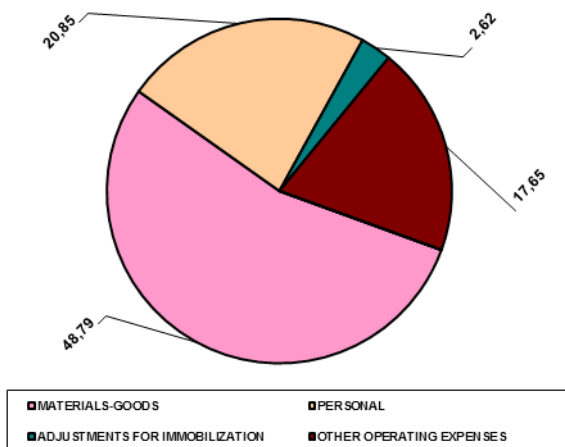


Fig.2. Total expences structure (%)

d. given that the unit has not reported profit or loss are found extraordinary similarity between current income and gross, the latter decreasing by taxes paid, so that net profit reached 58010.3 lei;

e. with outstanding results is remarkable year 2011 year was adequately supported by grants convenient, but also income from the sale and production of goods sold.

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