

ANALYSIS OF FINANCIAL INDICATORS IN SC FITOPLANTAGRO LLC (2013-2015)

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Abstract

Company "Fito Agro Plant" was created in 2004 in order to serve farmers in the area of influence. Over time, the company opened three branches in Gorj (Targu Jiu) and Valcea (Mihăiești and Ramnicu Valcea). The company's activity is quite complex, making the distribution of various types of inputs for agricultural production. In realization of the work and highlighting the financial results were used as tools to document comparison over time, and a number of specific indicators being operated at officiating (turnover, operating revenues, financial revenues, expenses operational, financial expenses, profit or loss, the rate of profit or loss, etc.).The specific activity conducted, it has expressed through favorable results for the years 2014 and 2015 (when achieved profit), but it also discusses situations and less convenient (2013 - losses of the unit).

Key words: costs, loss, profit, revenue, turnover

INTRODUCTION

The unit was established in 2004, being framed in the industry: Group 461 - Brokering activities in wholesale. The main activity is the Class 4611: trade in agricultural raw materials, live animals, textile raw materials and semi-finished goods.

The object of activity, according to NACE code comprises a wide range of activities [9].

The formation of the company was based on the association of two individuals, Romanian citizens, who have created a legal form of a limited liability company.

The declared company's headquarters are in the town Buleta, Valcea County, it may establish subsidiaries, as required by law. The company has opened stores in the cities: Ramnicu Valcea, Targu Jiu and Mihăiești.

The life of the company is an unlimited one, and the subscribed capital was Lei 200 (50% for each partner), the increase or reduction of the capital and its transmission could be achieved in concrete terms stipulated in the founding document.

Based on these aspects, the company is an LLC classic fits in basic conditions "must have at least an associate and a maximum of 50 employees. The capital must have a minimum value of Lei 200, of which up to 60% can be

contributed in kind and the rest in cash. [3].

Being included in the scope of activities for the provision of services for agriculture, the company must pay attention to the quality of the provided services. Quality of service is an important goal for both service providers and their clients. Service providers will get a higher exchange value (price) if they are concerned about the quality and/or strengthen their market position services [2].

The Company respects the findings theorists on that "stores are located in the strongest centers or villages in terms of agriculture, but also in the urban or regional markets and fairs" [4].

MATERIALS AND METHODS

To develop this research, the information needed were collected from the studied company where accountancy documents were consulted [10].

Thereby, it has operated under the profit and loss account so that integrates all expenditures and revenues, allowing the calculation of the indicators: disposable income, global production margin, self trading capacity [6]. Next, it took the group on homogeneous categories of indicators: income, expenses, profit. Besides of existing indicators in the profit and loss account, there were determined

rates or loss of profits, according to the established methodology.

The principle of economic management is to cover the costs from agricultural income as the firms to be profitable.

The gross profit as the difference between revenues and costs, is diminished with the related tax resulting the net profit [7].

The study looked at the period 2013-2015, where a dynamic series of data was considered and the average of period was also used.

The evolution of the indicators level was examined, using indices with mobile basis.

RESULTS AND DISCUSSIONS

Indicators of income. Income express salable value of goods and services produced in a company [8].

Table 1 shows the indicators of income for the years 2013, 2014 and 2015.

The first indicator of income is represented by sold production. This indicator varied from Lei 22,215 in 2013 to Lei 3,324 in the year 2014 while the average period reached Lei 26,964.33 (Fig. 3.1.). The indicator increased by 50.1% in 2014 compared to 2013, followed by a reduction of 24% in 2015 (Lei 25,344) compared to the previous term of the dynamic series, while the average of the period outruns 1.06 times the situation specific to 2015.

Table 1. Indicators of income (Lei)

No.	Specification	2013	2014		2015		Average**	
		Ef.*	Ef.*	2014 /2013**	Ef.*	2015 /2014**	Ef.	Average /2015
1.	Production sold	22,215	33,334	150.1	25,344	76.0	26,964.33	106.4
2	Income from sale of goods	2,331,628	2,275,675	97.6	3,094,632	136.0	2,567,311.67	83.0
3	trade discounts	6,520	37,350	572.9	132,508	354.8	58,792.67	44.4
4	Net turnover (1+2-3)	2,347,323	2,271,659	96.8	2,987,468	131.5	2,535,483.33	84.9
5	Revenues from the production of tangible and intangible assets	-	-	-	16,926	100.0	5,642.00	33.3
6	Other incomes	11,426	-	-	20,934	183.2	10,786.67	51.5
I	Operating income (4+5+6)	2,358,749	2,271,659	96.3	3,025,328	133.2	2,551,912.00	84.4
7	Interest income	1,560	4	0.2	6	150.0	522.67	8711.2
8	Other financial income	1,708	226	13.2	641	283.6	858.33	133.9
II	Financial revenues (7+8)	3,268	230	7.0	647	281.3	1,381.67	213.6
III	Extraordinary revenues	-	-	-	-	-	-	-
IV	Total income (I+II+III)	2,362,017	2,271,889	96.2	3,025,975	133.2	2,553,293.67	84.4

* extracts from the profit and loss account (2013 – 2015);

** own calculation;

The revenue from sales of goods ranged from 2,275,675 lei to 3,094,632 lei in 2014 to 2015, the period average being 2,567,311.67 lei. The dynamics of the indicator is below in 2014 (97.6%) and the average of the period (83.0%) and above in 2015 (136.0%).

The trade discounts reached 6,520 lei in 2013, 37,350 lei for 2014 (+472.9%), 132,508 lei in 2015 (+254.8% in dynamics), and the period average was 587,92.67 lei (-55.6%).

As a result, income was mainly influenced by the sale of goods. It can be seen that the net turnover was between 2,271,659 lei in 2014 and 2,987,468 lei in 2015, and the average reached 2,535,483.33 lei. The dynamics of the indicator is similar to the one of the revenue

from the sale of goods. So, it was observed a decrease by 3.2% in 2014 compared to the previous term of the dynamic series, a growth by 31.5% in 2015 compared with the previous term of the dynamic series and a decline by 15.1% in average compared to the situation of 2015.

The revenues from the production of tangible and intangible assets were present only in 2015, 16,926 lei, which resulted in an average of the period of 5,642 lei (33.3% in dynamics).

The company recorded other income related to the operating activities as follows: 11,426 lei in 2013 and 20,934 lei in 2015 (1.83 times in dynamics compared to the 2013) so that the

average period reached 10,786.67 lei (51.5% in dynamics).

The operating income reached: 2,358,749 lei in 2013; 2,271,659 lei in 2014, 96.3% in dynamics; 3,025,328 lei in 2015, 133.2%; and 2,551,912 lei for the period average (-15.6%).

The unit recorded an interest income of 1,560 lei for the year 2013, 4 lei for 2014 (0.2% in dynamics) and 6 lei for 2015, so that the average of the period was 522.67 lei.

The dynamics highlights below par values in 2014 and above par in 2015 (+50.0%) respectively for period average (87.11 outrunning of reporting basis).

The unit also performed other financial income as follows: 1,708 lei for the year 2013, 226 lei in the year 2014, 641 lei in 2015, 858.33 lei average for the period.

In dynamics, the fluctuating developments occurred in 2014 were represented by a decrease compared to the first term of the dynamic series (-86.8%) and brought forward an increase compared to the reporting bases in 2015 and the period average (2.83 and 1.33 times).

The financial income is based on two sources mentioned above, so that they reached 3,268 lei in 2013, 230 lei in 2014, 647 lei in 2015 and 1,381.67 lei as the period average. Under these circumstances, the dynamics contains a subunit value (7.0% in 2014) and the two above par values (281.3 and 213.6% respectively for 2015 and the period average). It is worth to mention that the company did not record extraordinary income during the period under review.

Starting from the three categories of revenues (operating, financial and extraordinary), it was constituted the total revenue of the unit, which was the following one: 2,362,017 lei for 2015; 2,271,889 lei in 2014, 96.2% in dynamics; 3,025,975 lei for 2015 (increase of 33.2% over the reporting basis); 2,553,293.67 lei for the period average (-15.6% compared to 2015 - reference term).

Indicators of expenses. Cost in agricultural production is an economic category which depends on production of goods, a manifestation of the law of value, directly linked to the process of obtaining goods and services [1].

Table 2 contains the indicators of expenditures for the period under review. It refers to operating expenses, financial expenses, extraordinary expenses and total expenses.

It may be noted that the unit achieved only operating costs and financial expenses (quite low compared to the first category). As a result, the total expenditure is influenced - largely - by amount of operating expenses.

The expenses with raw materials and consumables ranged from 71,677 lei in 2014 to 116,431 lei in the year 2013, while the average of the period was 90,282.67 lei.

The dynamics highlights the uneven trend of the indicator, some decreases in 2014 (-38.4% compared to 2013), being followed by an increase in 2015 (82,740 lei, 1.15 times more than in the previous term of dynamic series) and also an increase for the average of the period (1.09 times).

Other material costs have close levels in the years 2013 and 2014: 49,046 lei and 49,450 lei respectively. In 2015, the indicator was located to a quota of 82,721 lei, something which leads to a period average of 60,405.67 lei. In dynamics, a surplus was noticed compared to the terms of reference for 2014 and 2015 (+0.8 % and + 67.3%), but also decreases (-27.0%, for the period average).

Spending on goods recorded an average of 1,842,017.33 lei (-14.9%), value which is based on annual levels of indicator as: 1,556,638 lei in 2014 (86.2%), 1,806,135 lei in 2013 and 2,163,279 lei for 2015 (+39.0% in dynamics).

The company benefited from trade discounts for all years: 9,506 lei in 2013, 75,783 lei in 2014, 133,804 lei in 2015. This led to an average of the period of 73,031 lei. In these conditions, the dynamics experienced one below par value (period average - 54.6%) and two above par values in the years 2014 and 2015 respectively (7.97 and 1.76 times exceeded the terms of comparison).

A result of this situation, total expenses related to materials and goods ranged from 1,606,898 lei in 2014 to 2,198,861 lei for 2015, and in 2013 they reached the 1,967,405 lei. In these circumstances, the average of the period was 1,924,388 lei, which represented a

decrease in dynamics by 12.5% over the reporting basis. The dynamics of the indicator is one uneven, the decreases of 18.3% in

2014, being followed by surplus over the reporting term in 2015: 1.36 times.

Table 2. Indicators of spending (Lei)

No.	Specification	2013	2014		2015		Average**	
		Ef. *	Ef. *	2014 /2013**	Ef. *	2015 /2014**	Ef.	average /2015
1	Raw materials and consumables	116,431	71,677	61.6	82,740	115.4	90,282.67	109.2
2	Other material expenses	49,046	49,450	100.8	82,721	167.3	60,405.67	73.0
3	Expenditure on goods	1,806,135	1,556,638	86.2	2,163,279	139.0	1,842,017.33	85.1
4	Other external charges (energy and water)	5,299	4,916	92.8	3,925	79.8	4,713.33	120.1
5	Trade discounts received	9,506	75,783	797.2	133,804	176.6	73,031.00	54.6
6	Total material expenses and related to goods (1+2+3+4-5)	1,967,405	1,606,898	81.7	2,198,861	136.8	1,924,388.00	87.5
7	Salaries	274,583	232,316	84.6	314,154	135.3	273,684.33	87.1
8	Insurance spending	68,832	56,095	81.5	65,813	117.3	63,580.00	96.6
9	Personnel expenses (6+7)	343,415	288,411	84.0	379,967	131.7	337,264.33	88.8
10	Value adjustments on tangible and intangible assets	89,887	83,983	93.4	52,143	62.1	75,337.67	144.5
11	Value adjustments on current assets	-5,630	105,215	-	1,313	1.2	33,632.67	2561.5
12	Expenditure on external services	96,310	97,753	101.5	131,844	134.9	108,635.67	82.4
13	Other taxes, duties and assimilated payments	7,439	8,157	109.7	11,358	139.2	8,984.67	79.1
14	Other expenses	6,121	1,645	26.9	11,762	715.0	6,509.33	55.3
15	Other operating expenses (external services, other taxes - taxes - contributions, donations compensation, assets transferred) (12+13+14)	109,870	107,555	97.9	154,964	144.1	124,129.66	80.1
I	Total operational expenses (6+9+10+11+15)	2,504,947	2,192,152	87.5	2,787,248	127.1	2,494,782.33	89.5
16	Interest charges	35,224	43,271	122.8	34,383	79.5	37,626.00	109.4
17	Other financial charges	1,971	-	-	1,916	-	1,295.67	67.6
II	Financial expenses (16+17)	37,195	43,271	116.3	36,299	83.9	38,921.67	107.2
III	Extraordinary expenses	-	-	-	-	-	-	-
IV	Total expenses (I+II+III)	2,542,142	2,235,423	87.9	2,823,547	126.3	2,533,704.00	89.7

* extracts from the profit and loss account (2013 – 2015)

** own calculations

Salaries went down from 274,583 lei in 2013 by 15.4% in 2014 (232,316 lei), and increased by 35.3% in 2015 (314,154 lei). The average period reached 273,684.33 lei, representing only 87.1% from the comparison term.

Insurance spending have averaged 63,580 lei (-3.4% compared to the reporting basis), with extremes of 56,095 lei in 2014 and 68,832 lei in 2013, and in 2015 the indicator reached 65813 lei. The dynamic is similar to that recorded for wages.

Based on salaries and insurance charges, the personnel costs were determined. This indicator had fluctuating values in the analyzed period, from 343,415 lei in 2013 to 288,411 lei for 2014, respectively 379,976 lei in 2015. It was noticed an uneven trend of the indicator, highlighted by the exceed of the

reference 1.31 times in 2014, respectively by decreases towards it in 2014 and the period average (16.0% and 11.2%, the average actual level 337,264.33 lei).

Another item of expenditure appears as the adjustments to tangible and intangible assets, indicator which has a downward trend. The year 2013 is characterized by a value of 89,887 lei, that drops to 83,983 lei in 2014 (-6.6%) and 52,143 lei for 2015 (-37.9%). In these circumstances, the average of the period reached 75,337.67 lei (144.5% over the reporting basis).

Adjustments to current assets were negative in 2013 (-5,630 lei) and reached 105,215 lei in 2014, then dropped to only 1,313 lei in 2015. In this context, the average of the period was 33,632.67 lei.

Expenditure on external services were 96,310 lei in 2013, and increased by 1.5% in 2014 (97,753 lei), continued to grow (+34.9%) in 2015 (131,844 lei), while the average of the period was lower by 17.8% compared to the reporting term: 108,635.67 lei.

Costs with other taxes, duties and assimilated payments ranged from 7,439 lei in 2013 to 11,358 lei in 2015, while the average of the period was 8,984.67 lei. In the dynamics, it can be seen above par values for the years 2014 and 2015 (1.39 and 1.09 times overruns of reference terms) and subunit values for the period average, 79.1%.

For other expenses, the company recorded an average of 6,509.33 lei (-44.75 in dynamics), average, which is based on sequential values of 1,645 lei in 2014 (26.9% in dynamic), 6,121 lei for the year 2013 and 11,762 lei for 2015 (overflow 7.15 times the base of comparison).

According to the values referred for the last three indicators, there were determined other operating expenses, which registered: 109,870 lei in 2013, 107,555 lei in 2014 (97.9%), 154,964 lei for the year 2015 (144.1%). Based on these values, it was determined the average of the period, which was 124,129.66 lei, reflecting a decrease in dynamics by 19.9% over the reporting basis.

Total operating expenses were based on total material expenses, personnel expenses, adjustments of tangible and intangible value adjustments on current assets and other operating expenses. Based on the indicator values, previously named, there were reached the following sequential levels: 2,504,947 lei in 2013; 2,192,152 lei in 2014 (-12.5% in dynamics); 2,787,248 lei in 2015 (+27.1% compared to the benchmark); 2,494,782.33 lei period average (-22.5% in dynamics).

These values noted the fluctuating trend in operating expenses for the considered period.

The company carried interest expenses related to variables as follows: 35,224 lei in 2013, 43,271 lei in 2014 (+22.8% in dynamics), 34,383 lei in 2015 (-20.5%), 37,626 lei for the period average (+9.4%). Other financial expenses have averaged 1,295.67 lei (-32.4%

compared to the previous term of the dynamic series), which is based on the average annual values sequential 1,916 lei in 2015 and 1,971 lei for 2013.

Total financial expenses ranged between 36,299 lei in 2015 (83.9% in dynamics) and 43,271 lei at the level of 2014 (116.3%). The average of the period reached 38,921.67 lei (107.2%).

Looking at the value of the indicator in the year 2013 (37,195 lei), we can say that it (indicator) has evolved unevenly for the period under review.

Regarding the total expenditure, it is noteworthy that it varies between 2,235,423 lei in 2014 (-12.1% compared to the basis term) and 2,823,547 lei in 2015 (+26.3%), and the average reached 2,533,704 lei (-10.3% in the dynamics). The evolution of indicator fluctuates.

Profitability indicators. Profits, in the broadest sense, can be regarded as profits made in cash, by those who initiates and organizes the economic activity [5].

Table 3 shows the profitability indicators for the period under review.

Profit or loss from operations is characterized by an average of 57,129.67 lei, value resulting from sequential annual levels -146,196 lei (loss) in 2013, 79,507 lei specific to 2014 and 238,080 lei in the year 2015.

These values underlines the upward trend of the indicator, breaches of reference terms in 2015 (2.99 times), while the average period occurred decreases (-76.0%).

The financial loss was 33,927 lei in 2013, 43,041 lei in 2014 and 35,652 lei in 2015 (dynamics values below par in 2014 and above par 2015, 126.9% and 82.8% respectively). A result of this situation, the average period reaches 37,540 lei, or 105.3% compared to the term of reference.

Profit or current loss showed as the previous indicators sum, so it was noticed a loss of 180,125 lei in 2013, 36,466 lei profit for 2014 - and 202,428 lei in 2015, the average being 19,589.67 lei.

Table 3. Profitability indicators

No.	Specification	U.M.	2013	2014		2015		Average**	
			Ef.	Ef.	2014 /2013**	Ef.	2015 /2014**	Ef.	Average /2015
1	Profit - operating loss *	lei	-146,198	79,507	100	238,080	299.4	57,129.67	24.0
2	Profit - financial loss *	lei	-33,927	-43,041	126.9	-35,652	82.8	-37,540.0	105.3
3	Current profit or loss (1+2) *	lei	-180,125	36,466	100	202,428	555.1	19,589.67	9.7
4	Extraordinary profit or loss *	lei	-	-	-	-	-	-	-
5	Gross profit or loss (3+4) *	lei	-180,125	36,466	100	202,428	555.1	19,589.67	9.7
6	Income tax *	lei	-	-	-	17,868	100	5,956.00	33.3
7	Other taxes or levies *	lei	-	-	-	-	-	-	-
8	Net profit or loss (5-6-7) *	lei	-180,125	36,466	100	184,560	506.1	13,633.67	7.4
9	The rate of profit or loss from operations**	%	-5.83	3.63	100	8.54	235.3	2.29	26.8
10	The rate of profit or loss Current**	%	-7.08	1.63	100	7.17	439.9	0.77	10.7
11	Rate extraordinary profit or loss**	%	-	-	-	-	-	-	-
12	Gross profit or loss rate**	%	-7.08	1.63	100	7.17	439.9	0.77	10.7
13	The rate of net profit or loss**	%	-7.08	1.63	100	6.53	400.6	0.54	8.3

* extracts from the profit and loss account (2011 – 2013)

** own calculation

The dynamics of the indicator is characterized by an over-unit value of indices for the year 2015, and a sub unitary one for the period average (9.7%).

Gross profit or gross loss equals the current profit or loss of current, since the company did not record extraordinary profit or loss.

The Company paid income tax only in the year 2015 (17,868 lei), but it did not pay "other taxes". In these circumstances, the average period was 5,956 lei, a level which was only 33.3% of the basis of reporting.

Net profit is characterized by an average of 13,633.67 lei, while the extreme values of the indicator appeared in 2014: 36,466 lei in 2015 and 184,560 lei, and in 2013 the net loss was equal to the gross loss (-180,125 lei). Dynamics is one indicator uneven overruns of the reporting limit for 2015 was 5.06 times, while for the average period there was a decrease of 92.6% compared to the term of reference.

The rate of profit/loss from operations was - 5.83% in 2013, 3.63% for 2014, 8.54% in 2015 and 2.29% for the average period. The evolution in time of the indicator takes the form of an uneven trend, exceeding the reference from 2015 was 2.35 times, followed by declines of 73.2% for the period average.

It can be seen that the rate of profit/loss of current is significantly less than the previous indicator: -7.08% in 2013, 1.63% in 2014, 7.17% in 2015, 0.77% for the average period.

The rate of profit/loss equals gross profit rate/current loss since the company did not record extraordinary profit or loss.

Last profitability indicator refers to net profit rate. It can be seen that this indicator has averaged 0.54% (8.3% compared to reporting base), with values of -7.08% for 2013, 1.63% for the 2014 and 6.53% by 2014. The consequence of this situation, the dynamics is one uneven.

CONCLUSIONS

The study les to the following conclusions:

- In the structure of total revenues, operating income dominates with 99.94%, financial income is only 0.06% of the total. Detailed structure of total revenues, highlights the contribution percentage: 99.30% turnover, 0.22% income from the production of tangible and intangible assets, other income 0.42% (Fig. 1.).
- In the structure of total expenditures the material costs and related goods are prevailing 75.95%, followed by personnel costs - 13.32%. Other operating expenses: 4.89% adjustments on tangible and intangible assets: 2.97%, financial expenses: 1.53% and adjustments on current assets: 1.33% (Fig.2.).
- The Company recorded operating profit and financial loss -57,129.67 lei respectively - 37,540 lei, which make up the current profit 19,589.67 lei.

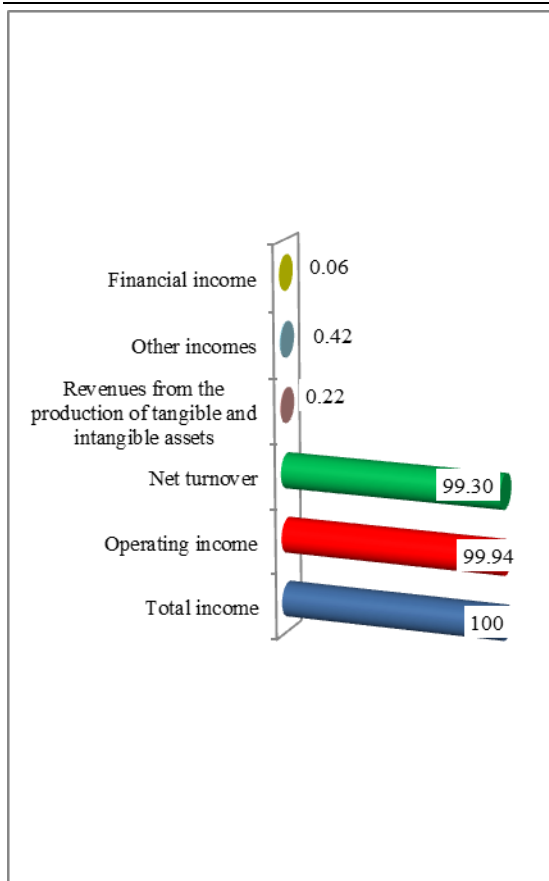


Fig.1. The ratio of total income and its main components (%)

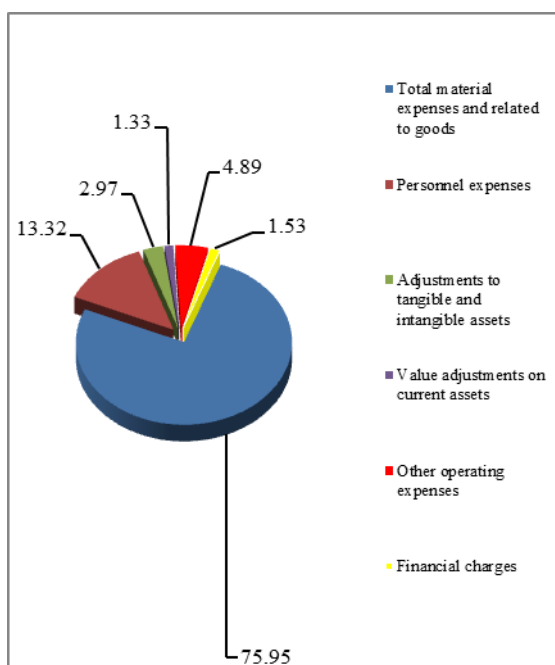


Fig.2. Total expenditure structure (%)

-Given that the unit did not record extraordinary profit or loss, we find similarity between the profit / loss of current and raw respectively, the latter decreasing by taxes paid, so as to arrive at a net profit of 13,633.67 lei.

- These results are influenced by the situations suitable for the years 2014 and 2015, and the specific losses of 2013.

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