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SCENE OF INTERMEDIATE MANAGEMENT BALANCES FOR COMPANIES IN THE FIELD OF TRADE

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Abstract

The structure of profit and loss account for the three types of activities allows to release some balances of potential monetary accumulation designed to accomplish a certain payment function for production factor and funding the future activity, called intermediate management balances (IMB). To achieve this goal it is required to analyse previously the profit and loss account to highlight: the workings and the enterprise profitability as commercial margin, production of year, added value, gross operating surplus, a result of operating, current result and net result for the year. The company considered into the analysis is S. C. GENERAL AGROCOM SERVICE S.R.L., and through the used calculation are underlined strategies and policies that the enterprise management should adopt to improve the year result.

Key words: *food trade, intermediate management balances, year result*

INTRODUCTION

As a branch of the national economy, the trade experienced a strong development after 1990 and although at first sight, the trade appears to be a simple activity, in fact the content of its activity is particularly complex. Thus, alongside with the activity of intermediation, goods purchase, transport and storage under food safety terms, the trade contains other activities such as market research, public information, consumer education, advertising, promotion, creating the environmental background necessary for the deed of conveyance and so on [2]

The analysed company is S.C. GENERAL AGROCOM SERVICE Ltd. founded in 1994, the head office being in the Tisău village, Buzău county and its main field of activity is the food trade, mainly products that have a high utility for the final consumer.

In the company's goods portfolio one may found products which require special transportation conditions, handling, storage-husbandry, products from domestic production, but also imported ones. Goods, in terms of heat conditions, are divided into frozen and chilled.

Frozen goods: **poultry meat** supplied from domestic producers; **poultry products** supplied from importers; **fish and frozen fish products.**

Goods which require refrigeration heat conditions: **dairy products; cold meats; preserved products** [7].

In 2010 the company has purchased a computer system much more efficient than the previously one used, namely the DataLight Enterprise product, provided by AttoSoft, which is an ERP computer system that centralizes information from all departments, from all work points, so that they are available both for management and other members of the organization which need them.

Of the seven modules present in the Data Light Enterprise computer program, the company purchased only three of them, namely DataLight BalPro, DataLight Fixed Assets and DataLight Management 3.00 [7].

MATERIALS AND METHODS

The intermediate management balances are successive stages in the formation of final result [5]. The indicators construction is done in tandem, from the most comprehensive (year production + commercial margin) and ending with the most synthetic (the net year result).

Every intermediate management balance reflects the result of financial management at the respective stage of accumulation [4].

The drawing up of the intermediate management balances panel aims:

✓ the assessment of increasing wealth, generated by the enterprise activity;

✓ the description of wealth distribution created by the enterprise between: employees and social bodies, state, shareholders, enterprise itself; [1]

✓ understanding the net result formation;

✓ studying the activity structure by means of some rates which allow to analyse its temporally evolution (by example, the rate of commercial margin, the rate of added value, the export weight and so on); [6]

✓ studying the operating means, using rates such as labour efficiency, the industrial equipment performance and so on;

✓ the profitability analysis;

✓ the analysis of temporally evolution by rating the percentage variation of the main intermediate management balances, identifying the causes of these variations and if necessary, the establishment of compensator measures [3].

RESULTS AND DISCUSSIONS

The Commercial Margin accomplished in the three analysed years demonstrates a surplus from the sale of goods due to a faster increase of income from the sale of goods towards the purchasing cost, making a profit of the commercial activity. In addition, the recorded growth of this indicator signifies an improvement, in financial terms of company's commercial activity, fact proven by the upward trend registered into the dynamic by the commercial margin, and this increased by 35.4% in 2011 and by 117.86% in 2012 compared to the basic year.

The nominal rate of Added Value registered an upward trend, the increase being of 34.57% in 2011 and of 130.95% in 2012 as compared with the basic year, fact that positively influence the company results.

Table 1.Calculation of Intermediate Management Balances

Specification	2010	2011	2012
Income from goods	19.534474	25.300.994	35689.861
Cost regarding goods	17418.497	22.435.251	31079.916
Commercial Margin	***2.115.977***	***2.865.743***	***4.609.945***
Sold production	248.904	395.029	769.325
Stocks variation	56.680	101.018	118.780
	105.913	0	0
Capitalised production	66.855	264.324	0
Year Production	***266.526***	***760.371***	***888.105***
Raw materials and expendable materials costs	547.021	981.654	1.532.230
Other material costs	152.266	134.306	190.300
Water and energy costs	76.703	95.427	153.476
Costs of external services	557.278	1.002.715	1.198.799
Added value	***1.049.235***	***1.412.012***	***2.423.245***
Income from subsidies related to the Turnover	0	0	0
Other operating income	4.860	444	22.831
Staff costs	508.848	988.803	1.406.950
Other dues and taxes costs	13.532	13.793	23.607
Compensation, donations and granted assets	19.310	37.724	15.444
Gross operating surplus	***512.405***	***372.136***	***1.000.075***
Redemption and provisions cost	203.937	177.810	409.344
The operating profit	***308.471***	***194.326***	***540.669***
Financial income	3.235	2.388	13.891
Financial costs	91.229	95.393	131.975
Financial Profit	***-87.994***	***-93.005***	***-118.084***
Current /gross profit	***220.477***	***101.321***	***422.585***
Net profit	***183.402***	***78.507***	***356.413***

The increase recorded by this indicator highlights the efficient employment of capital and labour force, and it is a favourable outcome because it is the source of accumulation funds wherefrom one will pay the debts to state, banks and sundry creditors, personnel, and as much as possible one will appropriate a certain amount for self-financing.

Otherwise, in 2011, **the Gross Operating Surplus** recorded a decreasing nominal rate of 27.38% towards the previous year which influenced the potential capacity in self-financing the profit investments and paying off in dynamic, one may determine a significant growth in 2012 of 95.17% as compared with the basic year.

The current result registered in 2011 a decrease of 54.05% towards 2010, but at the same time, it recorded an upward trend in the next year, the growth being with 91.66% higher in 2012 than in 2010.

Finally, **the Net Result** follows the same tendency as the other indicators, recording a decreasing trend in 2011, the decrease of 57.2%, but also an upward trend in 2012, the growth of 94.33%, in comparison with 2010.

The profitability is the economic category that shows the company *capacity* of *obtaining profit*, which highlights its *performance*. The major goals of the company are both for increasing the wealth of the company members (shareholders, partners, personnel, creditors, state) and for increasing its value, in order to ensure its own development.

The profitability rates are some of the most important indicators by means of which one may appreciate the general efficiency of the company activity, because it points the results obtained by passing through all stages of the economic circuit: provision, production and sale.

Analysing the **Commercial margin rate** one may determine an upward trend of it, a higher growth being recorded in 2012, and this is due to the fact that the company practice a balanced commercial addition related to an increase of goods turnover.

At the same time, the **Net margin rate** (the net profit margin) registered a significant decrease in 2011 compared to the basic year, the decrease of this rate highlighting a decline of company's capacity in obtaining satisfactory financial results. In 2012 the net margin rate fallback to a positive percentage value.

Table 2. Calculation of profitability rates

Specification	2010	2011	2012
Commercial margin rate -%	10.83	11.33	12.92
Net margin rate -%	0.93	0.31	0.98
Economic profitability -%	5.78	1.87	7.45
Final profitability of own capital -%	39.51	12.23	35.71
Final profitability of permanent capital-%	20.83	6.59	27.26
Income profitability -%	0.93	0.30	0.97
Costs profitability -%	0.94	0.30	0.98

The economic profitability rate shall record a low level in the analysed period, due to a faster growth in the carrying amount of the patrimonial asset related to an emphatic decrease of the net profit. Thus, in the first analysed year, the rate value is at 5.78%, while in 2011 it decreases to 1.87%, but in the last analysed year, it increases to a value of 7.45%.

The financial profitability rate reported in the own capital register almost normal values, its level being of 39.51% in 2010, and this shows that its own resources were effectively used. Otherwise, next year one may determine a decrease of this rate's percentage value up to 12.23%, due to a decrease of the net profit. The indicator percentage value recovers in 2012, reaching a level of 35.71%, due to the large increase in the amount of the net profit.

The financial profitability rate reported to the permanent capital follows a recessive trend in 2011 towards 2010 due to the growth of permanent capital value and of the considerable decrease of net result. In 2012 the situation recovers, the rate level reaching a 27.26% value, which is due to a faster growth in the net profit towards the increase of permanent capital.

Analysing the **income rate** one may highlight the fact that the company recorded a profit of 0.93 lei for 100 lei cashed in 2010, a profit down to 0.30 lei for 100 lei cashed in 2011. However there is an upswing in 2012, this rate recording a value of 0.97.

The costs rate (consumed resources) lies also at a low level, registering approximately the same evolution as the income rate does.

CONCLUSIONS

✓ Identifying suppliers wherewith one could make commercial contracts where to be specified the terms and conditions of goods delivery, the accounts due date as well as the given facilities;
✓ One may eliminate of the company's goods stock those categories of products that have a quantitatively insignificant turnover;
✓ The rolling rate increases for the main goods categories, respectively for the frozen ones;
✓ A better selection of costumers to whom one may offer facilities to purchase goods, depending on the amount and the due date, which leads to reduce the recovery term of debts;
✓ Identifying new costumers by the sales associates;
✓ The communication improvement between salesmen and the sales associates ones;
✓ An improved way of communication between the sales associates and central warehouse employees as well as the one with the accounting- financial department in order to identify faster the costumers with billing restrictions;
✓ An improved way of communication between the central warehouse management and the provision division, as well as the one between the two shifts at central warehouse level;
✓ Increasing the involvement of staff by training regarding the quality management and implicitly, food safety;
✓ A balance of the company financial structure by contracting a loan in the medium and long-term designed to be used for financing the current asset, respectively for stocks financing;
✓ Increasing the carrying amount of the own capitol by input, respectively the profit assimilation;
✓ Increasing the cash availabilities by recovering debts.

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