

## ASPECTS OF FINANCIAL AND ECONOMIC ACTIVITY AT EUROFIORE LLC, CELARU, DOLJ COUNTY (2011-2013)

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### *Abstract*

*Celaru locality is located in Dolj County, located along the road that goes from Dăbuleni to Craiova, on the edge of the sand dunes that reach up here, extending from Jiu. The unit was established in 2010, having as main object of activity "growing cereals (except rice), legumes and oilseeds producing plant" - CAEN code 0111 from 12.07.2010. The study goal was to follow the constitution of the financial indicators (indicators of income, expenditure indicators, profitability indicators) the company analyzed their values and financial results. The working method is based on comparison in time of indicators so that the analysis was carried out based on a dynamic consists of three years, subjected to analysis, and the average of the period. The results show maximum for year 2013 - synthetic for the indicator and minimum one year 2012.*

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

### INTRODUCTION

Celaru Commune is a place in Oltenia, Dolj [9], located along the road that goes from Dăbuleni to Craiova. The village is made up of 5 villages: Ghizdăvești, Soren, Celaru, Marotinu de Jos, Marotinu de Sus. At the last census, in 2002, Celaru have 5,289 people and 2,075 homes.

Commune Celaru is located on the road Leu - Vișina at a distance of 45 km from Craiova and 25 km from Caracal. It is located on a plot of countryside on the edge of the sand dunes that reach up here, extending from Jiu dunes that have been stopped by acacia plantations for the past 100 years.

Being located in the plains Romanaților, the main wealth of the village is fertile land, but also large surfaces of acacia forests in the southern village that are a dam against the sand "desert Oltenia".

At Celaru operates five schools that prepare primary school, one in each of the five villages, two of which (the Celaru and Ghizdăvești) prepare and middle school students.

The commune has a network of water supply through an SAPARD program and network cable.

At present commune has a series of events,

hold cultural and tourist facilities granted to investors and has some projects completed and put into practice. [10]

The unit was established in 2010, having as main activity object of "growing cereals (except rice), legumes and oilseeds producing plant" - CAEN Code 0111, 12 July 2010. Associated its main object of activity, appear as secondary activities included in NACE group 011 (cultivation of perennial), 012 (cultivation of perennial crops), 013 (cultivation of plants for propagation), 014 (animal husbandry), 015 (activities in mixed farming), 016 (activities ancillary to agriculture), 017 (hunting, trapping the hunting and related service activities hunting), 021 (forestry and other forestry), 022 (logging), 023 (collecting non timber forest products of spontaneous), 024 (service activities forestry), 031 (fishing), 032 (aquaculture), 081 (extraction of stone, sand and clay), 099 (service activities incidental to the extraction of minerals), 101 (production, processing and preserving of meat and meat products), 102 (processing and conservation of fish and shellfish), 103 (processing and preserving of potatoes), 104 (oils and fats of vegetable and animal), 105 (dairy production), 106 (mill products, starches and starch products), 107 (manufacture of bakery and pastry), 108 (manufacture of other foodstuffs), 109

(manufacture feed), 110 (manufacture of beverages) 131 (preparation and spinning of textile fibers), 132 (manufacture of textiles), 133 (finishing of textiles), 139 (manufacture of other textiles), 141 (manufacture of wearing apparel, except fur), 142 (manufacture fur), etc.

Commercial entity has legal form limited liability company and operates under Romanian law. The farm is run by the sole shareholder: Joița Nicolae Viorel who is also the administrator and solving financial and accounting problem are subordinated to the accounting officer.

The headquarters declared of the company is in Celaru commune, Dolj county, no. 742, which may establish subsidiaries, as required by law.

The registered capital is 200 lei consists of 20 social parts each of 10 lei. It does not bear interest.

Lasting of the company is one unlimited subscribed capital was 200 lei (wholly owned by the sole shareholder), increase or reduce capital and its transmission can be achieved in concrete terms stipulated in the articles of incorporation.

Constitutive Act also contains provisions concerning the rights and obligations of associates, their duties, organization and conduct of general meetings, issues of appointments and tasks, issues related to dissolution, liquidation, merger and division of society, staff of the company, the balance sheet and the profit and loss calculation and allocation of profits, litigation and final provisions [7].

The company has a number of capital items, as follows: 120 ha of arable land, of which 30 ha property and 90 ha on lease, which costs negatively influence society; mechanical means (property): tractors - three pieces Fiat, Same, Massey-Ferguson; plow - 1 piece reversible 4 furrows; disc harrow - 1 pc; precision seeder - 1 pc; Drill in dense rows - one piece; fertilizer spreader machine - 1 pc; spraying machine - 1 pc; trailers - 3 pieces; Combine - 1 pc New Holland; Storage (200 m<sup>2</sup>).

Of the 120 hectares of land the company uses the entire surface. The palette of cultures is the current restricted (winter wheat - 70 ha,

sunflower - 45 hectares and maize - 5 hectares), which will to diversify depending on the requirements organisms paying out subsidies and by agricultural policies promoted nationally.

## MATERIALS AND METHODS

Development of work involved in the first instance documenting at the site by consulting company accounting documents [8]. Data collection was followed by grouping them into categories: income, expenses, profit.

The income and expenditure is a basic tool of financial management, analysis and control, which enables management to know the farm financial means and ways of action to increase the economic efficiency of the work performed [5].

Forming an overview, assumed that in addition to the years 2011, 2012 and 2013 to determine and calculate average of the period, which was included in the analysis.

## RESULTS AND DISCUSSIONS

Indicators of income. At the level of agricultural units, disposable income (or cash flow) measures the cash flow achieved unity, farm during exercise. Gross disposable income expresses self-financing or the result of self - protection [4].

Table 1 shows the indicators of income for the years 2011, 2012 and 2013.

The first indicator of income is the production sold. This indicator varied from 157,864 lei in 2011 to 179,594 lei in the year 2013 while the average period reached 171,301.67 lei. It may be observed the upward evolution of the indicator, increases of 11.8% since 2012 (176,447 lei) compared to 2011, followed by further increases (smaller) by 1.8% in 2013 compared with the previous term of the series dynamic, while the average period is lower by 5.6% over 2013 specific state of affairs.

It is noteworthy that the revenue from the goods missing.

Table 1. Indicators of income

- lei -

No.	Specification	2011	2012		2013		AVERAGE	
		EF.	EF.	2012 /2011****	EF.	2013 /2012****	EF. ****	AVERAGE /2013****
1.	Production sold*	157,864	176,447	111.8	179,594	101.8	171,301.67	95.4
2	Income from sale of goods *	-	-	-	-	-	-	-
3	Income from grants *	46,936	71,214	151.7	76,403	107.3	64,851	84.9
4	Net turnover* (1+2+3)	204,800	247,661	120.9	255,997	103.4	236,152.67	92.2
5	Income related to cost of production in progress *	44,206	36,029	81.5	664	1.84	26,966.33	40.61 times
5.1.	Sold C***	44,206	36,029	81.5	664	1.84	26,966.33	40.61 times
5.2.	Sold D**	-	-	-	-	-	-	-
6	Other incomes	-	-	-	-	-	-	-
I	Operating income* (4+5+6)	249,006	283,690	113.9	256,661	90.4	263,119	102.5
7	Interest income *	12	8	66.7	-	-	6.66	-
8	Other incomes *	-	-	-	-	-	-	-
II	Financial income* (7+8)	12	8	66.7	-	-	6.66	-
III	Extraordinary income *	-	-	-	-	-	-	-
IV	Total income* (I+II+III)	249,018	283,698	113.9	256,661	90.5	263,125.67	102.5

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

\*\* assigned revenue in balance D, are deducted from net turnover;

\*\*\* assigned revenue in the balance C is added to net turnover;

\*\*\*\* own calculations;

Revenues from subsidies have averaged 64,851 lei (-15.1% compared to 2013), which is based on average values sequential: 46,936 lei in 2011, 71,214 lei for 2012 (+ 51.7% compared to the previous period dynamic series) and 76,403 lei for 2013 (+ 7.3% in dynamics). Based on these values can be seen the upward evolution of the indicator over the period analyzed.

Therefore, the issues mentioned about the production sold, revenues from sales of goods and income subsidies, determined the net turnover. It can be seen that it ranged from 204,800 lei in 2011 to 255,997 lei for 2013, and the period average reached 236,152.67 lei. The dynamics of the indicator is similar to that of the production sold. Thereby was observed an increase by 20.9% in 2012 (247,661 lei) compared to the first term of the dynamic series demotions 1.03 times the reporting base for 2013 and decreases for period average by 7.8% compared to the situation from 2013 year.

The revenue related to the cost of production in progress ranged from 664 lei in 2013 to 44,206 lei for 2011 - both included in the balance of C, average of period was 26,966.33 lei, whereas for 2013 year the amount of 36,029 lei was assigned to the balance C. The dynamics of the indicator is strictly downward: -18.55 in 2012

and -98.16% 2013.

The company did not record other revenue items related to operating activities and as a result, operating income reached: 249,006 lei in 2011; 283,690 lei for 2012 - 113.9% in dynamics; 256,661 lei for 2013 - 90.4%, period average 263,119 lei (+ 2.5%).

The unit recorded interest income in 2011 and 2012-12 and 8 lei. Which led to an average period of 6.66 lei.

The unit do not achieve other financial income, as a result financial revenues are identical to those from interest.

It is worth mentioning that the company has not registered during the period under review, no extraordinary income.

Starting from the three categories of revenues (operating, financial and extraordinary) were established total income of farm (very similar to those in operation), which is as follows: 249,018 lei for 2011; 283,698 lei in the year 2012 - 113.9% in dynamics; 256,661 lei for 2013 (down 9.5% over the reporting basis); 263,125.67 lei average for the period (+ 2.5% compared to 2013 - of reference).

Indicators of expenses. Expenses render the efforts made by a manufacturer for the proper functioning of the productive activity. They are

linked, firstly, to ensure the production factors. Cost of inputs is of particular to their allocation, it must be linked to their quality [2].

Table 2 shows the indicators of expenditure for the period under review.

Table 2. Indicators of spending

-lei-

No.	Specification	2011	2012		2013		AVERAGE	
		EF.	EF.	2012 /2011**	EF.	2013 /2012**	EF. **	AVERAGE /2013**
1	Raw materials and consumables *	110,803	158,580	143.1	134,657	84.9	134,680	100.1
2	Other material expenses *	-	-	-	213	-	71	33.3
3	Expenditure on goods *	-	-	-	-	-	-	-
4	Trade discounts received *	-	-	-	-	-	-	-
5	Other external charges *	789	372	47.1	606	162.9	589	97.2
6	Total material expenses and related of goods * (1+2+3+4+5)	111,592	158,952	142.4	135,476	85.2	135,340	99.9
7	Salaries *	-	-	-	-	-	-	-
8	Security charges *	-	-	-	-	-	-	-
9	Staff expenditure * (6+7)	-	-	-	-	-	-	-
10	Adjustments for property *	41,499	48,229	116.2	24,611	51.0	38,113	154.9
11	Expenditure on external services *	3,487	98,447	28.23times	52,602	53.4	51,512	97.9
12	Other taxes, duties and assimilated payments *	-	9,387	-	4,471	47.6	4,619,33	103.3
13	Other expenses *	59,150	-	-	300	-	19,816,67	60.05 times
14	Other operating expenses (external services, other taxes - taxes - contributions, donations compensation, assets transferred) * (11+12+13)	62,637	107,834	172.2	57,373	53.2	75,948	132.4
I	Total operational expenses * (6++9+10+14)	215,728	315,015	146.0	217,460	69.0	249,401	114.7
15	Interest charges *	-	-	-	-	-	-	-
16	Other financial charges *	-	-	-	-	-	-	-
II	Financial charges * (15+16)	-	-	-	-	-	-	-
III	Extraordinary charges *	-	-	-	-	-	-	-
IV	Total expenses * (I+II+III)	215,728	315,015	146.0	217,460	69.0	249,401	114.7

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

\*\* own calculation

Dynamic underlines the uneven trend of indicator, increases in 2012 (+ 43.1% compared to 2011), followed by decreases in 2013 (134,657 lei -15.1% compared with the previous term of the dynamic series) and then appear elevations for average of the period (+ 0.1%).

Other material costs occur only in 2013 - 213 lei, something which leads to an average period of 71 lei.

The unit has recorded other expenses (water, energy) as follows: in 2011-789 lei, 372 lei at the level of 2012 (-52.9% compared with the base in dynamics), 606 lei for 2013 (+ 62.9%) which resulted in an average of 589 lei for the indicator (-3.8%).

Following this situation, total expenses related materials and of goods ranged from 111,592 lei in 2011 to 158,952 lei for 2012, and in 2013 they reached the level of 135,476 lei.

In these circumstances average of period was 135,340 lei, which represented a decrease in dynamics by 0.1% over the reporting basis.

Raw materials and consumables ranged from 110,803 lei in 2011 to 158,580 lei in the year 2012 while the average period was 134,680 lei.

Dynamics is one uneven indicator increases by 42.4% in 2012, followed by decreases by 14.8% in 2013 - compared to the previous term dynamic of the series.

The unit did not record personal expenses.

Another item of expenditure appears under the name of adjustments on assets, an indicator that has uneven developments. The year 2011 is characterized by a value of 41,499 lei adjustments, value increased to 48,229 lei for 2012 and then decreased to 24,611 in 2013. In these circumstances average of period reached 38,113 lei (154.9% compared to the base of reporting). Dynamic have indexes above unit for average of the period in 2012 (+59.9 and + 16.2% respectively) and below par (51.0%) at the level of 2012.

Expenditure on external services were 3,487 lei in 2011, increased 28.23 times in 2012 (98,447 lei), decreased by 46.6% in 2013 (52,602 lei), while the average of period (51,512 lei) was lower by 2.1% over the reporting base.

As regards the costs with other taxes, duties and assimilated payments, it can be seen that they ranged from 4,471 lei in 2013 to 9,387 lei in the year 2012 while the average of period was 4,619.33 lei (indicator it was not present in 2011). In the dynamics made, can be seen below par values for 2013 (47.6%) and above par values for average of the period (outrunning of 1.03 times of comparator term - 2013).

For the Component other expenses, the company recorded an average of 19,816.67 lei (outrunning of 60.05 times the term of reference) value that is based on sequential annual levels of 300 lei in 2013 (0.5% in dynamics) and 59,150 lei at the level 2011.

Therefore, the values quoted for the last three indicators were determined other operating expenses, which registered: 62,637 lei in 2011, 107,834 lei in 2012 (outrunning to 1.72 times the base reporting) 57,373 lei for 2013 (- 46.8% in dynamics). Based on these values it was determined that average of period who was 75,948 lei, which represented an increase in dynamics by 32.4% over the comparison period. Total operating expenses were based on total material expenses, personnel expenses, adjustments on assets and other operating expenses. Based on indicator values, previously named, was reached levels sequential: 215,728 lei in 2011; 315,015 lei for 2012 (+ 46.0% in dynamic); 217,460 lei in the year 2013 (-31.0% compared to the benchmark); average for the period 249,401 lei (+ 14.7% in dynamic made).

Since the company did not record expenditure of financial or extraordinary expenses, we find similarity between total operating expenses and total expenses.

Profitability indicators. The profit made by companies is the added obtained from the fact that they earn more from sales than they spend to produce those goods.

Profit maximization implies to compare costs with revenues and analyze what level of production, profit will be maximized, and also what is the level of this profit [6].

Profit as an indicator determinant of profitability, represents the remainder to the farm uses to decide which goals on only under the influence of the free market of agricultural products and animal or vegetable raw

materials [1].

In the terms of making profit, any business relating to the concept of economic efficiency. The economic efficiency of manufacturing activity in agriculture is an economic category that expresses the faculty of maximum economic effect with a minimum expenditure of manpower and materialized.

In the broadest sense, economic efficiency refers to all economic activity, ie the sphere of material production, the distribution process, the movement of products, as well as the various forms of economic activity in the non-production sector.

Economic efficiency is directly related to net income as the difference between the value of agricultural production marketable and total production costs, which relate to factors that the entrepreneur has to purchase from the market costs (explicit), being a ratio of effort made to obtain values use and the economic effect achieved with this effort [3].

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

Profit or loss from operations is characterized by an average of 13,718 lei, value resulting from sequential levels of annual profit 33,278 lei in 2011 and 39,201 lei specify to 2013, but also due to the loss of 31,325 lei for the year 2012. These values underline the fluctuating trend of indicator, bringing forward terms of reference of 2013 (2.25 times), decreases in 2012 also for average for the period (-194.1 - 65.0% respectively).

Financial profit was 12 lei in 2011 and 8 lei at the level of 2012 which led to an average period of 6.67 lei.

Current profit or loss occurring as the sum of operating profit or loss and financial profit or loss. So we talk about values 33,290 lei in 2011 -31,317 lei for 2012, 39,201 lei in the year 2013 and to 13,724.66 lei for the average for the period. Dynamic indicator is characterized by values of index components above par for the years 2013 (exceeding 2.25 times the base of comparison), but also by subunit levels in 2012 and average for the period (-194.1 -65.0% respectively).

Table 3. Profitability indicators

No.	Specification	U.M.	2011	2012		2013		AVERAGE	
			EF.	EF.	2012 /2011**	EF.	2013 /2012**	EF. **	AVERAGE /2013**
1	Profit - operating loss *	lei	33,278	-31,325	-194.1	39,201	225.1	13,718	35.0
2	Profit - financial loss *	lei	12	8	66.7	-	-	6.67	-
3	Current profit or loss * (1+2)	lei	33,290	-31,317	-194.1	39,201	225.1	13,724.66	35.0
4	Extraordinary profit or loss *	lei	-	-	-	-	-	-	-
5	Gross profit or loss * (3+4)	lei	33,290	-31,317	-194.1	39,201	225.1	13,724.66	35.0
6	Income tax *	lei	4,177	-	-	6,807	-	3,661.33	53.8
7	Other taxes or levies *	lei	-	-	-	-	-	-	-
8	Net profit or loss * (5-6-7)	lei	29,113	-31,317	-207.6	32,394	203.4	10,063.33	31.1
9	The rate of profit or loss from operations **	%	15.42	-9.94	-164.5	18.03	281.4	5.50	30.5
10	The rate of profit or loss current **	%	15.42	-9.94	-164.5	18.03	281.4	5.50	30.5
11	Rate of extraordinary profit or loss **	%	-	-	-	-	-	-	-
12	Gross profit or loss rate **	%	15.42	-9.94	-164.5	18.03	281.4	5.50	30.5
13	The rate of net profit or loss **	%	13.49	-9.94	-173.7	14.90	249.9	4.03	27.0

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

\*\* own calculations

Gross profit or loss is equal to the current profit or loss, as the company has not recorded an extraordinary profit or loss.

The Company paid income tax but did not pay "other taxes". Thereby finds values of profit tax as follows: 4,177 lei in 2011, 6,807 lei in 2013. In these circumstances average of period was 3,661.33 lei, a level that was lower to the reference basis (-46.2%).

Net profit or loss is characterized by an average of 10,063.33 lei, while the extreme values of the indicator appeared in 2011-29,113 lei and 2013 - 32,394 lei and 2012 is characterized by a loss of 31,317 lei.

Dynamic of the indicator is uneven one, the only outrunning of the reporting term being for 2013 of 2.03 times, while the average of period and 2012 showed decreases to the terms of reference (-207.6 -68.9% respectively).

Operating profit or loss rate was 15.42% in 2011, -9.94% in 2012, 18.03% in 2013 and 5.51% for the average for the period. The evolution over time of the indicator takes the form of an uneven trend, decreases compared to the benchmark 2012 (-164.5%), followed by increases for 2013 (2.81 times) and decreased by 69.5% - against basis of comparison (2013) - for the average of period.

It can be seen that the current rate of profit or loss is equal to the previous indicator - financial profits in 2011 and 2012, their values 12 and 8 lei, not influence decisive the

indicator analyzed.

Gross profit or loss rate is equal to the current rate of profit or loss since the company did not record extraordinary profit or loss.

Last profitability indicator refers to the rate of net profit or loss. It can be seen that this indicator has averaged 4.04% (down 73.0% over the reporting basis), with extremes of -9.94% for 2012 and 14.90% in 2013. The consequence of this situation, the growth is uneven one, finding a shortfall of 173.7% (compared to the benchmark) in the year 2012, and is ahead by 2.49 times in 2013 to base of reporting (2012).

## CONCLUSIONS

The study has the following conclusions:

-In total income structure prevailing operating revenue 99.99%, financial revenues is only 0.01% of the total. The components are included in operating revenue ratios: turnover 89.75%, 65.10% sold production, 24.65% income subsidies, 10.24% of production costs related revenues-Fig.1.;

-The total expenditure structure prevailing material costs and related goods - 54.27%, followed by other operating expenses - 30.45% and adjustments on assets - 15.28% - Fig.2.;

-The unit record operating profit and financial profit – 13,718 lei and 6.67 respectively, which make up the current profit – 13,724.66 lei;

-Given that the unit did not record

extraordinary profit or loss is found similarity between the gross profit and current, the latter decreasing by taxes paid (3,661.33 lei) so as to arrive at net profit 10,063.33 lei;

-With outstanding results, 2013 stands - the year of maximum and minimum 2012 as the base year - financial losses.

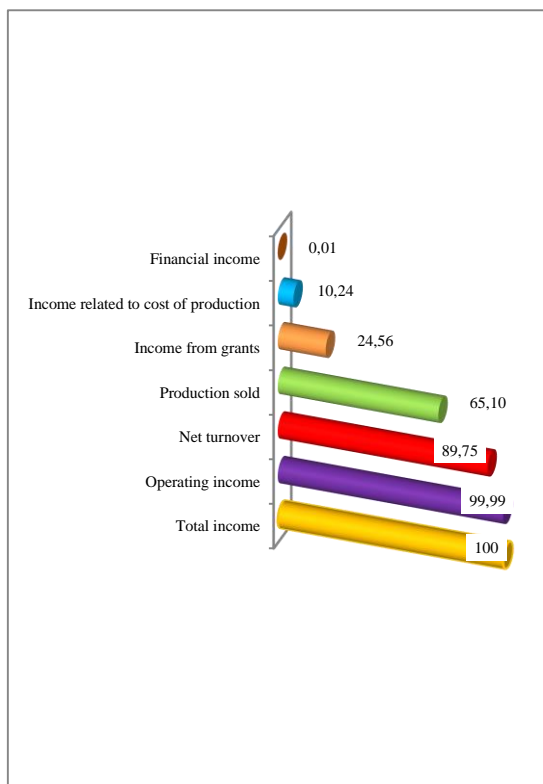


Fig.1. The ratio of total income and its main components (%)

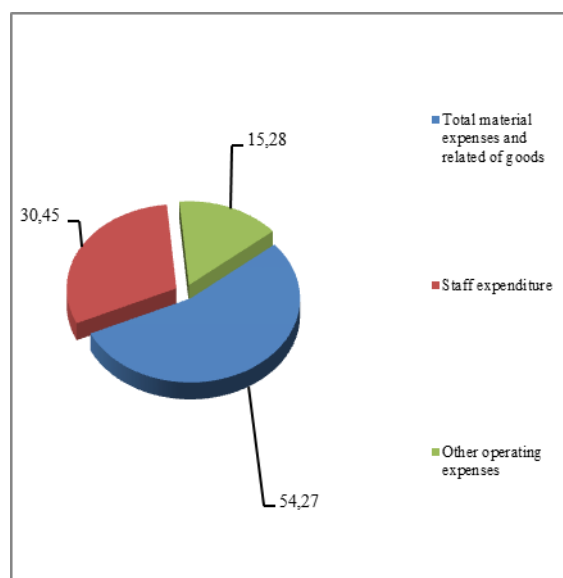


Fig.2. Structure of total expenditure (%)

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