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CAPITALIZATION OF INTERNAL RESERVES TO INCREASE SALES REVENUE IN AGRICULTURAL ENTERPRISES IN THE REPUBLIC OF MOLDOVA

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Abstract

Sales revenues are considered the determining factor of economic and financial performance of agricultural enterprises in the Republic of Moldova. Their ascending evolution during the period 2005 - 2019 is analyzed by the authors in the light of the polynomial trend of the second degree. The statistical tests performed demonstrated the validity of the model to make predictions. At the same time, the performance of enterprises, which carry out activities in agriculture, hunting and related services, expressed by the financial result before taxation, shows that performance is influenced by other factors, which need to be analyzed at the level of the agricultural entity. The size of sales revenue depends largely on internal factors, specific to the field of activity of the enterprise. These include the quantity sold of products, the unit cost of sold products and the ways in which production is marketed. These factors can be considered as internal reserves to increase sales revenues, which the authors want to demonstrate in this research paper. Internal reserves capitalized to increase sales revenues are analyzed based on the activity of an agricultural enterprise in the Republic of Moldova - LLC „Lemisona". In order to highlight reserves to increase production capacity, the correlation between sales revenues and fixed expenses is analyzed, emphasizing the importance of fixed expenses in reflecting the productive potential of agricultural enterprises.

Key words**:** *sales revenue, expenses, reserves, unit cost, selling price, polynomial trend.*

INTRODUCTION

The fundamental purpose of agricultural enterprises in a market economy is generation of income. An enterprise's income is the financial basis of its activity and one of the main factors influencing the final financial result of the enterprise.

Thus, revenue is the direct formation source for the financial result of an enterprise. In this context, the analysis of income is considered decisive for assessing the place and role of the enterprise in the field of activity, its market position, ability to attract new investment and to develop profitable business [8].

For an efficient activity, the enterprise's income must be correlated with its financial result (profit or loss). In this context, income represents increases during the reporting period in the form of inflows or increases in assets and/or decreases in debt. These increases or decreases influence the net result (profit/loss) of the current reporting year [4].

The revenues of enterprises are classified by types of their activities into two groups (Figure 1).

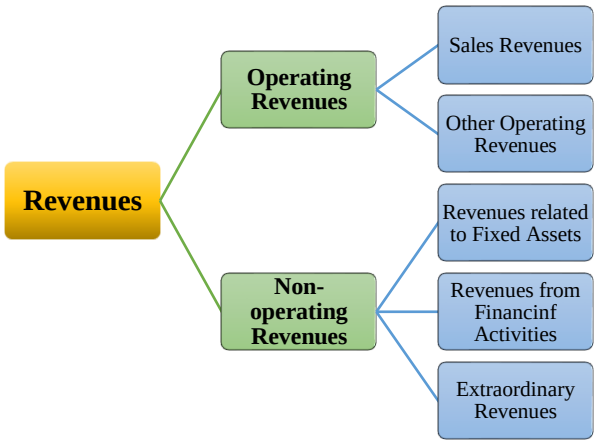

Fig. 1. The structure of an enterprise's revenues
Source: Authors' representation based on National Accounting Standard „Presentation of Financial Statements".

An important component of the eterprise's revenues are sales revenues.

Sales revenues represent inflows of economic benefits generated during the reporting year as a result of the sale of products and goods, the provision of services, the performance of contracts etc. These advantages can take different forms: cash receipts, inflows of fixed assets, receipts of services provided by the thirds etc. [3].

Sales revenues are a fundamental element of profit formation. In addition, both sales revenues and profit are the main economic indicators that characterize the efficiency of the economic and financial activity of the company, as well as its position on the market. [5].

The role of sales revenue as a premise for economic growth and profit maximization come from the following functions they perform [9]:

1. The function of stimulating economic activity. Getting the highest sales revenues is the fundamental goal and a constant trend of all businesses. The higher the revenues, the more profitable business can be.

2. *The function of economic growth.* Sales revenues are one of the main sources of investment, which in turn leads to the growth and economic development of enterprises.

3. *The function of a funding source*. Sales revenues is an important source of funding, as it directly participates in the formation of budget revenues.

4. *The control function over the activity of the enterprise*. The level and dynamics of sales revenues is an important indication of the efficient development of the activity of economic agents. The higher are the revenues, the higher are the qualities and abilities of an enterprise's manager.

Conceptually, sales revenues can be analyzed using the following indicators [6]:

1) *Total sales revenues* - are calculated by summing the revenues obtained from the sale of goods/commodities, the execution of works and the provision of services, as well as other operating revenues.

2) *Net sales income* - is an indicator of the Profit and Loss Statement that includes the amounts from the sale of goods and services that fall into the category of operational activities of the enterprise, after deducting trade reductions, taxes and fees.

3) *Received revenues from sales* - represents the total value of the enterprise'e revenues in a certain period of time, as a result of sales of products and goods.

4) *Revenue from minimum sales* - is the sum of sales that allows to cover all expenses of an enterprise, both variable and fixed. It is determined by the formula:

$$\mathrm{VV_{min}} = \frac{\mathrm{Ch_f}}{1-\overline{\mathrm{CV}}} \quad (1)$$

where:

$\mathrm{VV_{min}}$ – Revenue from minimum sales;

$\mathrm{Ch_f}$ – the amount of fixed expenses;

$\overline{CV}$ - average variable expenses for 1 lei of sales revenues.

5) *Sales revenues made under restrictions.* Restrictions refer to the size of the share capital, the dividend rate, the net profit's distribution rate for self-financing, profit tax rate, the rate of return on the consumed resources. The calculation relation of sales revenues made under restrictions is as follows:

$$\mathrm{VV_r} = \mathrm{K_s} \times \frac{\mathrm{R_d}}{100} \times \left(\frac{100}{100-\mathrm{P_{af}}}\right) \times \left(\frac{100}{100-\mathrm{P_i}}\right) \times \left(1+\frac{100}{\mathrm{R_{rc}}}\right) \quad (2)$$

where:

VV_r - Sales revenues made under restrictions;

K_s – share capital;

R_d – the rate of dividend;

P_{af} – the rate of net profit's distribution for self-financing;

P_i – profit tax rate;

R_{rc} – rate of return on the consumed resources.

6) *Revenues from sales per unit of product or service* - is equivalent to the average selling price per product or the average tariff per unit of services. It is determined as follows:

$$\overline{\mathrm{VV_i}} = \frac{\mathrm{VV_p}}{\mathrm{q_p}} \quad (3)$$

where:

$\overline{\mathrm{VV_i}}$ - revenues from sales per unit of product or service;

VV_p – revenues from sales per type of product or service;

q_p – volume of production sold or number of services provided.

7) *Marginal Sales Revenue* - represents the income related to an additional unit of

product/service that is sold/provided. Thus, it is determined as follows:

$$VV_m = \frac{\Delta VV_i}{\Delta qv_i} = \frac{VV_{i1} - VV_{i0}}{qv_{i1} - qv_{i0}} \quad (4)$$

The revenues at the aggregate level of activity in the field are analyzed through the prism of their evolution in dynamics.

The importance of sales revenues' analysis results from the need of enterprise's management and external users of Financial Statements' information (investors, creditors, suppliers, competitors, tax authorities, etc.) to have detailed information on the enterprise's activity for decision-making. The analysis of sales revenues offers the possibility to assess the following aspects [2]:

- the size and evolution of sales revenues in recent years;
- main sources of revenues depending on the profile of the enterprise (specialization, field of activity);
- stability of revenues' sources;
- diversification of the operational activity of the enterprise;
- the main causes that influence the change in sales revenues.

So, the need to analyze sales revenues results from the importance of analytical information for the enterprise's management and external users of the information from Financial Statements for decision-making.

Thus, regardless of the field in which the enterprise operates, revenue generation is the most important indicator, the main decision criterion for continuing or discontinuing the business. Thus, following the dynamics of revenues and supervising their balanced structure, as well as developing policies to adapt to the external economic environment, becomes an essential requirement in the face of strong competition between agricultural enterprises in the Republic of Moldova. The analysis of sales revenues for agricultural enterprises is a necessity, because the level of the enterprise's expenditures, profit and profitability, as well as its financial situation depend on the size, evolution, structure and stability of sales revenues.

In the context of the above mentioned, the study aims: 1) to analyze the ways to capitalize reserves to increase sales revenues of agricultural enterprises in market economy conditions, and 2) to research the trend of the evolution of sales revenues of enterprises which carry out activities in agriculture, hunting and related services in the Republic of Moldova in the period 2005-2019.

MATERIALS AND METHODS

The researches were carried out based on the data of LLC „Lemisona" from Edineț district, Gordinești village, Republic of Moldova. This agricultural enterprise carries out the following types of activity:

- production and selling of organic agricultural production;
- providing mechanized services in agriculture;
- providing camping services and other short-term accommodation possibilities.

The main type of activity of the enterprise is the cultivation of agricultural crops.

The enterprise delivers agricultural production to processing companies or to markets in the region. At the same time, the company offers mechanized services to local farmers, in case of need.

As practical ways to determine the internal reserves to increase agricultural enterprise's sales revenues, that is the object of this study, the following were taken into account:

a) increasing the quantity of sold products, as the product between the reserve to increase the quantity of each sold product *(R↑Qe)* and the actual size of sales revenues per unit:

$$\Delta V_{Qe} = R \uparrow Q_e \times \frac{V_v}{Q_e} \quad (5)$$

b) reducting the unit cost of the products sold, by multiplying the reserve of cost reduction on each product (*R↓CP*) by its possible sales quantity (V_p):

$$\Delta V_{cp} = R\downarrow CP \times Vp \quad (6)$$

c) increasing the average selling price and selling production on more favorable markets determined as follows: the deviation of the share of products sold through different sales channels *(ΔPV%)* is multiplied by the selling price (P_V) established for each channel. The result that is obtained is multiplied by the possible sales quantity of the product (Q_p):

$$\Delta V_{pv} = (\Delta PV\% \times P_v) \times Q_p \quad (7)$$

In order to determine the evolution trend of the sales revenues of enterprises, which carry out activities in agriculture, hunting and related services in the Republic of Moldova, the authors applied the method of analytical adjustment of time series. The time function was selected based on the graphical representation criterion. The time chart of the series of sales revenues for the period 2005 - 2019 shows an increasing curve towards a maximum point. This has led to the conclusion that series change over time in the form of a parabola of a second degree, whose equation is a second degree polynomial.

$$y_{t_i} = a_2 \cdot t_i^2 + a_1 \cdot t_i + a_0 \qquad (8)$$

The values of the parameters of the second degree polynomial regression function result from Fermat's equations (3).

$$\begin{cases} N \cdot a_0 + a_1 \sum_{i=1}^{N} t_i + a_2 \sum_{i=1}^{N} t_i^2 = \sum_{i=1}^{N} y_i \\ a_0 \sum_{i=1}^{N} t_i + a_1 \sum_{i=1}^{N} t_i^2 + a_2 \sum_{i=1}^{N} t_i^3 = \sum_{i=1}^{N} t_i \cdot y_i \\ a_0 \sum_{i=1}^{N} t_i^2 + a_1 \sum_{i=1}^{N} t_i^3 + a_2 \sum_{i=1}^{N} t_i^4 = \sum_{i=1}^{N} t_i^2 \cdot y_i \end{cases} \qquad (9)$$

RESULTS AND DISCUSSIONS

The evolution of the sales revenues of the enterprises, which carry out activities in agriculture, hunting and related services indicate a clear growth trend (Figure 2).

At a first sight, in the analyzed period, a linear trend is given by equation:

$$y_{t_i} = 1{,}024.598 \cdot t_i + 1{,}055.262 \qquad (10),$$

but the approximation error (14.05%) exceeds 7%, which shows that the linear model (10) is not recommended as a trend equation. Also, from the data of the Durbin Watson distribution, it can be stated with a 95% probability that the error autocorrelation is present in this model, respectively this function is not recommended as a function of the trend.

An approximation close to the evolution of the analyzed indicator is given by polynomial function of the second degree (8).

The intermediate data for determining the parameters of the trend equation of sales revenues of enterprises, which carry out activities in agriculture, hunting and related services in the Republic of Moldova are presented in Table 1.

By introducing the intermediate values presented in Table 1 in these equations a system of equations was obtained.

$$\begin{cases} 15 \cdot a + 0 \cdot a_1 + 280 \cdot a_2 = 138780.75 \\ 0 \cdot a + 280 \cdot a_1 + 0 \cdot a_2 = 286887.57 \\ 280 \cdot a + 0 \cdot a_1 + 9352 \cdot a_2 = 2833442.93 \end{cases} \qquad (11)$$

Fig. 2. Evolution and polynomial trend of sales revenues of enterprises, which carry out activities in agriculture, hunting and related services in the Republic of Moldova, 2005 - 2019

Source: developed by the authors based on data from the National Bureau of Statistics.

Table 1. Initial and calculation data for determining the parameters of the trend equation of sales revenues of enterprises, which carry out activities in agriculture, hunting and related services in the Republic of Moldova, thousand lei

T	*y*	t^2	y^2	$t \cdot y$	t^3	t^4	$t^2 \cdot y$
-7	4,304	49	18,521,833	-30,126	-343	2,401	210,881
-6	4,003	36	16,025,610	-24,019	-216	1,296	144,115
-5	4,038	25	16,309,482	-20,192	-125	625	100,962
-4	5,476	16	29,982,195	-21,902	-64	256	87,609
-3	4,677	9	21,878,070	-14,032	-27	81	42,097
-2	6,867	4	47,158,435	-13,734	-8	16	27,469
-1	8,119	1	65,918,161	-8,119	-1	1	8,119
0	7,042	0	49,588,355	0	0	0	0
1	8,682	1	75,384,069	8,682	1	1	8,682
2	10,478	4	109,786,388	20,956	8	16	41,912
3	11,495	9	132,130,656	34,484	27	81	103,453
4	14,084	16	198,357,084	56,336	64	256	225,343
5	15,613	25	243,764,519	78,065	125	625	390,324
6	16,826	36	283,105,190	100,954	216	1,296	605,726
7	17,076	49	291,607,535	119,536	343	2,401	836,749
Total	**138,781**	**280**	**1,599,517,589**	**286,888**	**0**	**9,352**	**2,833,443**
	9,252	**18.67**	**106,634,506**	**19,126**			

Sourse: authors' calculation.

It follows that:

a_2 = 58.873, a_1 = 1,024.598, a_0 = 8,153.096

The theoretical model that was obtained has the following form:

$$y_{t_i} = 58.873 \cdot t_i^2 + 1{,}024.598 \cdot t_i + 8{,}153.096 \quad (12)$$

and will be considered a framework for empirical verification of the hypothesis that the sales revenues of enterprises, which carry out activities in agriculture, hunting and related services in the Republic of Moldova have a growth trend, which will be maintained durring the next 3 years.

The analysis performed by the least squares method allowed to find that the free term of the model a = 8,153.096 has a positive value and demonstrates the existence of additional factors in addition to the time factor, which influences the dynamics and whose overall impact is positive.

Analyzing the coefficients of the estimated regression model (11), we note that time has a positive influence on the dynamics of sales revenues of enterprises which carry out activities in agriculture, hunting and related services in the Republic of Moldova.

The coefficient of determination (*R-Square*) was determined according to the calculation formula:

$$R^2 = 1 - \frac{\sum (y_i - y_x)^2}{\sum (y_i - \bar{y})^2} \quad (13)$$

The value of the coefficient of determination is 0.977 and expresses that 97.7% of the variation of the turnover of enterprises which carry out activities in agriculture, hunting and related services in the Republic of Moldova can be explained by the time variable, so in 97.7% of cases the change of variable *t* conditions a change of the resultant variable.

$$R^2 = 1 - \frac{7{,}268{,}273.317}{315{,}511{,}151.368} = 0.977$$

We can deduce that the obtained model largely explains the evolution of sales revenues of enterprises which carry out activities in agriculture, hunting and related services in the Republic of Moldova. In about 2 percent of cases their change is explained by random factors, which were not included in the model, as well as by specification errors.

The quality of the trend model was assessed using the criterion „average approximation error" estimated by the formula:

$$\bar{A} = \frac{\sum |y_t - y_i| : y_i}{n} \cdot 100\% \quad (14)$$

$$\bar{A} = \frac{1.1826}{15} \cdot 100\% = 7.88\%$$

The obtained value of 7.9% is an indication that the model can be used to make predictions (a model is considered to fit the analyzed time series well if the model approximation error does not exceed 12%).

In order to test the hypothesis of mismatch of the revenues'evolution model and to estimate the value of the error or the predicted accuracy of the resultant indicator, the mismatch Theil index (*Theil Inequality Coefficient*) was calculated according to the formula [7, p.63]:

$$K_T = \frac{\sqrt{\sum (y_i - \bar{y})^2}}{\sqrt{\sum y_i^2}} \quad (15)$$

$$K_T = \frac{7{,}268{,}272.317}{1{,}599{,}517{,}589.4} = 0.00454$$

This index takes values between 0 and 1. The more its estimated value tends to 0, the more appropriate the model is to make predictions, as is the case under analysis.The validity of the model is also confirmed by the Fisher test.

$$F = \frac{R^2}{1-R^2} \cdot \frac{n-m-1}{m} \quad (16)$$

$$F = \frac{0.977}{1-0.977} \cdot \frac{15-2-1}{2} = 254.4563$$

The value of the *F* test is 254.45, and F_{tab} *(2;12;0.05)*= 3.89. The inequality *ratio (F> Ftab)* demonstrates that the model is valid.

Another criterion for assessing the quality of the regression model is the autocorrelation coefficient. A model is considered relevant for forecasting in the absence of autocorrelation. Such a situation is met if the value of the autocorrelation coefficient (r_{ei}) takes values lower than 0.5.

$$S_{eY} = \frac{1}{\sqrt{n}} \quad (17)$$

$$S_{eY} = \frac{1}{\sqrt{15}} = 0.258$$

In order to establish that the first degree autocorrelation is missing, it is checked whether the value of the autocorrelation coefficient falls within the range

$$-2.56 \bullet 0.258 < r_1 < 2.56 \bullet 0.258$$

Respectively, this value falls in the range: -0.661 <r_1 = -0.0948 < 0.661, so the autocorrelation is missing.

Another test for autocorrelation of residual variables was the Durbin-Watson test:

$$DW = \frac{\sum(e_i - e_{i-1})^2}{\sum e_i^2} \quad (18)$$

$$DW = \frac{14{,}438{,}154.44}{7{,}268{,}272.32} = 1.99$$

The value of the DW_{calc} = 1,99 was compared with the critical values d_1 and d_2 for 15 variables in the Durbin-Watson distribution table with a significance threshold of 5%.

The lack of autocorrelation of the residual variables is found, if the following condition is met: $d_1 < DW$ și $d_2 < DW < 4-d_2$.

Without referring to the Durbin-Watson distribution tables, we could assume *the lack of autocorrelation of the residual variables*, because 1.5 < *DW* < 2.5, and whereas 1.5 < 1.99 < 2.5.

However, for a relevant conclusion, DW_{calc} = 1,99 was correlated with the values of the *DW* distribution table for *n* = 15 and *k* = 1 (significance threshold 5%).

So, d_1 = 1.08; d_2 = 1.36.

Because 1.08<1.99 and 1.36 < 1.99 < 4 - 1.36, we can say that *the errors are independent.*

The error normality hypothesis was verified using the *RS* criterion:

$$RS = \frac{\varepsilon_{max} - \varepsilon_{min}}{S_e} \quad (19)$$

The residue study shows that the value of the *RS* criterion is 2,866 and falls in the range (*2.7 - 3.7*):

$$Se = \sqrt{\frac{\sum e^2}{n-1}} = \sqrt{\frac{7{,}268{,}272.317}{15-1}} = 720.529$$

$$RS = \frac{931.63 - (-1{,}133.52)}{720.529} = 2.866$$

Therefore, the condition of the normal distribution of model residues is observed. Respectively, the model is suitable for forecasting according to the principle of normal distribution of the residual component. The results of the analysis confirm that the assumptions underlying this model are valid, and the tests performed confirm the quality of the model.

Table 2. Sales revenue forecast based on the second degree polynomial model

Year	Lower confidence limit	Forecast (sales revenue, mil. lei	Upper confidence limit
2020	17,850.27	20,117.73	22,385.19
2021	19,823.16	22,143.16	24,463.16
2022	21,909	24,286.34	26,663.68

Sourse: authors' calculation.

The interpretation of the parameters of the second degree polynomial trend model highlighted the extent to which the time variable can be considered decisive for the evolution of sales revenues, providing a useful forecasting tool for the next 3 years.

The size and evolution of sales revenues require special attention from the enterprise's management, as they are the main source of self-financing. That attention involves the subsequent monitoring, analysis and planning of financial performance indicators [1].

It is important for an enterprise to be able to generate sufficient sales revenues to cover costs and expenses, as well as to generate profits in order to be successful.

In order to do so, it is necessary to examine how much the sales revenues cover the financial results of the company. The results of the analysis allow the assessment of the sufficiency of sales revenues in dynamics, especially in the conditions of operational activity's fluctuation (Table 3).

Table 3. Analysis of the sufficiency of sales revenues of LLC „Lemisona"

Indicators	Year 2017		Year 2018	
	Thousands lei	Share, %	Thousands lei	Share, %
Sales revenues	2,528.5	100.0	3,585.8	100.0
Cost of sales	1,593.0	63.0	2,435.4	68.0
Gross profit (gross loss)	935.5	37.0	1,150.4	32.1
Administrative expenses	255.77	10.1	256.1	7.1
Other operating expenses	101.55	4.0	54.16	1.5
Result from operational activity: profit (loss)	578.15	22.9	840.2	23.4
Result from other activities: profit (loss)	152.17	6.0	-	-
Profit (loss) until taxation	730.31	28.9	840.2	23.4

Sourse: authors' calculation based on Profit and Loss Statement of LLC „Lemisona".

The data presented in the table reflect the insufficiency of sales revenues generated by LLC „Lemisona", its reduced capacity to cover its expenses. There was an insignificant reduction in operational expenses in relation to the size of sales revenues from 77.1% (63.0 + 10.1 + 4.0) to 76.6% (68, 0 + 7.1 + 1.5) compared to the previous year.

This fact influenced the increase of the share of the profit from the operational activity in total sales revenues from 22.9% to 23.4%. As a result, the net profit was formed, which in 2017 made up 28.9% of sales, and in 2018 it decreased to 20.6% of sales.

Enterprise costs can be reduced by reducing production losses, making a more rational use of material resources, production capacity and space, labor and working time.

The main areas for identifying the reserves for reducing expenses at LLC „Lemisona" are:

- reduction of raw material purchase prices;
- reduction of production costs;
- improving the quality of services;
- search for new categories of consumers, access to new markets.

Those costs are closely linked to all the activities of the agricultural enterprise. Thus, it is important to reduce production costs, improve product quality and use production factors as efficiently as possible.

A special role is played by fixed expenses, which are characterized by an index of variability equal to zero, being determined by the production capacity of the enterprise and its field of activity.

The share of fixed costs calculated per unit of product depends on their total amount and the physical volume of the company's production or sales. The study of expenses' behavior in relation to the evolution of sales revenues has special economic and methodological implications [6].

From an economic point of view, fixed expenses express the exploitation of machinery and equipment, including the production areas of an enterprise. Thus, in order to obtain lower fixed expenses per unit of product, an optimal exploitation of the production capacity of the enterprise is necessary.

The relationship between fixed and variable expenses, as well as the ratio between the production expenses and production cost is the basis for making decisions about the enterprise's production capacity. Companies that register high administrative expenses need to charge high prices or achieve a higher production volume.

In assessing the efficiency of fixed expenses, it is important to highlight the correlation between the increase in sales revenues and the increase in fixed expenses. In the case of LLC „Lemisona" there is a decrease in fixed expenses to 1,000 lei of sales revenues in 2018 compared to the previous year by 29.74 lei or 70.6% (Table 4).

The increase in sales revenue by 41.8%, due to the increase in the volume of production sold, denotes the use of a high level of production capacity.

Table 4. Analysis of changes in sales revenues under the influence of fixed expenses at LLC „Lemisona"

Indicators	2017	2018	Relative deviation, %
Sales revenues, thousand lei	2,528.5	3,585.8	141.8
Amount of fixed expenses, thousand lei	255.77	256.07	100.1
Fixed expenses per 1000 lei of sales revenues	101.15	71.41	70.6

Sourse: authors' calculation based on Profit and Loss Statement of LLC „Lemisona".

The favorable effect of the increase of sales revenues is expresed by the reduction of fixed expenses to 1,000 lei of sales revenues. Although the amount of fixed costs increased insignificantly - by 0.1%, - the analysed enterprise must still identify the causes that led to that increase.

Obtaining a financial result, positive or negative, requires a comparison of actual expenses incurred during a reporting period with actual revenues obtained in the same reporting period. Consequently, the financial result obtained allows the assessment of the increase or decrease of the company's assets, thus expressing the gain or loss produced by the enterprise's activity.

At present, in the context of the development of market relations, it is very important for any enterprise to determine the factors that influence the increase or decrease of revenues, as well as to identify all possible reserves to increase sales revenues. Using the example of LLC „Lemisona" we will determine the main reserves for increasing the revenues of agricultural enterprises with ecological profile.

The calculation of sales revenues growth reserves is advisable to start with the worst business scenario (optional) when it is possible to lose part of the market due to competition, difficulties in supplying raw materials, rising fuel prices etc.

The next calculation option should focus on maximum sales volume in the context of market expansion, elimination of competitors, improving product quality etc.

When estimating domestic reserves to increase sales revenue first of all it is necessar to determine the possibility of increasing revenues due to increasing the quantity and quality of agricultural sold products, reducing the unit cost of products sold, increasing the selling price, selling products on more attractive markets. Internal reserves to increase sales revenues are determined for each item.

In order to determine the internal reserves to increase sales revenue due to the increase in the quantity of agricultural products sold, it is necessary to multiply the reserve for increasing the quantity of each product sold by the actual (current) size of income per unit of product (Table 5).

Table 5. Calculation of internal reserves to increase sales revenues due to the increase in the quantity of sold products of LLC „Lemisona"

Products	Internal reserve to increase the sales quantity of the product, q	Sales revenues of the reporting year per unit of product, lei	Reserve for increasing sales revenues due to the increase in the quantity of sold product, lei
Wheat	103	1,523	156,869
Sun flower	126	2,140	269,640
Vege-tables	98	1,051	102,998
Total	327	4,714	529,507

Source: Form No. 21-SALE „Sale of agricultural production" of LLC „Lemisona".

The obtained results show that if the quantity of agricultural products sold by the enterprise will increase by 327 q, then the sales revenues will also increase by 529,507 lei.

The calculation of the internal reserve for increasing sales revenues due to reducing the unit cost of sold products is determined by multiplying the cost reduction reserve for each product by its possible sold quantity. (Table 6).

It is found that, if the unit cost of wheat will decrease by 380.45 lei, and the quantity sold of this product will increase up to 226 q, then sales revenues will increase by 85,981.70 lei.

Table 6. Calculation of internal reserves to increase sales revenues due to the reduction of the unit cost of sold products of LLC „Lemisona".

Products	Internal reserve to reduce the unit cost, lei	Possible sales quantity of the product, q	Reserve to increase sales revenues due to the reduction of the unit cost of sold products, lei
Wheat	380.45	226	85,981.70
Sun flower	412.01	329	135,551.29
Vege-tables	168.72	201	33,912.72
Total	961.18	756	726,652.08

Source: Form No. 21-SALE „Sale of agricultural production" of LLC „Lemisona".

Also, the decrease of the unit cost of sunflower by 412.01 lei will lead to the increase of sales revenues by 135,551.29 lei; the decrease of the unit cost of vegetables by 168.72 lei will lead to the increase of sales revenues by 33,912.72 lei. The reduction of the unit cost for the main agricultural products cultivated by the analyzed enterprise will increase the sales revenues by 726,652.08 lei. One of the reserves to increase sales revenue is to increase the average selling price of marketed products (Table 7).

Table 7. Determining the internal reserves to increase the sales revenues due to the modification of the wheat selling ways at LLC „Lemisona"

Ways of selling the product	The average selling price of the previous year, lei	Quantity of product sold in the reporting year, q	Possible sales quantity, q	Structure of sales, %			Deviation of the average level of the sale price, lei
				In reportind period	posible	deviation	
Perm-anent customers	6,200.3	72	188	69.9	83.2	+13.3	+824.6
Dealers	500.1	10	12	9.7	5.3	-4.4	-22.01
By other means of sale	730.0	21	26	20.4	11.5	-8.9	-64.97
Total	x	103	226	100.0	100.0	x	+737.7

Source: Form No. 21-SALE „Sale of agricultural production" of LLC „Lemisona".

Following the modification of the ways of selling wheat production, the average level of the sale price will increase by 824.64 lei, and the amount of sales income will increase by 186,368.64 lei (824.64 × 226).

In conclusion, we will generalize the reserves to increase the revenues from the sale of agricultural products within the agricultural enterprise analysed in this study (Table 8).

Table 8. Generalization of reserves to increase sales revenues at LLC „Lemisona"

Reserves to increase sales revenue	Amount, lei
Increasing the quantity of sold products	529,507
Reducing the unit cost of sold products	726,652.08
Increasing the selling price of sold products	186,368.64
Total	**1,442,527.72**

Source*:* calculations reflected in tables 3, 4, 5.

Calculations show that if the enterprise will increase the quantity of agricultural production for sale, will decrease the unit cost of the sold production and will increase the average selling price, then the revenues from sales will increase by 1,442,527.72 lei.

In conclusion, we mention that as reserves for increasing the value of the sales revenues of the analyzed agricultural enterprise can be:

-increasing the production's and sale's amount of basic products;

-access to direct contacts with suppliers and, therefore, obtaining a higher discount rate;

-saving materials, labor and financial resources;

-improving the commercial and marketing activities of the enterprise.

CONCLUSIONS

Sales revenue is a fundamental indicator needed to assess the economic and financial activity of the company. This indicator can specify the place of the company in the sector of activity, its position on the market, as well as the capacity to launch and develop profitable activities.

The analysis of sales revenue is closely linked to the strategic position of the company. Thus, an enteprise with a favorable strategic position is usually more dynamic and profitable than other enterprises in the same

sector.

Concluding on the presented analyzes regarding the achievement of the objective of increasing sales revenues of the agricultural enterprise LLC „Lemisona", we can mention that the enterprise recorded positive financial results. This result helped to form an efficient financial statement with the registration of a profitable activity.

The generalization of the data allows us to conclude that LLC „Lemisona" is a profitable enterprise. This conclusion results from the fact that the financial result for the analyzed period is positive because the sum of total revenues exceeds the sum of expenses.

Durring the performed analyses options to increase the performance of LLC „Lemisona", especially by increasing sales and lowering costs, seeking more profitable markets and increasing the productivity of production capacity, were offered. These components are the most significant reserves for increasing the revenues of an agricultural enterprise.

In order to increase the future sales revenues of the analysed enterprise, it is recommended, in particular, to expand the sales market. In the last five years, the enterprise has focused on growing organic crops (corn and sunflower), so its activity must be aimed at determining the market potential; adapting to market requirements, the structure and character of demand; increasing sales by establishing direct contracts with consumers; changing the assortment according to market requirements.

The growing trend of sales revenues in the period 2005-2019 indicates a fluctuation in them over time, with decreases or stagnation in dry years. This fact highlights the need to diversify the activities of agricultural farms by focusing on related activities, such as agro tourism, as well as other areas: growing aromatic and medicinal plants. The orientation towards a new management model of agricultural farms is an imperative for the development of the agricultural sector in the Republic of Moldova.

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