

ECONOMIC AND FINANCIAL ASPECTS OF THE ACTIVITY OF THE SC TREPMA LLC, ȘOPÂRLIȚA, OLT COUNTY (2011-2013)

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Abstract

The unit was established in 2003, with the object of activity "Support activities to agriculture and post-harvest activities" - CAEN code 0161 from 02.08.2006. The company has the legal form of a limited liability company and operates in accordance with Romanian legislation. In addition to the main business - support activities for crop production, the company may carry on business as a secondary objective: the cultivation of cereals, legumes and oilseeds producing plant; Growing of vegetables and melons, roots and tubers, tobacco cultivation; cultivation of plants for the preparation of beverages; dairy cattle; pig breeding, poultry farming; Raising of other animals; post-harvest activities; preparing seed; activities (mixed farming of crops combined with farming of animals); Silviculture and other forestry; forestry and forestry; Freshwater aquaculture; processing and preserving of meat; processing and preserving of poultry meat; processing and preserving of potatoes; Manufacture of fruit and vegetables; mill products; manufacture of dairy products and cheeses, bread making, making cakes and fresh pastry; manufacture of other food products. Duration of the company's is one unlimited, and the subscribed capital was Lei 300 (wholly owned only by the shareholder), increase or reduction of capital, and its transmission can be achieved in concrete terms stipulated in the articles of incorporation.

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

INTRODUCTION

Șopârlița Village is located in Olt County, at the confluence of the creek Olteț and river Olt at a distance of about 25 km from Slatina. Founded in 1476, the village is documented later in 1642, during the reign of Matei Basarab, whose treasurer built, in a place called "Zapodie" Oltețului terrace, a church around which it is supposed to have been fireplace old village. In November 2004 Common Șopârlița was re-established that during the communist regime was a village affiliate to commune Pârșoveni. Places neighboring the vilagge: to North-East Brâncoveni, Pârșoveni locality to West, Osica de Sus village to South-East and Dobrun village to South. [1]

Common Șopârlița is a plain village, a medium sized type, together with houses grouped closely next to each other, consisting of two "hearths": the hearth of the hill, which stretches along the county road DJ 644, on a length of 2 km and 400 meters terrace and the hearth of the Olteț River valley slope terrace

which stretches the plain continuing to the county meadow. [2]

The whole village is deployed in length from East to West. On the hill, in the village there are the local authorities and institutions: the City Hall, police, schools, cultural centers, local dispensary, care and support, and the railway station Șopârlița in the East, the entrance to the village. The most important development in recent years deployed in the village was the regaining of the common status, which attracted the establishment of vital institutions to the functioning of the administrative apparatus, such as the mayor, the city council, Chamber of Agriculture, police etc.

The unit was established in 2003, with the object of activity "To support activities in agriculture and post-harvest activities" - CAEN code 0161 from 02.08.2006.

The company has the legal form of a limited liability company and operates in accordance with the Romanian legislation. The farm is owned by the sole shareholder, Mariana Trepaduș who is also the administrator, and

the problems belonging to financial and accounting aspects are solved by an accountant.

The current headquarters of the company are in the Șopârlița Commune, the Olt County, and it could establish subsidiaries as mentioned by law in force. The farm is located on the former CAP Șopârlița.

The main buildings are: the store for storing grains, corn cobs bed store, manure platform, sheds for piglets growing, stables for dairy cows and cattle fattening.

In addition to the main business: "to support activities for crop production", the company may carry on business as a secondary objective: the cultivation of cereals, vegetables and oilseeds, processing plant, growing of vegetables and melons, roots and tubers, tobacco cultivation; cultivation of plants for the preparation of beverages; dairy farming; pig fattening, poultry farming; raising of other animals; post-harvest activities; preparing seed; activities (mixed farming of crops combined with animal farming); forestry; freshwater aquaculture; meat processing and preservation; potatoes processing and preservation; fruit and vegetables processing; mill products; manufacturing dairy products and cheese, bread making, making cakes and fresh pastry; manufacturing other food products.

The duration of the company is unlimited, and the subscribed capital was Lei 300 lei (wholly owned by the sole shareholder), increase or reduction of capital, and its transmission could be achieved, in concrete terms, as stipulated in the articles of the legislation in force.

The Constitutive Act contains provisions regarding the rights and obligations of the members, their powers, organization and holding of the general meeting, issues of appointments and tasks, issues regarding the dissolution, liquidation, merger and division of the society, the staff of the company, the balance sheet and profit and loss calculation and allocation of profits, litigation and final provisions.

The culture Plan shows that the company has marched on conventional crops such as: wheat, sunflower, corn, triticale, nu also

fodder plants, barley and oats on small areas.

MATERIALS AND METHODS

In order to achieve the documentation required by the research work, it was needed to consult the company accounting documents [3].

After data collection, it was compulsory to select them by homogeneous categories: income, expenses, and profit. Forming an overview about those financial indicators, it was calculated the average for the years 2011, 2012 and 2013, also included in the analysis.

RESULTS AND DISCUSSIONS

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

The first indicator is the sold production income. This indicator varied from Lei 330,684 in 2011 to Lei 547,406 in the year 2013, while the average period reached Lei 428,297.

It may be noted that the income value has grown by 23.0% in 2012 (Lei 406,801) compared to 2011, followed by further increases (larger) by 34.6% in 2013 compared to the previous term of the dynamic series, while the average period was diminished by 21.8% compared to the situation of 2013.

The revenue from sale of goods occurred only in 2012 - Lei 9,408, which led to Lei 3,136, the average of the indicator.

The revenues coming from grants have averaged Lei 127,970 (+ 19.0% compared to 2013), which was based on the sequential average values: Lei 107,549 in 2013 (-12.8% in dynamics), Lei 123,363 in 2012 (-19.4% compared to the previous term of the dynamic series and Lei 152,998 for 2011. Based on these values, it was noticed the downward trend of this indicator during the analyzed period.

Following the issues mentioned on the sold production, proceeded from the sale of goods and income subsidies, the net turnover was also determined.

Table 1. Indicators of income (Lei)

No.	Specification	2011	2012		2013		Average	
		Ef.	Ef.	2012 /2011**** (%)	Ef.	2013 /2012**** (%)	Ef. ****	Average /2013**** (%)
1.	Sold Production*	330,684	406,801	123.0	547,406	134.6	428,297	78.2
2	Revenue from sale of goods*	-	9,408	-	-	-	3,136	-
3	Income from grants*	152,998	123,363	80.6	107,549	87.2	127,970	119.0
4	Net turnover*(1+2+3)	483,682	539,572	111.6	654,955	121.4	559,403	85.4
5	Income cost of production in progress*	+23,767	+244,318	10.3 times	-142,764	-	41,773.67	-
5.1.	Sold C***	23,767	244,318	10.3 times	-	-	89,361.67	-
5.2.	Sold D**	-	-	-	142,764	-	47,588	33.3
6	Other income*	-	-	-	-	-	-	-
I	Operating income*(4+5+6)	507,449	783,890	154.5	512,191	65.3	601,176.67	117.4
7	Interest income*	-	2	-	-	-	0.66	-
8	Other financial income*	-	-	-	-	-	-	-
II	Financial income*(7+8)	-	2	-	-	-	0.66	-
III	Extraordinary income*	-	-	-	-	-	-	-
IV	Total revenue*(I+II+III)	507449	783892	154.5	512191	65.3	601177.33	117.4

* Data extracted from Profit and loss Account, (2011 – 2013)

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

*** Assigned revenue in balance C is added to net turnover;

**** Own calculations;

Its value varied between Lei 483,682 in 2011 and Lei 654,955 lei in 2013, and the average period recording Lei 559,403 lei. The dynamics of this indicator was similar to the one recorded by sold production. Thus, it was observed an increase by 11.6% in 2012 (Lei 539,572) compared to the first term of the dynamic series, a 1.21 times growth in 2013, and a decrease in average by 14.6% compared to the situation in 2013.

The revenue from cost of production in progress ranged from Lei 23,767 in 2011 to Lei 244,318 for 2012 (10.3 times more compared to the previous year), both included in the balance C, the average period was Lei 41,773.67 and since 2013, Lei 142,764 was placed on the balance D. The farm did not record other revenues related to the operating activities and therefore the operating income reached: Lei 507,449 in 2011, Lei 783,890 in 2012, a growth rate of 154.5% in dynamics; Lei 512,191 for the year 2013 meaning 65.3%, Lei 601,176.67 for the average period (+ 17.4%).

The unit recorded interest income only in the year 2012, Lei 2. This led to an period average of Lei 0.66.

The unit did not achieve any other income, therefore the financial income is equal to the income coming from interest.

It should be noted that the firm did not register any kind of extraordinary income during the

analyzed period.

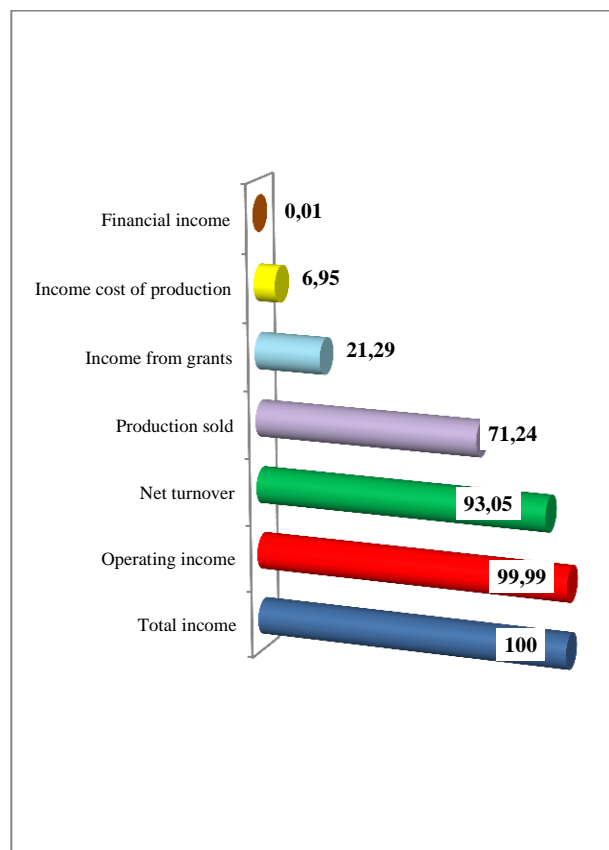


Fig.1. The ratio of total income and its main components (%)

Based on the three categories of revenues (operating, financial and extraordinary), it was calculated the total income of the farm (very

similar to those in operation), whose value was: Lei 507,449 lei for 2011, Lei 783,892 in the year 2012, that is by 54.5% higher in dynamics; Lei 512,191 for 2013 (decreasing by 34.7% compared to the reporting basis); Lei 601,177.33 for the period average (+ 17.4% compared to 2013).

Indicators of expenditures. Table 2 shows the indicators of expenditures for the period under review. Referring to the operating expenses, financial expenses, extraordinary expenses and total expenditures, one can see that the unit performed only operating costs (without financial and extraordinary ones), therefore the total expenditures were strictly influenced only by their value.

Expenses with raw materials and consumables ranged from Lei 301,786 in 2013 to Lei 642,581 in the year 2012, while the average of the period was Lei 433,936.33. The dynamics highlighted an uneven trend of indicator, increases in 2012 (+ 79.8% compared to the year 2011 of Lei 357,442), followed by declines in 2013 (-53.1% compared to the previous term of the dynamic

series) and then it was occurred an increase for the average of the period (+ 43.8%).

Other material expenses occurred during the years 2011, 2012 and 2013 accounted for Lei 1,400, and only Lei 6 and Lei 8, resulting an average of Lei 472.33 for the period under review.

Under these circumstances, the dynamics contains subunit values for 2012 (0.43%) and supra-unitary in 2013 and for period average, exceeding 1.83 and, respectively, 42.9 times in terms of comparison.

As a result, the total expenses related to materials and goods ranged from Lei 301,797 in 2013 to Lei 642,587 for the year 2012 and at the level of 2011 they reached Lei 358,842 (Fig. 3).

Under these circumstances, the average of the period was Lei 434,408.67, which represented in dynamic an overrun with 43.9% of the reporting base. In dynamics, the indicator was uneven, it increased by 79.1% in 2012, followed by a decrease of 53.1% in 2013, compared to the previous term of the dynamic series.

Table 2.Indicatori of expenditures (Lei)

No.	Specification	2011	2012		2013		Average	
		Ef.	Ef.	2012 /2011** (%)	Ef.	2013 /2012** (%)	Ef. **	Average /2013** (%)
1	Raw materials and consumables *	357,442	642,581	179.8	301,786	46.9	433,936.33	143.8
2	Other material expenses *	1,400	6	0.43	11	183.3	472.33	42.9 times
3	Expenditure on goods *	-	-	-	-	-	-	-
4	Trade discounts received *	-	-	-	-	-	-	-
5	Total expenses related to materials and goods * (1+2+3-4)	358,842	642,587	179.1	301,797	46.9	434,408.67	143.9
6	Salaries *	7,185	28,007	3.90 times	32,210	115.0	22,467.33	69.8
7	Expenditure related to insurance *	2,008	7,777	3.87 times	8,948	115.1	6,244.33	69.8
8	Personnel expenses * (6+7)	9,193	35,784	3.89 times	41,158	115.0	28,711.67	69.8
9	Adjustments for property *	16,200	10,709	66.1	10,709	100.0	12,539.33	117.1
10	Expenditure on external services *	26028	86142	3,31 times	123068	142,9	78412,67	63,7
11	Other taxes, duties and assimilated payments *	10,965	27	0.25	25	92.6	3,672.33	146.9 times
12	Other expenses *	37	2,839	76.72 times	14	0.5	963.33	68.81 times
13	Other operating expenses (external services, other taxes - taxes - payments, damages, donationm transferred assets)*(10+11+12)	37,030	89,008	2.40 times	123,107	138.3	83,048.33	67.5
I	Total operational expenses *(4+8+9+13)	421,265	778,088	184.7	476,771	61.3	558,708	117.2
II	Financial expenses *(11+12)	-	-	-	-	-	-	-
III	Extraordinary expenses *	-	-	-	-	-	-	-
IV	Total expenditure *(I+II+III)	421,265	778,088	184.7	476,771	61.3	558,708	117.2

* Data extracted from Profit and loss Account, (2011 – 2013)

** Own calculations

Wages have increased from Lei 7,185 in 2011 by 3.90% in 2012 (Lei 28,007) and by 15.0% in 2013 (Lei 32,210).

The average of the period reached Lei 22,467.33, representing only 69.8% of the comparison period.

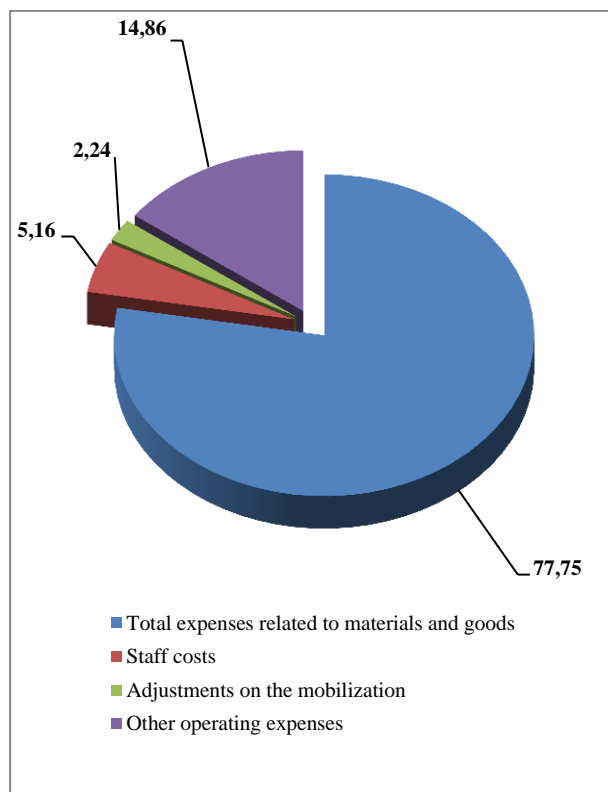


Fig.2. Structure of total expenditure (%)

Security costs have averaged Lei 6244.33 (-30.2% over the reporting basis) with the limit values Lei 2,008 in 2011 and Lei 8,948 in 2013, while at the level of 2012, the indicator reached Lei 7,777. Its dynamics was similar to that recorded for wages.

Based on wages and insurance charges, there determined the personnel expenses. This indicator increased during the analyzed period from Lei 9,193 in 2011 to Lei 41,158 in the year 2013. Therefore, it was noticed an increasing trend of the indicator in reference period, as follows: 3.89 times for 2012 (Lei 35,784), 15.0% for 2013 (average - Lei 28,711.67, by 30.2 % lower compared to the reference base).

Another item of expenditure appears as the adjustments for property, but the indicator development was uneven. The year 2011 was characterized by a value of Lei 16,200 adjustments, then by a fail to Lei 10,709 for

2012 and 2013.

Under these conditions, the average of the period reached Lei 12,539.33 (117.1% over the reporting basis). The dynamics contained indices above unit for the period average, equi-unitary in 2012 and subunit (66.1%) in the year 2012.

Expenditure on external services were Lei 26,028 in 2011 and increased 3.31 times in 2012 (Lei 86,142), increased by 42.9% in 2013 (Lei 123,068), while the average of the period (Lei 78,412.67) was by 36.3% lower over the reporting period.

Regarding other tax expenditures, duties and assimilated payments, it can be seen that they ranged from Lei 25 in 2013 to Lei 10,965 in 2011, while the average of the period was Lei 3,672.33.

In the dynamics, one can see the values for 2012 and 2013 (0.25 % and 92.6% respectively) and the average supra-unitary values for the period (146.9 times higher than the comparison base-2013).

For other expenses, the company recorded an average of Lei 963.33 (exceeding 68.81 times the reference period), the value being based on the annual sequential levels: Lei 14 in 2013 (0.5% in dynamics), Lei 37 lei 2011 and Lei 2,839 lei in the year 2012 (76.72 times higher compared with the previous term of dynamic series).

Following the values quoted for the last three indicators, there were determined other operating expenses, which registered: Lei 37,030 in 2011, Lei 89,008 in 2012 (2.40 times more than the base), Lei 123,107 for 2013 (+38.3% in dynamics).

Based on these values, it was determined the average period which accounted for Lei 83,048.33, representing a decrease in dynamic by 32.5% over the term of comparison.

The total operating expenses were based on the total material costs, personnel costs, adjustments on assets and other operating expenses. Based on indicator values, previously named, the sequential levels were: Lei 421,265 in 2011, Lei 778,088 in 2012 (+84.7% in dynamics), Lei 476,771 in the year 2013 (by -38.7% lower compared to the benchmark), Lei 558,708 for the period average (+17.2% in dynamics).

As the company did not record any financial or extraordinary expenses, there was a similarity between total operating expenses and total expenditures.

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

Table 3. Profitability indicators

No.	Specification	U.M.	2011	2012		2013		Average	
			Ef.	Ef.	2012 /2011** (%)	Ef.	2013 /2012** (%)	Ef. **	Average /2013** (%)
1	The operating profit *	lei	86,184	5,802	6.73	35,420	6.10 times	42,468.67	119.9
2	Financial income *	lei	-	2	-	-	-	0.66	-
3	Current profit * (1+2)	lei	86,184	5,804	6.73	35,420	6.10 times	42,469.33	119.9
4	Extraordinary income *	lei	-	-	-	-	-	-	-
5	Gross profit * (3+4)	lei	86,184	5,804	6.73	35,420	6.10 times	42,469.33	119.9
6	Income tax *	lei	13,789	929	6.74	5,667	6.10 times	6,795	119.9
7	Other taxes or levies *	lei	-	-	-	-	-	-	-
8	Net profit * (5-6-7)	lei	72,395	4,875	6.74	29,753	6.10 times	35,674.33	119.9
9	Operating profit rate **	%	20.46	0.74	3.66	7.43	10.0 times	7.60	102.3
10	Current profit rate **	%	20.46	0.74	3.66	7.43	10.0 times	7.60	102.3
11	Extraordinary profit rate **	%	-	-	-	-	-	-	-
12	The gross profit rate **	%	20.46	0.74	3.66	7.43	10.0 times	7.60	102.3
13	Net profit ratio **	%	17.19	0.63	3.66	6.24	9.90 times	6.38	102.2

* Data extracted from Profit and loss Account, (2011 – 2013)

** Own calculations

Operating profit was characterized by an average of Lei 42,468.67, resulting a value of Lei 86,184 for sequential annual levels in 2011, and Lei 5,802 for year 2013. These values Lei 35,420 highlighted a fluctuating trend indicator, demotions of terms of reference in 2013 and the period average (6.10 and 1.19 times respectively), decreases in 2012 (-93.27%).

Financial profit was Lei 2i in 2012 which led to an average period of Lei 0.66.

Current profit appears as the sum of operating profit and financial profit. The absolute values were Lei 86,184 in 2011, Lei 5,804 in 2012, Lei 35,420 in 2013 and Lei 42,469.33 for the average of the period.

The dynamics was characterized by a supra-unitary value of the component indices for the year 2013 and the period average (6.10 and 1.19 times exceeded the bases of comparison) and subunit levels in 2012 (6.73%).

Gross profit was equal to the current profit, as the company did not register extraordinary profit or loss.

The company paid income tax but it did not pay "other taxes". Thus, the income tax values were: Lei 13,789 in 2011, Lei 929 for the year 2012 (-93.26% in dynamics), Lei 5,667 in 2013 (frontloading of 6.10 times of

comparator). Under these circumstances, the average of the period was Lei 6,795, which exceeded 1.19 times the reporting base.

Net profit was in average Lei 35,674.33, while the extreme values of the indicator occurred in 2012, accounted for Lei 4,875 and Lei 72,395 in 2011.

The dynamics reflected an uneven level being 1.19 times and 6.10 times the average of the period in 2013 (compared with the specific value of 2012), while in 2012 there was a decrease of 93.26 % compared to the term of reference.

Operating profit rate was 20.46% in 2011, 3.66% for 2012, 7.43% in 2013 and 7.60% for the period average.

The evolution over time of the indicator had the form of an uneven trend, decreasing compared to the 2012 reference period (-96.34%), followed by increases in the case of 2013 (10.0 times) and exceeded by 2-3% - the basis of comparison in 2013 for the period average.

It can be seen that the current profit rate was substantially equal to the previous indicator, differences appearing only in 2012, when the rate reached 0.75%.

The gross profit rate was equal to the current

rate of profit as the company did not register extraordinary profit or loss.

The last profitability indicator refers to the net profit rate. It can be seen that this ratio averaged 6.38% (1.02 times higher the base of comparison) with extreme values of 0.63% for 2012 and 17.19% in 2011.

The consequence of this situation is an uneven dynamics, finding a negative difference of 96.34% (compared to term of reference) in the year 2012, and is ahead by 10.0 times in 2013 from the reporting base of 2012.

CONCLUSIONS

The analysis allowed to draw the conclusions presented below.

In the total income structure prevailing the operating revenues by 99.99%, financial income is only 0.01% of the total. The components are included in operating revenues ratios: 93.05% turnover, 71.24% sold production, income subsidies 21.29%, 6.95% revenues of production costs.

The total expenditure structure prevailing in material costs and related to goods - 77.75%, followed by other operating expenses - 14.86%, personal expenses - 5.16% and adjustments on assets - 2.24%.

The farm recorded an operating and, respectively, financial profit of Lei 42,468.67 respectively, Lei 0.66 lei, forming the current profit - Lei 42,469.33.

Because the farm did not register extraordinary profit or loss, it was noticed a similarity between the current and gross profit, the latter decreasing by taxes paid (Lei 6,795), so resulting a net profit of Lei 35,674.33.

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