

## FINANCIAL ASPECTS OF ACTIVITY IN THE STUDEFARM - SLATINA, OLT

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### Abstract

*In 1920 was established stallions deposit Brebeni in order to improve horses from Oltenia. Deposit began to operate effectively in 1928 with a staff of 20 heads, until 1984 when it was founded Slatina stud on Repository stud structure, which was moved to the location in Slatina. During 2002 the unit went into administration Romsilva National Forest as OLT Forestry Department Section. The unit is located in Slatina, Recea Street, no. 24, about 2 km from Slatina on DJ 653 Slatina - receive. In terms of administrative membership unit can be found on the municipality Slatina. Unit promotes its activities through participation in exhibition events (fairs, exhibitions, public events, etc.), Supply breeding stallions for public breeding resorts consultations for reproduction, horse riding, dressage, equestrian leisure and tourism. 2010 is the year of minimum and year 2011 is maximum in terms of value (level financial indicators) - in most cases, except for external expenses, personal expenses, insurance expenses, adjustments for property, loss of use, the current and Gross (including related rates).*

**Key words:** equipment, expenses, income, loss, profit, race

### INTRODUCTION

Slatina stud horse station within the Forestry Department Olt being elite farm closed circuit strictly supervised under veterinary report.

The specific activity is increasing, maintenance, and improvement of genetic material for breeding breeds Furioso North-Star and Shagya Arab.

In terms of employment, we can speak of three categories of staff: staff directly productive - consisting of 24 employees (28 carers, three mechanized and one carpenter) indirectly productive staff - consisting of three employees (two receivers and distributors 1 driver) TESA staff of 7 employees (head of stud, the chief accountant, veterinarian, two agronomists, secretary and coach).

From the point of view of existing genetic material is noted there Furioso North-Star races and Shagya Arab, with the recommendation to insist on the second race, the first being adapted to the area harder and harder marketable.

During 2002 - 2008, the unit conducted 158 conception products (from 14 foals in 2004 to 36 foals in 2006), delivered annually from 18

to 94 foals for public copulation resorts.

Providing the necessary feed was achieved through efforts related to managing their forage base of 575 hectares, planted with fiber (60-70%), juicy green mass (10-15%) and concentrated (20-25%). Over time, in terms of ensuring the necessary fodder unit faced with situations both surplus and deficit situations, acting as the supply from various sources and by keeping surplus or sales.

Land administered by the unit is 594 ha, of which the predominant agricultural land - 575 ha (538 ha arable land and 8 ha of natural grassland), while non-agricultural land has only 38 ha (29 ha protective curtains, 14 ha courtyards and buildings 5 hectares roads).

Material facilities are found as shelters for horses - 11 spaces, warehouses for grain - 2 spaces, mechanical workshops - 2 spaces, shelter Hay - three spaces, two apartment, three tractors, agricultural machinery 14.

At the level of unit is not present infectious diseases, not too many problems sanitary veterinary and the mortality losses ranged from 1.4 up to 5% of the total staff (2002 and 2008).

When determining the incomes on agricultural holdings distinction should be made between farm income and agricultural income. This difference shows that at the level of holdings can be deployed and non-agricultural activities that can increase total income, with positive effects on farm viability.

The complexity of determining the income of farmers is given by the level of consumption, specifics of area the production, the production costs, the national economy and rural economic environment [3].

In the agricultural holdings costs are equivalent to the total consumption of factors - human and material to obtain a certain quantity of goods and services [1].

Gross weight gives information on the degree of profitability of agricultural holding by reporting the absolute profit to the cost of the production process.

Financial management is involved in the distribution of the net profit from the economic development fund and retention the employees and shareholders towards supporting a profitable production process [2].

## MATERIALS AND METHODS

Conceiving the paper involved conducting a series of work operations that started documenting (through the use of financial reporting data analysis unit) [4]. In the second phase has switched to the processing of such data, based on using the method of comparison over time and composition of the related structures for some of the indicators. The indicators have been grouped as follows: indicators of income, expenditure indicators and profitability indicators. The data collected and analyzed covers the period 2010-2011, and using period average.

## RESULTS AND DISCUSSIONS

**Indicators of income.** Table 1. present the level of income indicators for the period 2010-2011. The first major category of revenue is the revenue from exploitation. This includes production sold, income subsidies, turnover,

cost of production income for progress and other income.

Sold production was 127,701 lei in 2010, then in 2011 it increased 3.32 times reaching 426 655 lei. In these conditions the average was 2.16 times greater than the reporting base - 276 178 RON.

Revenues from grants are an important part of the turnover, which stood at 954,043 lei in 2010, 428,721 lei in 2011 and 691,382 lei for period average. One can see their decline 55.1% in 2011 compared to 2010, the average representing only 72.5% of the comparator.

Turnover averaged 967,560 lei (-10.6% compared to 2010), which is based on average values sequential 1,081,744 lei in 2010 and 853,376 lei in 2011 (-21.1%).

Revenue from running production cost increased from 468,851 lei in 2010 to 529,072 lei in 2011 (+12.8%), so that the average period reached 498,961.5 lei (6.4%).

Regarding other incomes, we can see that they were only 17447 lei in 2010, then increased to 570 341 lei for 2011 (32.7 times). Average indicator was 293,894 lei - 16.8 times compared with the reporting base (2010).

View of the situation described above were determined operating revenue, which is as follows: 1568042 lei in 2010, 1,952,789 lei in the year 2011 and 124.5% over the previous period, 1,760,415 lei for the average period (+12,3).

Unit recorded interest income, very modest - 2 lei in 2010, 86 lei for 2011 respectively an average of 44 lei.

In the case of 2011 are recorded other financial revenues - 5162 lei.

Total financial income was modest in 2010-2 lei grew spectacularly in 2011 (5248 lei), with an average of 2625 lei.

The unit has not recorded extraordinary income, so the total revenue of the combined exploitation and the related financial ones. Such quotas were reached 1568044 lei in 2010, 1,958,037 lei in 2011 (24.9%) and the average of the period 1,763,040.5 lei (12.4% growth compared to the reporting).

Table 1. Income indicators (-lei-)

CRT. NO.	SPECIFICATION	2010		2011		AVERAGE	
		EFFECT.	DIN.	EFFECT.	DIN.	EFFECT.	DIN.
1.	Sold production	127701	100	424655	3,32 times	276178	2,16 times
2	Income from subsidies	954043	100	428721	44,9	691382	72,5
3	Net turnover (1+2)	1081744	100	853376	78,9	967560	89,4
4	Income cost of production in progress	468851	100	529072	112,8	498961,5	106,4
5	Other income	17447	100	570341	32,7 times	293894	16,8 times
I	Income from operations (3+4+5)	1568042	100	1952789	124,5	1760415,5	112,3
6	Interest income	2	100	86	43,0 times	44	22 times
7	Other financial income	-	-	5162	100	2581	50,0
II	Financial income (6+7)	2	100	5248	2624 times	2625	1312,5 times
III	Extraordinary income	-	-	-	-	-	-
IV	Total revenues (I+II+III)	1568044	100	1958037	124,9	1763040,5	112,4

**Annual spending.** Table 2. present the level of expenditure indicators for the period 2010-2011. Administrative expenses and related goods based: raw material cost, material costs and other external costs. Thus it can be seen that the first category of expenditure has reached the 802,576 lei in 2010, 988,944 lei in 2011 (+23.2%) and 895 760 lei for the average of the period (+11.6%).

The category of other material expenses are recorded an average of 4749 lei - 103.9% compared with 2010 -, a value that is based on 4569 lei levels for 2010 and 4929 lei for 2011 (+7.9%).

External costs ranged at 37 164 lei shares in 2010, 36,520 lei in 2011 - down 1.7% compared to the reporting deadline - 36,842 lei for the average of the period (99.1% in dynamics).

Total expenditures for materials and goods was 844,309 lei in 2010, 1,030,393 lei in 2011 (+22%) and 937,351 lei for the period average (111.0% in dynamics).

Personnel costs consist of salaries and insurance, the situation is as follows: salaries reached 478,602 lei in 2010, increased by 17.2% in 2011 (561 089 lei), an average of 519,845.5 lei (+8.6%) insurance costs had an

average of 146,777.5 lei (99.9% compared to the benchmark), which is based on an average of 146 982 lei sequential levels in 2010 and 146,573 lei for of 2011 (-0, 3%), staff costs have reached 625,584 lei in 2010, 707,662 lei in 2011 (+13.1%) and 666,623 lei in the period average (+6.6%).

Adjustments to assets were 54,797 lei for 2010 reached 39,547 lei in 2011 (-27.8%) and an average of 47172 lei for of the period average (86.1% compared to the reporting).

Regarding the situation of other operating expenses (external services, other taxes, fees - payments, compensation donations transferred assets), there is an average value for period of 269,817.5 lei (+29.0% compared to 2010 - reference period), 209,154 lei in 2010 and 330,481 lei in 2011 (58.0%).

Following these statements, above, has reached a level of operating expenses, as follows:

- 1733844 lei for 2010;
- 21008083 lei in 2011 (21.6% - in dynamics);
- 1,921,063.5 lei period average (10.8% compared to the first term of the dynamic series).

Table 2. Annual spending (-lei-)

CRT. NO.	SPECIFICATION	2010		2011		AVERAGE	
		EFFECT.	DIN.	EFFECT.	DIN.	EFFECT.	DIN.
1	Raw materials and supplies	802576	100	988944	123,2	895760	111,6
2	Other material expenses	4569	100	4929	107,9	4749	103,9
3	Expenses (water, energy)	37164	100	36520	98,3	36842	99,1
4	Total expenditures for materials and goods (1+2+3)	844309	100	1030393	122,0	937351	111,0
6	Salaries	478602	100	561089	117,2	519845,5	108,6
7	Insurance expenses	146982	100	146573	99,7	146777,5	99,9
8	Personnel expenses (6+7)	625584	100	707662	113,1	666623	106,6
9	Adjustments	54797	100	39547	72,2	47172	86,1
10	Other operating expenses (external services, other taxes - taxes - payments, compensation donations, assets transferred)	209154	100	330481	158,0	269817,5	129,0
I	Total operational expenses (4++8+9+10)	1733844	100	2108083	121,6	1921063,5	110,8
11	Interest expense	-	-	-	-	-	-
12	Other financial expense	-	-	-	-	-	-
II	Financial expenses (11+12)	-	-	-	-	-	-
III	Extraordinary expenses	-	-	-	-	-	-
IV	Total expenditure (I+II+III)	1733844	100	2108083	121,6	1921063,5	110,8

**Profitability indicators.** Table 3. present the level of profitability indicators for the period 2010-2011.

It is noteworthy, unfortunately, that the unit does not make a profit but losses. Profit appears only for financial activities (2 lei in 2010, 5248 lei 2011 and 2625 lei to the average period).

Operating loss was 165,802 lei in 2010, 155,294 lei in 2011 (-6.3%) and 160 548 lei for the period average (-3.2%).

Current loss decreased by 2 lei in 2010 compared to operating loss (165800 lei), with 5248 lei for the year 2011 compared to the same baseline (150,046 lei, -9.5% compared to 2010), averaging of 157,923 lei (-5.2% compared with the comparator).

Above values are equal to those of gross and net loss, as we have extraordinary profit or loss or tax.

Operating loss rate was -9.56% in 2010, fell to -7.37% in 2011 (-22.9% compared to the first term of the series dynamic), and the average was -8,36% (-12.6% in dynamics).

Regarding the current loss rate that was identical in 2010, with the operating loss rate (-9.56%), financial profit of only 2 lei failed to decisively influence this. For 2011, the

indicator showed a value of -7.11% (74.4% of the reporting), while the average was -8.22% (14% in dynamic).

Whereas there is no extraordinary profit or loss, gross loss ratio is equal to current loss rate, and that tax is not paid to make those values translate the for net loss rate.

## CONCLUSIONS

The observation of the unit is an activity strictly specialized in breeding horses that have special character, taking into account the mission to deliver genetic material for breeding;

In the total revenue structure, the prevailing operating income increased by 99.85%, while financial income was only 0.15%. The category of operating revenue turnover prevailed (54.88%), followed by revenues from production cost (28.30%), other income representing 16.70% (Fig. 1);

The total expenditure is equal to operating expenses, which are comprised of 48.79% material costs, personnel expenses 34.71%, 14.05% and other operating expenses 2.45% adjustments on assets ( Fig.2);

Table 3. Profitability indicators

CRT. NO.	SPECIFICATION	U.M.	2010		2011		AVERAGE	
			EFFECT.	DIN.	EFFECT.	DIN.	EFFECT.	DIN.
1	Loss from operations	lei	-165802	100	-155294	93,7	-160548	96,8
2	Financial profit	lei	2	100	5248	2624 ori	2625	1312,5 ori
3	Current loss (1-2)	lei	-165800	100	-150046	90,5	-157923	95,2
4	Extraordinary profit or loss	lei	-	-	-	-	-	-
5	Gross loss (3+4)	lei	-165800	100	-150046	90,5	-157923	95,2
6	Income tax	lei	-	-	-	-	-	-
7	The net loss (5-6)	lei	-165800	100	-150046	90,5	-157923	95,2
8	Operating loss rate	%	-9,56	100	-7,37	77,1	-8,36	87,4
9	Current loss rate	%	-9,56	100	-7,11	74,4	-8,22	86,0
11	Rates of extraordinary profit or loss	%	-	-	-	-	-	-
12	Gross loss ratio	%	-9,56	100	-7,11	74,4	-8,22	86,0
13	Rates of net loss	%	-9,56	100	-7,11	74,4	-8,22	86,0

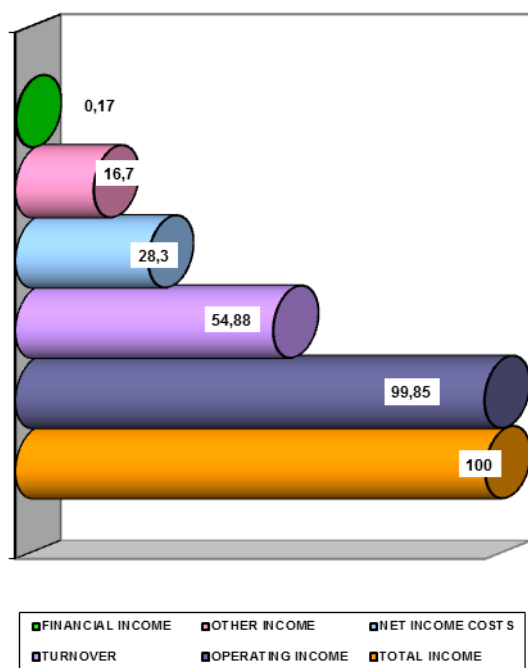


Fig.1. The ratio of total income and its main components (%)

The unit recorded an operating financial profit and loss, and as a result the latter was reduced by the value of the first. Current loss translates to the gross and net loss, as the unit does not pay income tax and does not make any extraordinary profit or loss;

The loss rate was below 10%, but have pursued the ways to reduce it and get profit;

The problems are complex due to the activity profile, on the one hand, due to the work carried out in public, on the other hand. In this context underlined the importance of subsidy without which unit would be a doomed and lost - subsidy exceeds 2.50 times the sold production (691 382 compared to 276 178 lei).

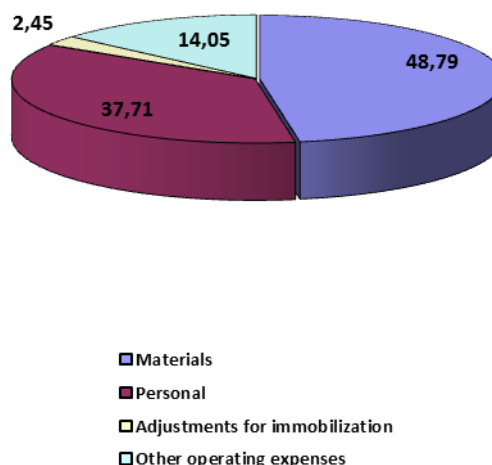


Fig. 2. Structure of total expenditure (%)

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