

## ECONOMIC AND FINANCIAL ASPECTS OF ACTIVITY IN SC "AGRO ANCA" SRL, ROȘIORII DE VEDE, COUNTY TELEORMAN (2011-2012)

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### Abstract

*The unit was established in 2008, with the object of activity "permanent cultivation of plants" - NACE Code 011 principal activity "Growing of cereals (except rice), leguminous crops and oil seeds plant". Besides main activity - growing of cereals and other crops, the company may carry on business as a secondary objective: wholesale of grain, seeds feed; Growing of vegetables, horticultural specialties and greenhouse products; cultivation of fruits, nuts, beverage and spice plants; cattle; sheep, goats, horses, asses, mules and donkeys; pig breeding; poultry; Raising of other animals; activities (mixed farming of crops combined with farming of animals); service activities related to agriculture, gardening landscaping (landscape architecture); animal husbandry service activities, except veterinary activities; fisheries; fish; mill products; manufacture of starch and starch products; manufacture of bread, fresh pastry production; road transport of goods; Agricultural machinery and equipment rental; import-export, etc. . The company is part of the Cooperative "VEDEA ROSIORI" - agricultural cooperative whose operating rules are set out in the Statute.*

**Keywords:** assets, capital, customers, equipment, landscape, providers

### INTRODUCTION

The unit was established in 2008, with the object of activity "permanent cultivation of plants" - NACE Code 011 principal activity "Growing of cereals (except rice), leguminous crops and oil seeds plant".

Formation of the company was based on a sole shareholder (Roșu Anca), Romanian citizen who was a legal entity as a limited liability company.

Said the company's headquarters is in the Vedas, County Teleorman, which may establish subsidiaries, as required by law.

Besides main activity - growing of cereals and other crops, the company may carry on business as a secondary objective: wholesale of grain, seeds feed; Growing of vegetables, horticultural specialties and greenhouse products; cultivation of fruits, nuts, beverage and spice plants; cattle; sheep, goats, horses, asses, mules and donkeys; pig breeding; poultry; Raising of other animals; activities (mixed farming of crops combined with farming of animals); service activities related to agriculture, gardening landscaping (landscape architecture); animal husbandry

service activities, except veterinary activities; fisheries; fish; mill products; manufacture of starch and starch products; manufacture of bread, fresh pastry production; road transport of goods; Agricultural machinery and equipment rental; import-export, etc.

Life of the society is one unlimited, the subscribed share capital was 200 lei, increasing or reducing the 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 the associate, tasks, appointments and tasks issues, issues related to the dissolution, liquidation, merger and division of society, company personnel, accounting, control of the company, litigation and other clauses.

The company is part of the Cooperative "VEDEA ROSIORI" - agricultural cooperative whose operating rules are set out in the Statute. Cooperative is registered with the Trade Register.

If we relate the crop plan is worth noting that the company has marched on traditional cultures - like wheat and sunflowers - more being

practiced on small areas rape, maize and sorghum - Table 1.

including accounts which march on the profit and loss account.

Table 1. Structure of arable cultivation \*

No.	Year	Culture	Cultivated surface - ha-	Structure -% -
1	2011	Winter wheat	200	37,74
2		Rape	100	18,87
3		Sunflower	180	33,96
4		Sorghum	50	9,43
5		Total	530	100
6	2012	Winter wheat	250	47,17
7		Barley	35	6,60
8		Sunflower	230	43,40
9		Maize	15	2,83
10		Total	530	100

\*S.C. "AGRO ANCA" SRL, statistical reporting data;

It can be seen that the company was focused on practicing a rotation 'commercial', which aimed particularly products that have been found, the market capitalization opportunities, technological side is one somewhat poor, if we consider the restriction of rotation about the selected wheat and sunflower. It is, however, noted that the company has tried (at least) diversifying crops by introducing besides wheat and rapeseed, sunflower and sorghum crops in 2011 (fig. 1), barley and maize for 2012 (fig. 2).

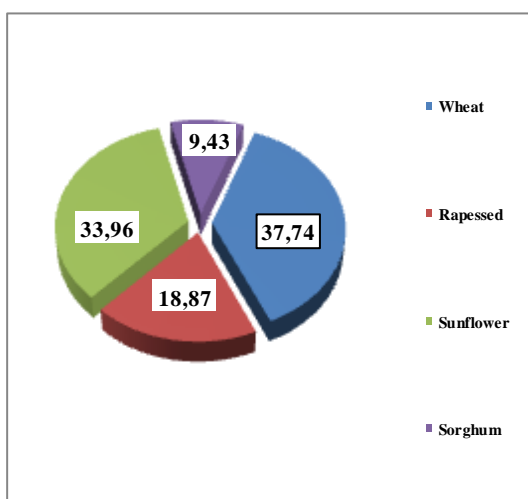


Fig. 1. Structure of arable cultivation – 2011 (%)

The economic and financial results of the company, appealed to a number of accounts,

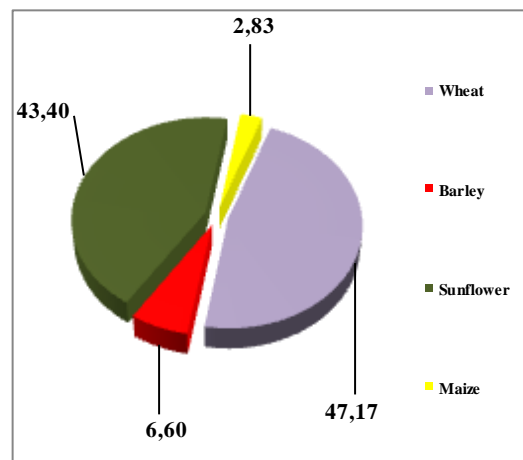


Fig. 2. Structure of arable cultivation – 2012 (%)

Each account with current accounting has an economic content, as determined by the economic content of the element itself reflected with the account and can represent: an economic good with a particular destination, a source of financing, business processes as expenditure and revenue, the final result for the year as profit or loss.

Accounts fulfill several functions, among which: economic position, function of information, position computation, statistical function, recording function, function group, function systematization, control function and accounting function.

For accurate recording of economic and financial operations account was designed in some form, to allow correct identification of each element patrimonial and provide information on the existence and changes (increases, decreases), occurring in a year financially on the item [1].

The unit tries to follow the rules of manifestation of the financial mechanism. The financial mechanism represents technology specific work, consisting of financial management methods and tools.

The components of the financial mechanism are: methods and tools for the collection, storage and processing; methods and tools used for the distribution of farm financial results; methods and tools adopted and decisions materialize. Financial mechanism

features include: economic and financial autonomy; material incentives and accountability; financial control [2].

## MATERIALS AND METHODS

In order to achieve the paper movement was done in the territory, for data collection, after which we switched to office stage when by processed the data taken from the financial statements prepared at the company [3]. Data processing based on using time comparison method and realization of structures for certain indicators - indicators with mobile. Presentation of indicators was done using three distinct categories, namely: indicators of income, expenditure indicators and indicators of profitability. The analysis covers the period 2011-2012 and using period average.

## RESULTS AND DISCUSSIONS

**Indicators of income.** Table 2 shows the income indicators for the period 2011-2012. The first indicator of income is the production sold. This index ranged from lei 812,388 in

2011 to lei 959,629 in the year 2012, while the average period reached 886,008.5 lei. It may be noted the upward trend of the indicator increases by 18.1% from 2012 to 2011, followed by 7.7% discount to the average of the period.

Revenue from sale of goods and subsidies obtained for the period 2011 -2012 missed as a result of net turnover was identical to the production sold.

Revenue from cost of production in progress ranged from 25,234 lei in 2011 to 219,526 lei in 2012 (the first value assigned to balance D, the second to balance C) and the average period was 97146 lei (-55.7% compared with 2012).

Incomes related to cost of production in progress ranged from 25,234 lei in 2011 to 219,526 lei in 2012 (the first value assigned to balance D, the second to balance C) and the average of the period was 97146 lei (-55.7% compared with 2012).

Producer recorded other income both in 2011 - 245,319 lei, and as for the year 2012 - 337,261 lei (+ 37.5% in dynamics), which resulted in an average of 291,290 lei (-15.6%).

Table 2. Indicators of incomes

No.	Specification	-lei-				
		2011	2012		Average	
		Ef.	Ef.	2012 /2011**** (%)	Ef. ****	Average /2012**** (%)
1.	Production sold *	812388	959.629	118,1	886008,5	92,3
2	Revenue from sale of goods *	-	-	-	-	-
3	Income from subsidies *	-	-	-	-	-
4	Net turnover (1+2+3) *	812388	959.629	118,1	886008,5	92,3
5	Income cost of production in progress *	-25.234	+219.526	100	97146	44,3
5.1.	Sold C***	-	219.526	-	109763	50,0
5.2.	Sold D**	25.234	-	-	12617	50,0
6	Other income *	245319	337.261	137,5	291290	86,4
I	Operating revenue (4+5+6) *	1.032.473	1.516.416	146,8	1274444,5	84,1
7	Interest income *	65	28	43,1	46,5	166,1
8	Other financial income *	-	-	-	-	-
II	Financial income (7+8) *	65	28	43,1	46,5	166,1
III	Extraordinary income	-	-	-	-	-
IV	Total revenues (I+II+III)	1.032.538	1.516.444	146,9	1274491	84,0

\* extracts from the profit and loss account (2011 – 2012)

\*\* assigned revenue in balance D is subtracted from net turnover;

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

\*\*\*\* own calculations;

The farm has been operating revenues, which reached levels: 1032473 lei in 2011; 1516416

lei for the year 2012 - 146,% dynamic; 1274444.5 lei period average (-15.9%).

The unit recorded interest income of 65 lei in 2011 and 28 lei for 2012, so the average of the period was 46.5 lei. Dynamics reveals subunit values in 2012 (43.1%) and above par for the average of the period (exceeding 1.66 base reporting).

Financial revenues are identical to those carried interest.

It should be noted that the farm is not registered during the review period, any extraordinary income.

Based on the three income categories (operating, financial and extraordinary) represents the total income of the farm, which is as follows: 1,032,538 lei for 2011; 1516444 lei for the year 2012 to 146.9% in dynamics; 1274491 lei period average (-16.0% since 2012 - the reference period).

**Indicators of expenditure.** Table 3 presents the indicators of expenditure for the period 2011-2012.

Reference is made to operating expenses, financial expenses, extraordinary expenses and total expenses. It can be seen that the unit performs only operating costs and financial expenses (quite low compared to operating), following the total expenditure is influenced - to a large extent - the amount of operating costs.

Expenses with raw materials and consumables ranged from 415,822 lei in 2011 to 983,552 lei for the year 2012, while the average of the period was 699,687 lei. The dynamic underlines an uneven trend of the indicator, overtaking from 2012 (2.36 times compared with the previous term of the dynamic series) being followed by decreases for average of the period (-28.9%).

Table 3. Indicators of spending

-lei-

No.	Specification	2011	2012		Average	
		Ef.	Ef.	2012 /2011 ** (%)	Ef. **	Average /2012 ** (%)
1	Raw materials and consumables *	415.822	983.552	236,5	699687	71,1
2	Other material expenses *	4.227	2.625	62,1	3426	130,5
3	Spending on goods *	4.411	5.547	125,8	4887	88,1
4	Total expenses related to materials and goods (1+2+3) *	424.459	991.724	233,6	708091,5	71,4
6	Salary *	42.100	46.560	110,6	44330	95,2
7	Insurance expenses *	11.724	12.960	110,5	12342	95,2
8	Personnel expenses (6+7) *	53.824	59.520	110,6	56672	95,2
9	Adjustments on assets *	34.081	105.152	308,5	69616,5	66,2
10	Expenditure on external services *	202994	285.625	140,7	244309,5	85,5
11	Other taxes, duties and similar payments *	5.336	6.184	115,9	5760	93,1
12	Other expenses *	32.325	2.048	6,3	17186,5	8,39 ori
13	Other operating expenses (external services, other taxes - taxes - payments, compensation donations transferred assets) (10+11+12) *	240.655	293.857	122,1	267256	90,9
I	Total operational expenses (4++8+9+13) *	753.020	1.450.253	192,6	1101636,5	76,0
14	Interest expense *	18.262	28.354	155,3	23308	82,2
15	Other financial expense *	-	-	-	-	-
II	Financial expenses (11+12) *	18.262	28.354	155,3	23308	82,2
III	Extraordinary expenses *	-	-	-	-	-
IV	Total expenditure (I+II+III) *	771.282	1.478.607	191,7	1124944,5	76,1

\* extracts from the profit and loss account (2011 – 2012)

\*\* own calculations

Other materials expenses appear in 2011 and 2012 - 4227 and 2625 lei respectively (-37.9% in dynamics) aspect leading to an average of the period of 3426 lei (+ 30.5%). Spending on

goods have averaged 4887 lei (-11.9% in dynamics) value that is based on annual level indicator: 4411 lei in 2011 and 5547 lei for 2012 (1.25 times the reference level).

Due to this situation, the expenditure related to materials and goods ranged from lei 424,459 in 2011 to 991,724 lei for 2012 (2.34 times compared to the first term of the series dynamic). Under these conditions the average of the period was lei 708,091.5, which in dynamics represented a decrease of 29.6% compared based reporting. The dynamics is one uneven.

Wages increased from lei 42,100 in 2011 to 1.10 times in 2012 (46,560 lei). Average period reaches lei 44,330, which represents 95.2% of the comparison.

Insurance spending have averaged 12,342 lei (-4.8% compared to base of reporting), with extremes of 11 724 lei in 2011 and 12,960 lei in the year 2012. The dynamics is similar to that recorded for wages.

Based on salaries and insurance were determined the personnel costs. This indicator has been ascending values for the period under review from 53,824 lei in 2011 to 59,520 lei in the year 2012, while the average period was 56,672 lei. We can discuss the uneven trend for the indicator, underlined by exceeding of reference period in 2012 (1.10 times) and it decreases beside that (-4.8%) for the average.

Another item of expenditure appears as the adjustments on property, indicator which has an upward trend net. The year 2011 is characterized by a value of 34,081 lei adjustments, value increases to lei 105,152 in 2012. Under these conditions the average period reached 69,616.5 lei (66.2% versus based reporting). The dynamics contains both indexes above unit (308.5% in the case of 2012) and below par for the average period.

Expenditure on external services were 202,994 lei in 2011, increased by 40.7% in 2012 (285,625 lei) and the average period reached 244,309.5 lei (14.5% versus dynamic reporting deadline).

Regarding the other taxes, fees and similar payments, it can be seen that they ranged from lei 5336 in 2011 to 6184 lei in the year 2012, while the average period was 5760 lei. In the dynamics can be observed above par value in 2012 (exceeding 1.15 times the reference period) and subunit values for average period - 93.1%.

For the element other expenses, the company recorded an average of 17,186.5 lei (outrunning by 8.39 times the base of comparing) whose average value are 32,325 lei in 2011 and 2048 lei registered in 2012 (6.3% in dynamic).

Following the values quoted for the last three indicators were determined other operating expenses, which registered: 240,655 lei in 2011 and 293,857 lei for 2012 to 122.1%, the average period being 267,256 lei. Based on these values was constituted the dynamics, characterized by values above par in 2012 and subunit for period average (90.9%).

Total operating expenses are based on total material costs, personnel costs, adjustments on assets and other operating expenses. Based on the values of the indicators mentioned above it was reached sequential levels of: 753,020 lei in 2011; 1450253 lei for 2012 - fig. 3.20. (+ 92.6% dynamic); 1101636.5 lei period average (-24.0% in the dynamics composed).

These values noted upward trend of operating expenses for the period considered.

The company realized interest expenses in 2011 and 2012, 18262 and respectively 28354 lei (+ 55.3% dynamic), which led to a multi-annual average of 23,308 lei (82.2% dynamic). This situation has been reported in the total financial costs, since they were not recorded other financial expenses.

Regarding the total expenditure, it is noteworthy that it has reached lei 771,282 in 2011 and 1,478,607 in the year 2012, while the average period reaches lei 1,124,944.5. The dynamics is composed of indices below par - 76.1% for the average of the period, equal in 2011 and above unit at the level of 2012 - 191.7%.

**Profitability indicators.** Table 4 presents the profitability indicators for the period 2011-2012. Operating profit is characterized by an average of 172,808 lei, the resulting value of sequential annual levels of 279,453 lei in 2011, and 66,163 lei specific to 2012. These values show fluctuating trend of the indicator exceeding the terms of reference for the average period (2.61-times) and decreasing in 2012 (-76.3%). Financial loss was 18,197 lei in 2011 and 28326 lei for 2012 (in dynamics, values of

Table 4. Profitability indicators

No.	Specification	M.U.	2011	2012		Average	
			Eff.	Eff.	2012 /2011** (%)	Eff.**	Average /2012** (%)
1	Operating profit or loss *	lei	279.453	66.163	23,7	172808	261,2
2	Profit or loss for the financial *	lei	-18.197	-28.326	155,7	-23261,5	82,1
3	Present profit or loss (1+2) *	lei	261.256	37.837	14,5	149546,5	395,2
4	Extraordinary profit or loss *	lei	-	-	-	-	-
5	Gross profit or loss (3+4) *	lei	261.256	37.837	14,5	149546,5	395,2
6	Income tax *	lei	46.986	6.381	13,6	26683,5	418,2
7	Other taxes or levies *	lei	-	-	-	-	-
8	Net profit or loss (5-6-7) *	lei	214.270	31.456	14,7	122863	390,6
9	The rate of profit or loss from operations**	%	37,11	4,56	12,3	15,68	343,9
10	The rate of profit or financial loss	%	-99,64	-99,90	100,3	-99,80	99,9
11	Current rate of profit or loss**	%	33,87	2,56	7,6	13,29	5,19 ori
12	Rates of extraordinary profit or loss**	%	-	-	-	-	-
13	Gross profit or loss rate**	%	33,87	2,56	7,6	13,29	5,19 ori
14	Rate of net profit or loss**	%	27,78	2,12	7,7	10,92	5,15 ori

\* extracts from the profit and loss account (2011 – 2012)

\*\* own calculations

the indices was above par in 2012 - outrunning by 1.55 times the reporting base). Due to this situation, the average period reaches 23261.5 lei, meaning 82.1% compared to term of reference.

Current profit appears as the difference between operating profit and financial loss. So we talk about values of 261,256 lei in 2011, 37837 lei -2012 and 149,546.5 lei for period average. The dynamics is characterized by sub unitary values for the component indices for 2012 (-85.5% compared to the base), and through level above par for period average (3.95 times the land outrunning for comparison). The gross profit is equal to current profit, as the company has not been extraordinary profit or loss. Company paid income tax but not paid "other taxes". Such values are found of income tax as follows: 46 986 lei in 2011, 6381 lei for the year 2012 (-86.4% dynamic) 26683.5 for average - level exceeded 4.18 times the base of reporting.

Net profit is characterized by an average of 122,863 lei, while the extreme values of the indicator appeared in 2012 - 31,456 lei and 2011 - 214,270 lei. The dynamics is one uniform, exceeding of reporting term being 3.90 times for period average while 2012 sees a decrease of 85.3% compared to the

reference term.

Operating profit rate was 37.11% in 2011, 4.56% for 2012 and 15.68% on average for the period. The evolution in time of the indicator is in the form of an uneven trend, decreases of 87.7% in 2012, followed by exceeding 3.43 times - the basis for comparison - for average period.

The company registered a loss of -99.80% for the financial period average (99.9% dynamic), a situation which is based on -99.64 and -99.90% rates specific to the years 2011 and 2012.

It can be seen that the current profit rate is substantially lower than the operating profit (normal situation due to financial losses existing): 33.87% in 2011, 2.56% for 2012 (7.6% dynamic), 13 29% for period average (5.19 times outrunning the term of comparison).

The gross profit rate is equal to the current rate of profit as the company has not made extraordinary profit or loss.

The last indicator of profitability refers to net profit rate. It can be seen that this ratio averaged 10.92%, with extreme values of 2, 12% for 2012 and 27.78% in 2011.

The consequence of this situation is non-uniform dynamic, the reference term being

exceeded 5.15 times by the average of the period and there was a negative difference of 92.3% (compared to reporting base) for the year 2012.

**CONCLUSIONS**

a. total revenue structure prevailing operating revenue 99.99%, financial income being only 0.01% of the total. Operating income are found in proportions: 69.52% turnover and that production sold, 7.62% income for production costs – fig. 1;

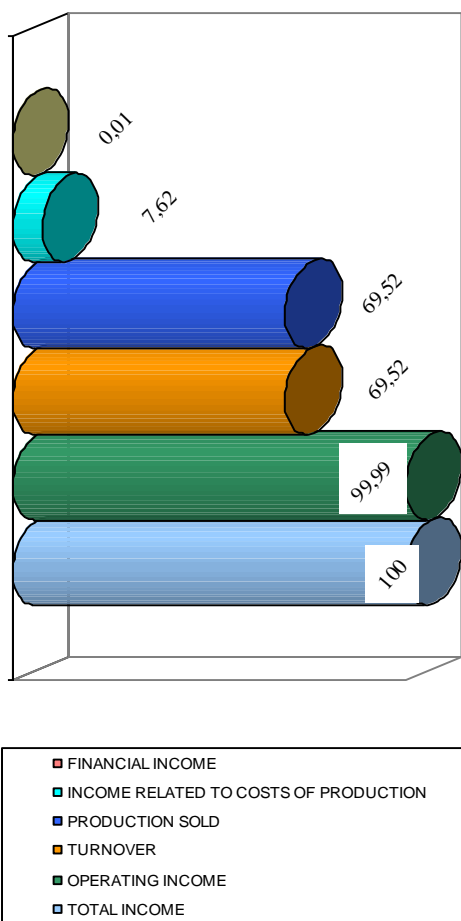


Fig.1. The ratio of total income and its main components (%)

b.in the structure of total expenditure prevailing material costs and related goods - 62.94%, followed by operating expenses - 23.76% adjustments on assets - 6.19% personnel costs - 5.04%, and the financial costs - 2.07% (fig. 2);

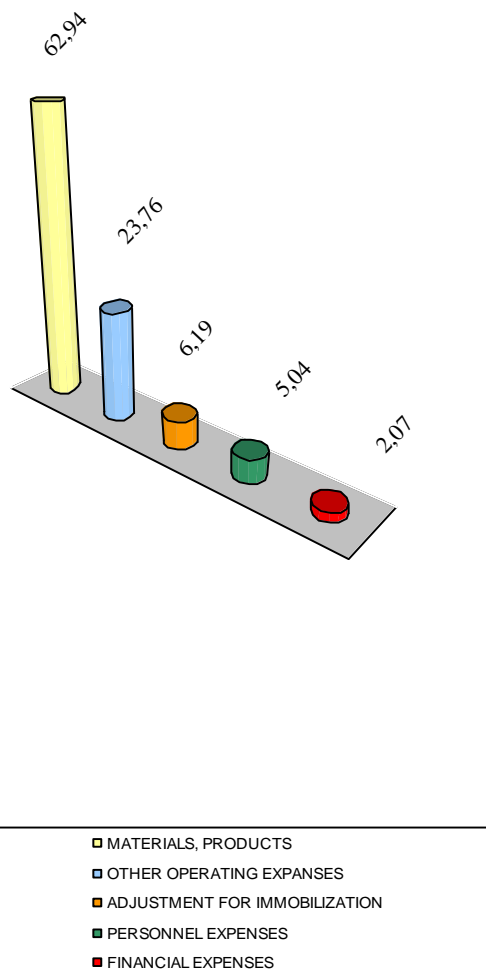


Fig.2. Structure of total expenditure (%)

c.the unit recorded operating profit and financial loss - 172,808 lei 23261.5 respectively, which made the current profit - 149546.5 lei;

d.given that the unit has not reported profit or loss is found extraordinary similarity between current profit and gross;

e.resulting net income by reducing the gross profit, because paying of the related taxes average index reaching a value of 122,863 lei.

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