PARTICULARITIES OF VALUE ADDED ANALYSIS CASE STUDY AT S.C. TEHNOFAVORIT S.A. BONTIDA-CLUJ

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Abstract

The manufacturing activity of the entity taken in the case study it translates creative rol ,expressing creation on increase of value to the enterprise goods, and services purchased from third parties through production or marketing activities and measures which can add now to the economic cycle by activity and by using factors of production.
The value added content is one the most significant indicators of activity of micro – enterprise is the equivalent of gross domestic product.
In practical activity , added value analysis is both a tool and a means of management thus permit assessment of economic and financial performance of enterprises, namely: real economic power, its contribution to production factors, the ability to secure isurance on their own achieve full the production process. Equally added value is an indicator for assessing enterprise waist, much more significant than turnover, trading revenue production expressing achieved.

Key words: value added, output/fiscal year, influence factors, output indicator

Value added factor analysis aims to establish the value added deviation from the comparison base, evaluate the contribution of various factors that influence the formation and modification of the analysed indicator, and identify solutions of improving the future economic activity.

Comparing it to the turnover ratio and as a component of Intermediate Management Sales, this indicator urges to detail research for the studied company.

MATERIAL AND METHOD

Profit and Loss Account offers the information necessary for the calculation of Value added from 2008 to 2010 for the studied company having as an object of activity the manufacture of agricultural and forestry machinery.

A factor model is used, and as analysis method the method of chain substitution intended to underline the influence of factors determining the indicator change, as well as the methods meant to contribute to the improvement of the value added ratio in the analysed study.

RESULTS AND DISCUSSIONS

Table 1

Calculating the value added by subtractive method

No	Computing elements (thousand lei)	Year 2008	Year 2009	Year 2010
1	Comercial marging-(Mc), of:	278	438	434
	-sales og good(Vmf)	1577	2042	1887
	-cost of goods(Chmf)	1299	1604	1453
2	Fiscal year output-(Pex),of:	9915	5821	6269
	-sold production(Pv)	9231	5646	5855
	-stored production(Ps)	637	175	398
	-capitalised production(Pi)	47	-	16
3	Third parties consumtion-(Ci) : of			
	-raw materials(Mp)	6642	3547	4153
	-supplis	5350	2744	3061
	-other material cost (Acm)	89	29	80
	-energie and water(U)	115	96	92
	-service external(Pex)	1088	678	920
4	Vaue added (Vad)	3551	2712	2550

Source:Our own processing

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Influence of value added factors are determined in two steps

Stage I: $\Delta = \Delta Pex + \Delta Mc + \Delta Ci$

and : $\Delta r = \dfrac{\Delta}{Vad}$

Stage II :

a) Influence of fiscal year ooutput:

$\Delta Pex = \Delta Pv + \Delta Ps + \Delta Pi$ and calculation: Δr

b) Influence commercial margin

$\Delta Mc = \Delta Vmf - \Delta Chmf$ and calculation: Δr

c) Influience third parties consumptions

$\Delta Ci = \Delta Mp + \Delta Acm + \Delta U + \Delta Pext$ and calculation: Δr

Table 2

Calculating the value added by subtractive method

Variation(Δr)	Year 2008	Year 2009	Year 2010
$\Delta r Pex(\%)$ of:		-115,29	16,52
-$\Delta r Pv(\%)$+	-	-100,95	7,70
-$\Delta r Ps(\%)$+		-13,01	8,22
-$\Delta r Pi(\%)$+		-1,33	0,60
$\Delta r Mc(\%)$ of:		4,50	-0,15
-$\Delta r Vmf(\%)$	-	13,09	-5,71
$\Delta r Chmf(\%)$-		8,59	-5,56
$\Delta r Ci(\%)$ of:		-87,15	22,33
-$\Delta r Mp(\%)$+		-73.38	11,68
-$\Delta r Acm(\%)$	-	-1,69	1,88
-$\Delta r U(\%)$+		-0,54	-0,11
-$\Delta r Pext(\%)$		-11,54	8,88

Source:Our own processing

In study case, 2009,year, (-23,63%), Added value declined primarily due to drastic reduction of fiscal year output al its components, a decrease in margin commercial, reducing the expense of sales and intermediate consumtion reduction, phenomenon good but not enough.

Intake, deviation/value added components of the previons year which diminishes warns of added value.

Attention should be directed to the production achieved and identify the causes are: lack of markets, lack of well – defined commands, the aparance of other manufactures of agricultural equipment merchants.

The situation is slightly relieved of 2010 year,when the value added also register a decline (5,02%) compared with 2009 year.

For 2010 year is drawn to the share of manufactured output deviations and third parties consumtions in value added of the reference 2009 year.

In 2010 year recorded a decrease in the value added effect of third parties consumtions ration deviation higher then the share of production deviation in the value added , in 2009 year reference.

Table 1

Value added factor analysis indicators (thousand lei)

Indicators		Year 2008	Year 2009	Year 2010
Commercial margin	Mc	278	438	434
Fiscal year output	Qe	9915	5821	6296
Third parties consumption	C	6642	3547	4154
Value added	VA	3551	2712	2576
Work time base - hours	T	189720	158496	162424
Average no of employees	Ns	93	78	79
Average time per employee - hours	t	2040	2032	2056
Average productivity per hour	$\dfrac{Qe}{T}$	5.23	3,68	3.88
Average value added per 1 leu output	υ	0.3301	0.3907	0.3403
Added medium value -recalculated /1 leu output		0.3582	0.2500	0.3178
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Turnover	CA	10808	7688	7742
Output structure- g_i	$\dfrac{Qe}{CA}$	91.7376	75.7154	81.3227

Source: Our own processing

Table 4

Influence of indicator variation

Influences	Year 2008	Year 2009	Year 2010
∆VA, out of which:	468 (189)	-839 (-998)	-136 (-131)
∆Qe(1), out of which:	1033	-1351	186
∆T (1.1.), out of which:	32	-540	57
∆Ns (1.1.1.)	-127	-529	30
∆t (1.1.2.)	159	-11	27
∆Wh (1.2.)	1001	-811	129
∆ū$_a$ (2), out of which:	-844	353	-317
∆g$_i$ (2.1.)	-565	-466	-459
∆ū$_{a\,1}$ (2.2.)	-279	819	142

Source: Our own processig

The value added recorded negative values as compared to 2008 (-23.63%), and (-5.02%), as compared to 2009, respectively, which, from a factor perspective is explained as follows:

- Year 2009: output ratio decrease by 41.29% means -1,351 thousand lei. Details of analysis according to the intensive factor (work productivity) and quantity factors - time factor per employee (t) and the average employee number (Ns) represents a decrease, and upon the value added it was in the same sense. In 2010, the factors increased, determining an output increase per fiscal year of 186 thousand lei, as compared to 2009.

- Value added to 1 leu output (ū$_a$) has increased by 6.06 ratio as compared to 2008, which has determined the increase of value added by 353 thousand lei. As for 2010, the value added to 1 leu output decreased by 0.34 as compared to 2009, which has contributed to the decrease of value added by 317 thousand lei.

Table 5

Calculating the value by addisive method

No	Computing elements	Year 2008	Year 2009	Year 2010
1	+ Staff cost	2853	2276 (-577)	2316(+40)
2	+ Taxation	78	51 (-27)	74(+23)
3	+ Financial expenses	268	241 (-27)	257(+16)
4	+ Other operating expenses	18	15 (+3)	11(-4)
5	+Value ajusturents on intangible	163	174 (+11)	180(+6)
6	+ Net result	235	70(-165)	243(+173)
7	- Other operating income	10	97(+87)	389(+292)
8	- Financial income	54	18(+36)	142(+124)
9	=Gross value added	3551	2712(-839)	2550(-162)
10	Net value added	3388	2538(-850)	2370(-168)

Source: Our own processig

For 2009 :

-Reduction in value added was decreases distribution elements, except for value adjustments and other expenses.

-The largest contribution to the reduction in value added were personnel expenses and a net result.

For 2010 :

Reduction in value added growth was a result of financial income and other operating income.

-The larges contribution to the slight increase in value added had a net income increase of personnel expenses.

CONCLUSIONS

A few strengths and weaknesses can be inferred from this value added analysis.

Strengths: the company policy is to perform development investment by new technologization means, which would achieve products to fit beneficiaries' orders.

Weaknesses: poor value added shareholders' compensation and dividend sharing, the profit being used for further investment; increase of value added by a ratio lower than the turnover ratio.

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