

SOME CONSIDERATIONS ON THE ANALYSIS OF FINANCIAL RATIOS AT S.A. AGROMAX DELENI

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Abstract

Financial statements is the starting point in achieving economic and financial analysis of the performance of an enterprise because it provides financial data on which calculate and interpret indicators such as liquidity, solvency, profitability, risk of bankruptcy and many other indicators. Management companies has always need attentions direct on what happens outside a store, and intergrate this date, as well as a production information. All short and long term decisions for enterprise management requires information on the outside and the inner workings. It is known that social life take place on multiple levels, through different types of activities, that make up the so-called organismes with specific shapes of organization and structure of human society and that it is accompanied by various exchanges of information both between people and between that and the enviroment surroundings. The objectives pursued by performing works are: research objective reality, knowleage and interpretation; the established the streagths and weakneasses of financial management in order to sustain a new maintenance and development strategies in competitive enviroment; meansuring return on capital appreciation agriculture society on financial equilibrium conditions to assess the economic and financial independence; an analysis of past management on achieving financial balance, the profitability, solvency and liquidity; performance assessment by considering some aspects of the agricultural society activity closely with global and partial results; measures to improve recovery and performance to agriculture society.

Key words: performance, administration, patrimony, annual financial statements.

The benefits and costs of company refer a large aria of economic and financiar fenomen by using and consum the production factory the nature, the work and the capital and that to perform, to recuperate the using resourse. So the activiti to be performance in a company are resoure consumer and results producting and the accountancy by the mode of organisation and gestioning mode offer an exact image of the company resource and results and each of us should count of that becouse it's impotant to organisation and gestionar fair a buessnes which obtain the high resoults that we want and a corect gestionate of buessness is a mode by using practics from accountancy domain.

From FABS the costs are or output or increase of activ, grounds of arrears of his, an combination of two of categories operations survine in a exercices period and generate by delivery of goods, service prestation or other activities which decurg from normal or principal exploitation.

MATERIAL AND METHOD

Research methods used in this paper are bibliographic study, observation and comparative analysis. The case study was conducted at the agricultural society Agromax Deleni, where analysed key financial performance indicators showing agricultural society.

RESULTS AND DISCUSSIONS

Based on the annual financial statements were analysed key performance indicators. The financial statements are published as basic accounting, with the objective of providing information about the financial position, performance and cash flows enterprise useful to a wide range of users in making economic decisions.

The entire period analyzed (Figure 1) agricultural society has a good degree of autonomy, above the minimum acceptable value. However indicator registered a fluctuating trend due to the slower growth rate of permanent resources to the current ones. Reduction of indicatorin in 2010 with 25,15 %

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compares to 2009 reflects an increase in the share of resources in financial cyclical company. Last year over 68 % finance their agricultural society in activity of permanent capital, an increase of 28,65 % over the previous year.

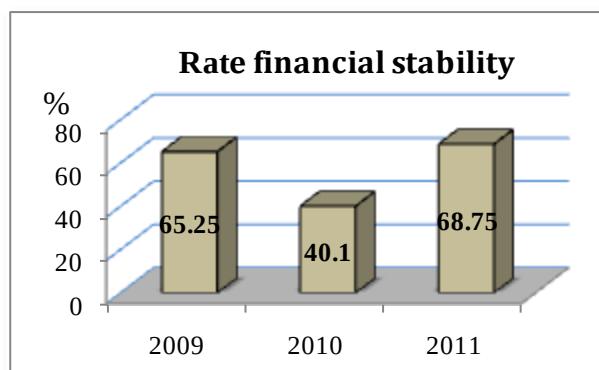


Figure 1

In the first year agricultural society is able to cover more than the total debt due entirely equity. Equity was 86,11 % higher than borrowed and raised, this situation is not so mentally and in the years 2010 and 2011 the agriculture society can not cover its debts swowing a reduction of equity capital with 33,33 % in 2010 and with 62,28 % in 2011, as a matter of fact: equity decreased confirming back of profitability for business; increase in debt with higher rates due to increased short-term debt (Table1).

Table1

Nr. crt.	Specification	UM	Period of analysis		
			2009	2010	2011
1	Equity	Lei	126993	165847	261493
2	Equity growth rate	-	-	1,3	2,05
3	Total debt	Lei	68234	248734	693088
4	Growth rate of debt	-	-	3,64	10,15
5	Financial autonomy index	%	186,11	66,67	37,72
6	The minimum acceptable	%	50	50	50

Agricultural society does not have a very good global financial autonomy for the entire period analysed, except for the base year of the analysis, because it shows un upward trend due to back of bank liabilities. Experts in the field estimate that in order to ensure financial autonomy the capital must represent at least half of the permanent. At the agricultural society, in the first two years of analysis autonomy rate is very high close 100 %, and in the last year of analysis financial autonomy is ensure term because is less that 50 % (Figure 3). Financial autonomy is paramount for a enterprise because it gives the possibility to decide in complet freedom and also to find and acquire new loans. From this point (Figure 4) of view the agricultural society is in a favorable situation only in the first years of

analysis, namely in 2009 and 2010, when the index value is below the maximum level and in the last year of analysis than the maximum permissible value of the indicator recorded, increases from year to year.

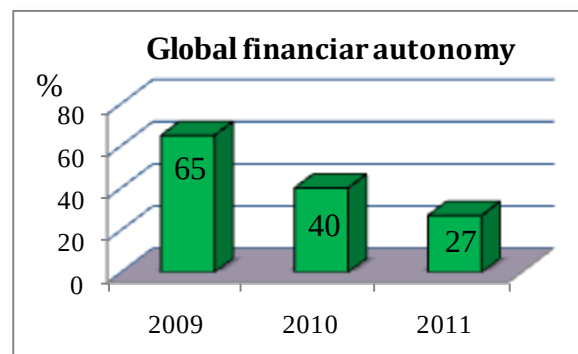


Figure 2

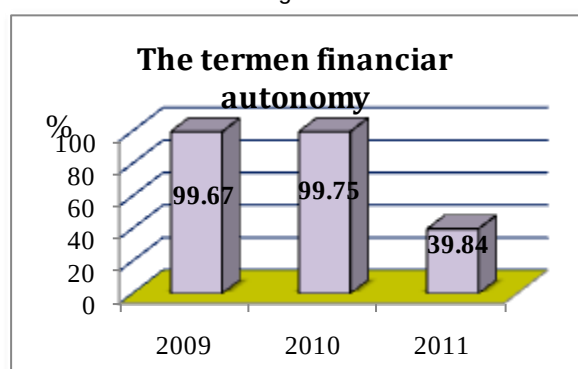


Figure 3

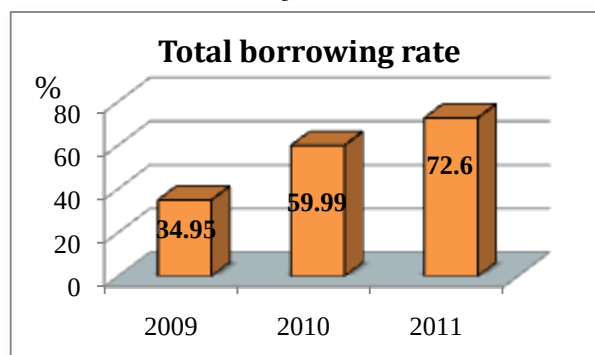


Figure 4

This situation occur due to the change in debt faster that modifying liabilities, due to encreased credit flows; growth of operations in the three years analyzed from 368333 lei in 2009 to 607843 lei in 2010 and 647858 lei in 2011 was due to increased operating income compared tooperating expenses, operating results, consistent with other financiar indicators confirm general trend of growth of agricultural society, having a real value greater than the 65 % for 2010 and 76 % in 2011 compared to 2009. This significant increase is a good thing because it expresses an increase of profitability in opeating activities and consequently the performance of this activity, increased current result was mainly due to increased operating income in the three years

analyzed, accounting net income recorded a year increase in three years, so in 2009 the 5921 lei, 9963 lei in 2010 and 36986 lei in 2011. This increase is due primarily to increased business volume turnover of agricultural society. Throughout the period analyzed the activity of current resources funding was quite swing (without exceed the maxim level), but recorded a reduction to the first year and last year of analysis, due to generally declining faster than the pace from the constant current resources (Figure 5). The principal reason for this decline in the year 2009 and 2011 is the reduction in short-terms of bank loans, agricultural society funds its operations in 2009 in percentage by 5 % from cyclic source, in 2010 approximately 30 % and in 2011 to 18 %.

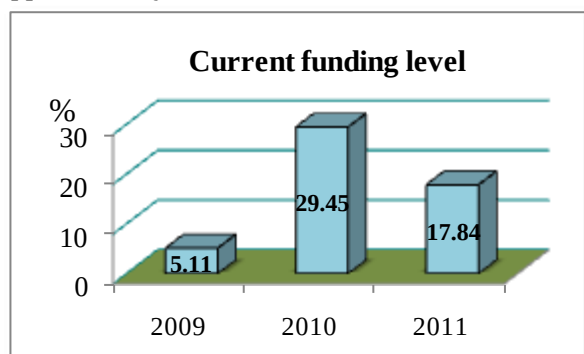


Figure 5

In a market economy a company can not survive and develop only to the extent that it proves that it is able to respond to market society in a sustainable manner, as measured by correct identification of customer requirements, ensuring prompt an offer of products and services. Analyzing agricultural society we observed that the reform in agriculture, micro or macro level, shows besides fundamental change of ownership, and change functions radical production and exchange relations of distribution of profit. The return of Romanian agriculture in the network market economy relations, relations of competition, where the criterion is only effective and quality, requires a new type of management that the methods and techniques used to meet the requirement of different types of agricultural holdings.

These studies conclude that although the agriculture society has nearly two decades agriculture has failed to be performance, for which I recommend the following: increasing acreage to increase profit; increase productivity by purchasing new equipment; providing a large amount of agricultural work to third parties, activity based incomes are obtained with relatively low costs; increasing areas of activity and/or the introduction of new fields by hiring new people and increasing fleet; association with other companies and attracting new investors. Even if the agriculture

society has not improved agricultural performance at the regional level remains a balancing factor in terms of revenue growth and support local farmers and producers in this area.

CONCLUSIONS

Modern world becomes increasingly a reality inconceivable without concern for performance, achievement and success. These elements have become motivation, almost obsessive, of any company that tries to join the market economy demands and global competition. Any business activity is focused on getting products, works and services, *raison d'être* consisted in obtaining a desired profitability. Analyzing the time evolution of the agriculture society emerged favorable and unfavorable aspects:

Favorable aspects: profit share in turnover is increasing, resulting thus a favorable situation; overall solvency is higher than one ($> 100\%$) so they can cover agricultural society payable from current assets it holds and using part of the permanent capital to fund its operation; partial solvability is very good in the last two years of analysis, and also results an optimal solvency for agricultural society.

Unfavorable aspects: current liabilities to total assets register values higher percentage; working capital is less than the need of working capital resulting in negative net cash in 2010 and 2011; agricultural society turned to large long terms loans in 2011, which led to higher financial expenses, hence highly leveraged; return of equity is lower than the interest rate, so doesn't secure the payment of interest on loans; immediate liquidity is reduced, agricultural society unable to honor its obligations in the short term from existing availability.

Finally we can say that the performance of a company is done by purchasing production resources with the lowest cost followed by maximizing the results and effectiveness of the activity.

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