

## CONSEQUENCES OF THE CHANGE IN TURNOVER ON THE MAIN ECONOMIC & FINANCIAL INDICATORS AT THE AGRO TRANSILVANIA CLUJ SA CENTRE OF CLUJ COUNTY

Lucica Armancă<sup>1\*</sup>, Lucia Podoabă<sup>2</sup>

<sup>1</sup>University of Agricultural Sciences and Veterinary Medicine Cluj-Napoca, Cluj-Napoca, Romania

<sup>2</sup>Babes Bolyai University, Cluj Napoca, Romania

\*Corresponding author: lucica.armanca@usamvcluj.ro

**Abstract.** The aim of the research is to identify the dynamics, the trend of the turnover of the public enterprise *Centrul Agro Transilvania Cluj SA* and the consequences of this dynamics on the main economic and financial indicators. The research is carried out on the overall activity of the company, whose object of activity is renting storage or storage and sales premises for local producers of agri-food products, for traders of agri-food products (wholesalers), but also for processors of agri-food products (meat products, dairy products, wines, ice cream, pastry, etc.). The documentation based on the financial and accounting information and the accounting of the researched period, 2020-2022, then the application of the calculation formulas for the change in the value of the researched indicators have enabled us to present some conclusions for the values of the researched economic and financial indicators.

**Keywords:** Turnover, indicators, rental, storage and sales stalls, agri-food products

### INTRODUCTION

The public enterprise is characterised by the defining element - subordination to public authorities, hence "The situation of dependence in which the enterprise finds itself vis-à-vis these authorities stems from the totality or majority of its capital being held by the authorities" (Maican, 2013). Public enterprise is a major component of the public sector, alongside mixed enterprises.

Agro Transilvania Cluj SA Centre, located in the village of Dezmir, Cluj county, has as main object of activity - services of renting out premises for storage and sale of agri-food products in classical storage conditions, in refrigeration conditions, respectively freezing of agri-food products. Parking spaces are also rented for the sale of agri-food products on the concrete platform – on a daily or subscription basis. The services also include the rental of logistic or administrative offices. For the whole offer, the public enterprise provides guarantees in terms of food hygiene and ensures fair and safe trade. In view of the global and local trend towards sustainable development of economic agents, the public enterprise in which the research is being carried out has thought of improving storage and sales conditions in the parking area on the platform, investments have been made in sales stalls, i.e. these stalls have been built (enclosed spaces with the necessary sanitary facilities). These stalls are also rented out to agricultural producers, agricultural traders and importers.

Governance and social responsibility make in the context of modern civilization and the era of digitalization of classical companies modern economic units that interact with distributive care towards the environment with which they interact: customers, employees, resources, nature, society, etc. In the conditions of contemporary life some activities can no longer be carried out using only practical sense, but constantly use the latest knowledge in the economic field, allowing post-factum analysis, as well as prospective analysis supported with commensurable effects and mathematical mini-deviations (Hristea, 2013).

The sources of information used for analysing the activity of renting out premises for agri-food products are: profit and loss account, income and expenditure budget, current accounting records, customer and supplier management, annual inventory, etc.(Susu, 2021).

Turnover is the total revenue earned from current rental activities by the public enterprise subject to our research. From a practical point of view, turnover allows the market position of the entity to be established, taking into account the object of activity, and then provides information on the activity dynamics, indicating its chances of expansion or its importance within the sector. (Hristea, 2013)

In the context of the Order of the Minister of Public Finance No 1802/2014, turnover is an indicator of the profit and loss account, being defined as "the amounts obtained from the sale of products and the provision of services after deduction of trade discounts and value added tax and other turnover-related direct taxes". Turnover is considered as the main and most widely used indicator in diagnosing the company's activity based on turnover.

In writings on the financial analysis of a firm, we find the conditions that must be mainly met by the turnover (Eros-Stark, 2001):

- its level should cover operating expenses and allow for profit.
- have a share of at least 85% of the operating revenue or 75% of the total revenue of the company in order to reflect a normal business achievement.
- show a real growth trend in dynamics to ensure the development and consolidation of the strategic position of the economic enterprise.
- should be carried out in accordance with the specific nature of the activity, by revenue component, in order to correspond to the main object of activity.

Among the indicators characterising the volume of activity and performance of the firm, turnover has obvious managerial valences (Barsan, 2003):

- it represents the value and volume of business done by the firm, i.e. the size of the firm and its economic status;
- it gives the size of the firm's market through market share;
- it underpins the calculation of efficiency indicators, i.e. profit rate, labour productivity, etc.

## MATERIALS AND METHODS

The material researched is information taken from the Annual Financial Statements of the Agro Transilvania Cluj SA Centre for the period 2020-2022, the current accounting for the period mentioned, as well as the Audit Reports for this public enterprise / trading company.

The turnover dynamics and evolution, i.e. changes in turnover over time, can affect and have an impact on the activity of the public undertaking.

Main indicators of economic/financial significance influenced by turnover dynamics:

a) on gross profit

$$\Delta CA^{Pr} = (CA_1 - CA_0) \times \overline{pr_0}$$

where:  $P_r$  - gross profit on turnover

$\overline{pr_0}$  - the average profit per one leu turnover (P/CA). (Hristea, 2013)

b) on salary expenses

$$\Delta CA^{Chs} = (CA_1 - CA_0) \times C_{s_0}^{(1000)} \times \frac{1}{1000}$$

where: Chs – salary expenses,

$C_s^{(1000)}$  - expenses per 1000 lei turnover (Hristea, 2013)

c) on the economic rate of return

$$\Delta CA^{Re} = \frac{(CA_1 - CA_0) \times \overline{pr_0}}{At_1} \times 100$$

where:  $R_e$  - rata rentabilitatii economice

$At$  - activele totale (Hristea, 2013)

d) on the current asset turnover ratio expressed as the average duration in days of a turnover

$$\Delta CA^{DZ} = \frac{AC_0}{CA_1} \times T - \frac{AC_0}{CA_0} \times T$$

where: Dz- current asset turnover, expressed as turnover duration (days)

AC - average balance of current assets analysis period (360 days)

(Hristea, 2013)

e) on the efficiency of the use of fixed assets (based on the indicator "Turnover per 1000 lei of fixed assets)

where:  $CA_{1000}/M_f$  - turnover per 1000 lei fixed assets

$\overline{M_f}$  - average annual value of fixed assets (Hristea, 2013)

f) on the amount of expenditure

$$\Delta CA = \frac{1}{1000} (CA_1 - CA_0) \times C_0^{(1000)} ; C^{(1000)} = \frac{Cht}{CA} \times 1000$$

where:  $C^{(1000)}$  - the expense ratio per 1000 lei turnover

## RESULTS AND DISCUSSIONS

### a) Influence of turnover growth on gross profit

At the level of 2021, in comparison with the year 2020, the turnover increase in absolute values is 306,642 lei, and the average profit per 1 leu turnover for the previous year is 0.25 lei. The influence of the turnover increase on gross profit is 75,557 lei.

In 2022, in comparison with the year 2021, the turnover increase in absolute values is 707,005 lei and the average profit per 1 leu turnover is 0.23 lei. The influence of the turnover increase on gross profit amounts to an increase of 162,753 lei.

### b) Influence of turnover growth on wage costs

Salary expenses per 1000 lei turnover for the year 2020 are 537 lei, thus at the level of 2021 in comparison with 2020, the influence of the turnover increase on expenses born with employee salaries amounts to an increase of 164,666 lei.

Wage costs per 1000 lei turnover in 2021 are 526.60 lei, and in 2022 compared to 2021, the influence of turnover growth on wage costs is 162,752 lei.

### c) the influence of turnover growth on the economic rate of return

In the year 2021 in comparison with 2020 the increase in turnover influences the increase in the economic rate of return by 1.56%.

At the level of 2022 in comparison with 2021 the increase in turnover influences the increase in the economic rate of return by 2.86%.

### d) the influence of turnover growth on the average current asset turnover ratio

In 2021 in comparison with 2020, the influence of turnover growth on the current asset turnover ratio is to accelerate it and reduce the average duration by 11.51 days.

In the year 2022 the influence of turnover growth is to accelerate the current asset turnover speed and reduce the average duration by 26.87 days.

### e) the influence of turnover growth on the efficiency of the use of fixed assets

At the level of year 2021 level the efficiency of the fixed assets use is influenced by the increase in turnover by 181.10.

At the level of year 2022, the influence of turnover growth on the efficiency of fixed assets use is 393.27.

### f) the influence of turnover growth on total expenditure

For the year 2021 the effect of the increase in turnover is also the effect of the increase in total costs by the amount of 419,118 lei.

For the year 2022, the change in turnover in the sense of a turnover increase is also the effect of a total expenditure increase of 848,477 lei.

## CONCLUSIONS

The analysis of how a change in turnover influences some economic and financial indicators concludes that if turnover increases, then through such change in turnover there were increases in gross profit during the period under research. The change in turnover in the sense of a turnover increase has also generated increases in wage costs during the period under research. The economic profitability of the public

enterprise has shown an upward trend as a consequence of the increase in turnover during the period under review. The increase in the current asset turnover speed and the reduction of their duration is also the effect of the increase in the turnover of the company during the period under research. The efficiency of the use of fixed assets, or operating assets, has slightly increased and this result is also the effect of a change in the sense of turnover growth. Increased turnover also generates higher consumption, so the justified increase in expenditure in absolute figures contributed to the increase in turnover during the period under review.

## REFERENCES

1. Maican O.H., Statutul legal al intreprinderilor publice si monopolurilor comerciale in U.E., Tribuna juridica, 2013, Vol 3 Issue 1.
2. Birsan M., Analiza economico-financiara, Editura Universitatii „Stefan cel Mare” din Suceava, 2003.
3. Eros S.L., Pantea I.M., Analiza situatiei financiare a firmei. Elemente teoretice.Studii de caz, Editura Economica, Bucuresti, 2001.
4. Hristea A.M.- Analiza economico-financiara a activitatii intreprinderii, de la intuitie la stiinta, Vol 2, Editura Economica, 2013.
5. Susu S., Analiza economico-financiara - Indicatori pentru sanatatea afacerii, Editura Economica, 2021.
6. Ordinul ministrului finantelor publice nr.1802/2014 pentru aprobarea Reglementarilor contabile privind situatiile financiare anuale individuale si situatiile financiare anuale consolidate, cu modificarile si copletarile ulterioare
7. <https://www.agrotransilvania.ro>
8. <https://doingbusiness.ro>
9. <https://listafirme.ro>
10. Raportul de audit pentru Societatea Centrul Agro Transilvania Cluj SA(2020,2021,2022)