

PROFITABILITY ANALYSIS AT THE LEVEL OF BREAD-BAKING UNITS

Tindeche Cristina, Popescu Liliana, Sima Elisabeta

University of Agronomic Sciences and Veterinary Medicine, Bucharest, 59 Marasti, sector 1,
011464, Bucharest, Romania, Phone: +40 21 318 04 65, Fax: + 40 21318 28 88
E-mail : tindecu_cristina@yahoo.com

Abstract

There are some ways to improve the activity of the company as follows developing a marketing department, identifying the constant clients which respect the deadlines for the payment allocating a considerable budget for the commercial activities and for the publicity employing young staff; training the staff for applying for an upper level; introducing a motivating programme. This study has been developed at the level of representative company from S.C. VEL PITAR S. A.

Key words: management activity, bread-baking units, economic financial indices, ways for improving economic efficiency

INTRODUCTION

In order to make this study, some accounting data from the Accounting Department of the company for the period 2006-2010 were used. The economic and financial indicators were calculated for the analysed period using the existing methodology for economic and financial analysis. The decision factors can decide on the appropriate measures to improve the management activity and the profitableness of the company, taking into consideration the values of these indicators.

MATERIAL AND METHOD

Table 1

The evolution of profit and turnover during 2006-2010 - lei-

Specification	2006	2007	Years 2008	2009	2010
Turnover	1831530	5000000	14000000	13788502	16077344
Profit	104555	300000	900000	536304	212847
Percentage the turnover in the profit	5,5	6,00%	6,40%	3,90%	1,32%

Analysing the data from the table, we notice a decreasing evolution of these indicators beginning with 2009, situation which needs radical measures to make the company more profitable.

Table 2

Financial profitability rate in the period 2009-2010

Indicators	Year 2009	Year 2010
Income	18429858	21800300
Total assets	5531121	5539302
Proper capital	3588119	3769002
Net profit	536304	212847
Financial efficiency	14,94%	5,64%
Assets rotation speed	3,29%	3,93%
Financial lever	1,54	1,46
Net profitability of income	0,029	0,009

A significant decrease with 9.3% of the financial profitability rate was registered in comparison with the previous period.

Table 3

The situation and dynamics of the income, expenses and profit in the 2009-2010 period

Indicators	Year 2009	Year 2010	2010/2009 %
Turnover	13788502	16077344	116.59
Brought to day turnover	1516735	1125414	74.19
Other sources of income	10868	23795	218.94
Overall exploitation income	18358256	21654914	117.95
Overall exploitation expenses	17202488	21186598	123.16
Gross margin from exploitation	1155768	468316	40.51
Exploitation expenses	17202488	21186598	123.16
-human resources	3416367	3491381	102.19
-others	15095	11715	77.60
Financial expenses	34673	169252	488.13
Exceptional expenses	224482	87228	38.85
Exploitation result	1155768	468316	40.51
Financial result	7705	-	-
Exceptional result	-	27133	-
Overall income	18429858	21800300	118.28
Overall expenses	17461643	21443078	122.80
Profit before taxation	968215	357222	36.89
Profit tax	431911	144375	33.42
Net profit	536304	212847	39.68
Brought to day net profit	5899344	1489929	25.25

In conclusion, in the last years, S.C. VEL PITAR S.A. made profit, but both the turnover and the profit obtained in 2010 are situated under the values from the preceding year.

Table 4

Financial profitability rate in the period 2009-2010

Indicators	Year	
	2009	2010
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Financial lever	1,54	1,46
Net profitability of income	0,029	0,009

Table 5

Indicators used for debts –obligations diagnosis

Indicators	2009		2010	
	Thousand lei	%	Thousand lei	%
Turnover	1378502	100	16077344	116.6
Debts	563101	100	377970	67.12
Obligations	2744704	100	2420882	88.20
Debts/obligation relation	0.20		0.15	

In conclusion, in the analysed period, the debts and obligations decreased, while the turnover increased, which favourably influenced the flow of reserves. This influence is also showed in the debts /obligations relation.

Table 6

The situation of the liquidity and solvency indicators

Indicators	2009	2010
General liquidity	0,56	0,63
Immediate liquidity	0,36	0,29
General solvency rate	2,84	3,12

RESULTS AND DISCUSSIONS

The size and the evolution of the indicators show that, the company while regarding the solvency is in a better situation, the values of the liquidity indicators show an alarming situation.

Taking into consideration the values of the economic and financial indicators determined through the known methodology and information picked up on an interview basis at the level of the company a few

recommendations can be made regarding the aspect of improving the activity of the company in order to increase its profitability.

Recommendations for improvement

Among the proposals which could immediately be solved are:

- creating a new marketing department;
- finding new clients who will increase the production orders towards a maximum capacity;
- modernisation and development of the distribution and selling system;
- developing the base for materials, additional materials and auxiliary materials coming from importation
- implementing new and efficient motivating methods
- promotion on a competence basis;
- increasing the budget for advertising the products and for publicity;

Research and development. Organizing activities with a main concern on:

- creating new products and technologies;
- implementing new technologies and using substituted and value added products;

CONCLUSIONS

1. Employing new qualified staff in the company's departments represents a necessity within S.C. VEL PITAR S.A.

2. What is really in order to promote a modern management, is implementing new, efficient motivating methods

3. Modernizing and completing the management instrument, anew quality at the decision level needs a radical transformation and reconsideration of the range of the management methods is needed as well as real methods of utilization at the level of all organization phasing within the companies

4. Increasing the budget for the advertising the products and for publicity represents a solution for earning new clients and regain the market

5. Developing the base for raw materials, additional materials and auxiliary materials coming from importation is a very important issue in a strategic supplying with material resources

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