

ASPECTS REGARDING THE DIAGNOSIS ANALYSIS OF A COMMERCIAL SOCIETY. COMMERCIAL DIAGNOSIS

LUNGU COSMIN¹, MEILA ELENA DANIELA¹, CLAUDIA SÎRBULESCU*¹
¹ *Banat's University of Agricultural Sciences and Veterinary Medicine "King Michael I of Romania" from Timisoara*

*Corresponding author's e-mail: claudiasirbulescu@usab-tm.ro

Abstract. Diagnosis, regardless of the field of use, requires a complete analysis of the investigated situation, of its training and modification mechanism. The company's diagnosis is an analysis of the situation of the company, which allows highlighting the positive aspects and the negative aspects related to its activity. In the following we have realized a commercial diagnosis, based on the data from the financial statements, for SC AGRO STAR SRL. From the diagnostic analysis there should be not miss elements regarding the following aspects: company history - with emphasis on the evolution from the last years; associates (associates in the case of a joint-stock company); company staff; organization and management of the firm; products; the performances of machinery and of the production equipment's; image and reputation of the firm; commercial relations; competition; company strategy and perspectives; financial management and financial relations of the firm.

Keywords: fiscal value, commercial diagnosis, income, sales, market

INTRODUCTION

The purpose of this paper is to present some aspects regarding the diagnosis of the company. The study started in this paper will continue with other detailed issues in this respect.

The fundamental problems with which each company is faced, mainly, establishing and consolidating the place it occupies in the concrete economic space in which it operates, the major objective to which it is heading, the costs involved and the chances of success.

In the systematic approach of the company's issue a special role is played by the economic-financial analysis, as a tool for monitoring the activity and its performance. The economic-financial analysis, through its specific methodology, procedures and techniques, concentrates to the diagnosis of the different processes and phenomenon, reveals their structure, establishes the causality relationships, the factors that govern them, reveals the laws of their formation and development, and on this basis offers to the leadership the possibility to make decisions about improving the business in the future. [1]

The diagnosis has as objective to assess the health of the company based on the company's performance and vulnerability measurement. Thus, the goal of a diagnosis is not to solve the problems, but to identify them - an absolute necessity objective for resolving them later - because making of a diagnosis does not involve the application of corrective measures. [4, 5, 11]

Based of the diagnosis, the firm can be assessed, considering that from the point of view of the evaluation of a company, according to the classical evaluation methods, the diagnosis represents 80%.

The main purpose of the diagnosis is to assess the health of the company by measuring performance and assessing vulnerability, identifying the causes and the context that generated this condition without proposing the application of the "treatment" and the recovery program. This does not mean that its role is a passive one, but on the contrary, it gives substance to future strategic directions by providing information about weaknesses and strengths, about the possible risks and viability chances of the enterprise. [8, 10]

Commercial diagnosis targets the market for the products of the enterprise and its supply market. The basic objective of the commercial diagnosis is to estimate the current and potential market of the enterprise and its place on the market. [2]

In the frame of commercial diagnosis it is recommended to address the following key issues: market, products/services, price, and promotion.

MATERIALS AND METHODS

The working methods used by the authors of the article consisted in data collection, processing, analysis and comparison. The research is based on a bibliography made up from different scientific publications, financial statements of the company analyzed, books, without claiming to have exhausted the literature on this subject.

The enterprise's economic assessment is based on accounting data. Through the diagnosis it is realized a highlight of the company as complete and correct as possible.[8,9]

The diagnosis appreciates both past and present situations so that in the future to be made correct predictions. [2, 5, 7]

RESEARCH RESULTS

GENERAL PRESENTATION OF THE COMMERCIAL SOCIETY. THE MAIN INDICATORS OF THE SOCIETY

In this paper we have presented the commercial diagnosis at SC Agro Star SRL through its specific indicators. At the basis of the analysis of the commercial diagnosis, there were studies on the market that the company operates, the products that the company uses, as well as the price or their promotion.

Agro Star S.R.L. was created in 2009, as a company with limited responsibility, with main object of activity cultivation of cereals and leguminous plants. The company also has other objects of secondary activity consisting of: provision of agricultural services for third parties and provision services of grain storage.

SC Agro Star SRL, with headquarter in Semlac, Arad County, is registered at the Trade Register under the number J02/1048/2008, having the unique registration code RO16218959 and having a wholly private capital consisting from 100 shares with a value per share of 50 lei, associates being Dan Hetas and Raluca Hetas, Romanian citizens. The shareholders of the company began buying agricultural land from 2010 to reach an ideal of 2,000 ha of agricultural land owned to be exploited. In 2014 the company works 950 ha of agricultural land. In 2015, the area of agricultural land reached to 1,150 ha. In the year 2016, the cultivated area reaches to 1,550 ha. The founding of the company was funded by the associates, and for the current activity the company resorts partly to credits, suppliers for seed and herbicide.

SC Agro Star SRL currently has 10 employees, of whom 4 are directly involved in agriculture and repairing of agricultural machinery, 2 involved in the management of the cereal storage facility and an administrative person (accounting, human resources and administrative-commercial). Agricultural activity is seasonal, but the company has work for all employees throughout the year.

SC Agro Star SRL has built a grain storage base from the EAFRD funds, near to the agricultural lands owned by the company, in order to store the cereals to be obtained from the agricultural activity.

The company works the 1,550 ha of agricultural land with its own equipment and stores in its own storage facilities. This activity has ensured in 2016, 60% from the total fiscal value. 30% from the fiscal value is represented by revenues from operating grants

(subsidies received from APIA). The remaining 7% from the fiscal value is recorded from investment grants related to EAFRD investment.

The main indicators of the company are presented in Table 1. The decrease in fixed assets is determined by their depreciation, 2016 being the first year in which the fixed assets decreased, until then the company being in the period of investment and growth of the business volume. The share of current assets declined from 2013 until 2015 and started to increase in 2016, reflecting the start of a normal production process, the company reaching its normal production capacity, ending the massive investment period.

Table 1.

The main indicators

	U.M.	Years			
		2013	2014	2015	2016
Turnover (T)	lei	978,123	1,879,921	5,987,150	6,305,456
Fixed assets	lei	4,475,236	10,109,813	13,680,212	12,546,367
Current assets	lei	4,897,820	7,767,120	4,820,454	5,765,693
Debts	lei	8,995,897	12,967,895	14,992,894	15,976,983
Net profit (NP)	lei	-243,754	-698,962	201,120	-91,070

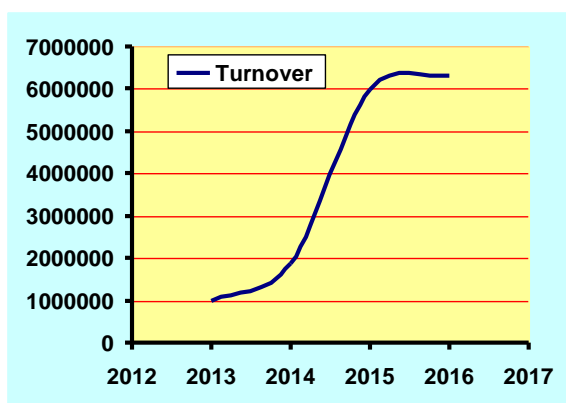


Figure 1. Evolution of turnover

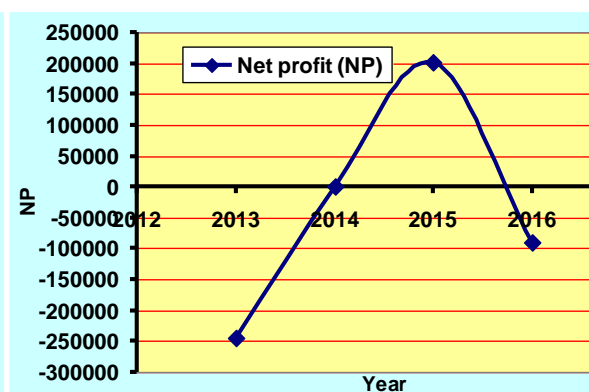


Figure 2. Evolution of net profit

The size of the business it is placed at a level of 18,312,060 lei total assets and a fiscal value of 6,305,456 lei registered in 2016. The company has reached to this volume of investments and fiscal value over 4 years, the agricultural activity being increasing from one year to the next. In the year 2016, the company came to work on the maximum land area the company owns and to be equipped with a base of enough machinery to work the land and harvest the grains without any outside help.

COMMERCIAL DIAGNOSIS

Making a commercial diagnosis aims to determine the "market" and the place occupied by the enterprise on this market, both in the present and in the future.

Commercial diagnosis is conducted on the elements that condition and act on the market: products, customers, suppliers, competition, the way of distribution of products and services. [2]

Analysis of the company's market represents a major aspect in estimating the value of a business; from this perspective it is proposed to be analyzed the following aspects: analysis of sales evolution, study of competition, analysis of the company's customers, and analysis of the suppliers of the enterprise (the supply market). [2, 3, 6]

In the evaluation activity of a company, it concerns the sales of goods, works and services that form the object of the activity, which is defined as being the fiscal value. It follows that in the category of sales does not include those with exceptional character, such as asset disposals. [3, 7, 11]

In economic and financial analysis, one of the most important indicators is fiscal value. The fiscal value is the key indicator on the basis of which is evaluated the enterprise's ability to earn revenue from current business operations. In concrete terms, it is part of the indicators of economic and financial results, contributing to the economic diagnosis and evaluation of the company, to the estimation of the efficiency of the management practiced.

FISCAL VALUE = Revenues from the sale of goods + Output sold (made up from finished products, semi-finished products, waste products, executed works and services) + Other revenues related to fiscal value.[1, 2, 4, 5, 11]

In the year 2014, the fiscal value of 1,879,921 lei is realized in the proportion of 70% from the trade activity and only 30% from the supply of grain storage services. Year 2015 brings tripling of fiscal value, due 60% to the grain trade, 20% of the sale of own production from the surface, and 20% from the service activity of storage the cereals. The specificity of agricultural activity is that the income from the activity of cereals cultivation is obtained in the following financial year for the crops sown in the autumn.

Table 2.

Sales evolution

Indicator	UM	Year			
		2013	2014	2015	2016
Revenue from the sale of goods (R _{SG})	lei	664,845	1,478,927	3,732,644	489,416
The production sold (P _S)	lei	132,238	212,345	1,735,746	3,986,953
Turnover (T)	lei	978,123	1,879,921	5,987,150	6,305,456
Index of turnover growth (I _T)	%	100	192.18	318.647	105.31

$$T = R_{SG} + P_S + O_i$$

$$I_T = T_{(n)} / T_{(n-1)} * 100$$

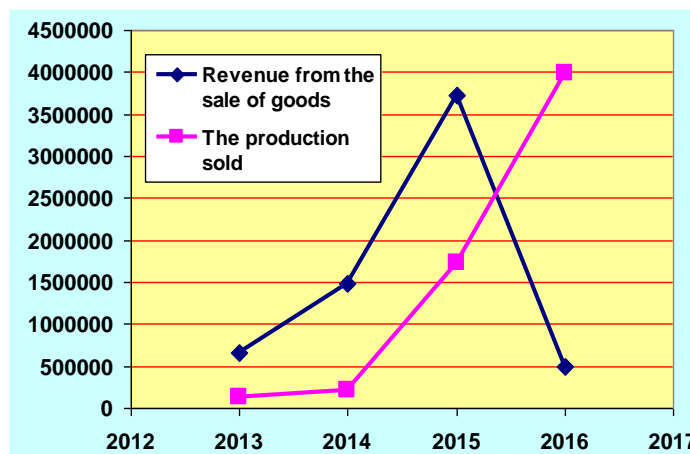


Figure 3. Sales evolution

In 2016, the value of sales drops and it is formed 63% from sales of finished products, 29% of providing services and 7.76% of grain trade. The decrease in sales is due to the lower volume of grain storage revenue in 2016 compared to 2015, due to the decrease of the volume of cargo stored by third parties in 2016. (Table 2)

The 2016 year is a year of normal activity, the company obtaining production on the maximum area, but not at normal agricultural yields, being slightly below the outputs obtained by agricultural farms from the area due to some external phenomenon. The year 2016 has registered maximum revenue from providing services activity.

Grain trading is taken in consideration by the company, but it requires a sufficient cash availability to make it available for up to 90 days and presents risks of loss-making. For the time being, the company focuses on improving production activity.

The analyzed company mainly sells its own agricultural products: wheat, rape, barley, sunflower, corn. In the year 2016, the company has cultivated 625 ha of wheat, 50 ha of rape, 55 ha of barley, 555 ha of sunflower and 265 ha of corn. Another important part of the total revenues is represented by the activity of providing services, which in 2016 was made 50% from the cereal storage activity from third parties, and 50% from the activity of providing agricultural services.

Agro Star SRL is predominantly an agricultural company and has achieved its objective of agricultural landholding in propriety and exploited. From this point of view, it is not in competition with the agricultural companies from the area. The agricultural area in which the agricultural holding is situated is heavily agricultural, being worked all land surfaces. For agricultural activity, there is no competition, either for raw materials or for the sale of agricultural production, existing the sufficient demand and supply. The only competition that might arise would be for the land area worked, in case in which SC Agro Star SRL would like to expand, case in which they should pay more rent or buy lands further.

Instead storage activity became competitive, given the large number of grain stores from the area. There is no data to determine the market and market position for this activity, but it is obvious that this activity is also marginal for the company, since it is a priority to store its own commodity and there is an availability for making available to third parties.

SC Agro Star SRL has made a reputation as a serious partner with qualified staff, aspect obvious from the list of clients and suppliers with whom it works. For the agricultural activity, SC Agro Star SRL has access to a large number of suppliers of raw materials: seeds, fertilizers, phytosanitary treatments and diesel. The choice of one or the other depends on the decision, preference and strategy chosen by the company. As far as machinery suppliers, they are chosen according to their preference for certain types of machinery of the company.

Regarding customers, regardless of the customer, the agricultural products are sold with payment before delivery. For the providing service activity, is negotiated a 15-day payment period. Analyzing payment terms of up to 11 months for suppliers of seed and plant protection products with 0-day deadlines for collecting grain sales bills, we conclude that the activity is funded by suppliers.

For agricultural service activity, we have prepaid gas and term of collection of 15 days from invoicing, this activity being supported for 20 days by the company, but the amounts being small, do not influence the financial equilibrium.

CONCLUSIONS

Analysis activity, related with the diagnose one provides managers a range of information, such as: identifying opportunities and dysfunctions in the business of the enterprise; determining the causes that have generated or induced certain economic phenomenon; identifying the measures that need to be taken to improve economic performances.

Based on the commercial diagnosis we came to the following conclusions:

- the main strength is represent by the low operational risk, the company having all the agricultural equipment's in its possession, sufficient own storage facilities and rights regarding agricultural land use;

- the company is not dependent on suppliers or customers, the agricultural market having many competitors for both the supply of raw materials and materials, and for the sale of grain production;

- the price cannot be influenced by the company analyzed, this being subject to the evolution of prices both globally and regionally;

- the main weak point of the company is that the production activity and the prices of the products are strongly influenced by the evolution of the weather conditions, which determines the productivity of the company;

- given the location of the company in a strong agricultural area, makes it possible that a future wish to expand the cultivated area to be difficult, with no land available, either at higher prices or the company could only analyze the expansion with more distant surfaces, which would obviously raise higher operational risks.

REFERENCES

- [1]. **ANGHEL I., DINU E.**, 2007, Strategia și analiza economico – financiară a firmei, Editura ASE, București
- [2]. **BUGLEA A.**, 2012, Diagnosticul și evaluarea întreprinderii, Editura Mirton, Timișoara
- [3]. **BUZAMAT GENOVEVA, RUSET CORINA, PET ELENA, CRETESCU IULIANA**, 2013, The analysis of the financial position in an agricultural company from Romania, Research People And Actual Tasks on Multidisciplinary Sciences, Lozenec, Bulgaria
- [4]. **CĂRUNTU C.**, 2009, Analiza economico-financiară a firmei. Concepte. Metode. Aplicații, Editura Universitaria, Craiova
- [5]. **CIURARIU GABRIELA**, 2011, Analiza economico-financiară, Editura Tehnopress, Iași
- [6]. **FEHER ANDREA, GOȘA V., HURMUZACHE TABITA, RAICOV, M.**, 2014, The development of rural entrepreneurship in Romania, Review on Agriculture and Rural Development 2014. vol. 3 (1)
- [7]. **PETRESCU SILVIA**, 2005, Analiză financiară aprofundată. Concepte. Metode. Studii se caz, Iași
- [8]. **SÎRBULESCU CLAUDIA, PÎRVULESCU LUMINIȚA, IANCU T.**, 2017, Aspects regarding the analysis of the performances of a society, Scientific Papers: Animal Science and Biotechnologies, 50 (1)
- [9]. **SÎRBULESCU CLAUDIA, TONEA ELENA**, 2015, The conflict between producers and users accounting information, Scientific Papers: Animal Science and Biotechnologies, 48 (1)
- [10]. **SÎRBULESCU CLAUDIA, OCNEAN MONICA, TONEA ELENA, ALDA LIANA, CHIRILĂ MARIANA, CHIRILĂ, D.**, 2010, Accounting information users in the financial statements, Lucrări Științifice, Management Agricol, seria I, volumul XII (3)
- [11]. **TOLE M., MATEI N.C., TOLE A.A., RUSE E., SPINEANU-GEORGESCU L.**, 2011, Analiza economico- financiară. Metode, tehnici și metode, Editura ProUniversitaria, București