

## **FINANCIAL RESULTS OF ECONOMIC ACTIVITY IN SC 3 D TOP PROJECT LLC ORĂȘTIE, HUNEDOARA COUNTY**

**PÂNZARU R.L., MEDELETE D.M.**

*Faculty of Agriculture and Horticulture, University of Craiova*

**Key words:** income, expenses, profit, loss structure.

### **ABSTRACT**

*This paper aims to present the financial position of the unit examined by presenting based on the profit and loss account of the indicators of income, expenses and profit. The study covers a period (2009-2011) characterized by numerous changes related to specific market developments.*

*It can be seen that the activity peaked in 2010, then in 2011 there has been a substantial reduction in their performance.*

### **INTRODUCTION**

3D TOP PROJECT LLC was founded in 2007. According to existing data in the Commercial Register, the company has as main activity field engineering activities and related technical consultancy.

Company address is Str. Grădiștei Oraștie No.1, Zip Code: 335700, Hunedoara county, and entered in the Register of Commerce: J20/1231/2007, CUI: 22329986.

Unit operating in the service sector, the sector recorded an upward trend after economic decentralization process in Romania. The unit is intended for customers with specific needs: transactions of real estate, civil, industrial and scored in the land, etc..

### **METHOD AND MATERIAL**

The paper was accomplished for the 2009-2011 period. The documentation included an accounting consultation documents (profit and loss) and other documents containing financial data. Bureau phase was accomplished through time ordering and usage - as working method - comparison of time.

### **RESULTS AND DISCUSSIONS**

Table 1. presents the level of income indicators for the years 2009, 2010 and 2011.

The first indicator of income is the production sold. This indicator varied uneven the level of of 74,793 lei in 2009, being defeated with 33.33% in 2010 (99 724 lei) and 24.25% lower in 2011 (56660 lei), so the average was 77 059 lei (3.23% compared to 2009).

Revenue from sale of goods and from grants were not made by the company, so that the net turnover is only based on production sold.

Other revenues and income for the cost of production in progress are made as a result operating income are identical to net turnover and production sold (Figure 1.): 74 793 lei in 2009, 99,724 lei for 2010 - 133.33% in dynamically 56660 lei for the year 2011 to 75.75% 60059 lei average of the period (80.30%).

The unit has recorded very modest interest income, 12 lei in 2009, 15 lei in 2010 and 25 lei in 2011, therefore the average period was 17.33 lei. Dynamics reveals supraunitary terms of reference values by 25%, 108% and 44.42% in 2010, 2011 also for period average.

Table 1.

**Indicators of income**

-lei-

Nr.	Specification	2009		2010		2011		media	
		Effect.	Dynam.	Effect.	Dynam.	Effect.	Dynam.	Effect.	Dynam.
1.	Production sold	74793	100	99724	133,33	56660	75,75	77059	103,23
2	Revenue from sale of goods	0	100	0	-	0	-	0	-
3	Income from subsidies	0	100	0	-	0	-	0	-
4	Net turnover (1+2+3)	74793	100	99724	133,33	56660	75,75	77059	103,23
5	Income cost of production in progress	0	100	0	-	0	-	0	-
6	Other income	0	100	0	-	0	-	0	-
<b>I</b>	<b>Income from operations (4+5+6)</b>	<b>74793</b>	<b>100</b>	<b>99724</b>	<b>133,33</b>	<b>56660</b>	<b>75,75</b>	<b>77059</b>	103,23
7	Interest income	12	100	15	125	25	208,33	17,33	144,42
8	Other financial income	0	100	0	-	6	-	2	-
<b>II</b>	<b>Financial income (7+8)</b>	<b>12</b>	100	<b>15</b>	125	<b>31</b>	258,33	<b>19,33</b>	161,08
<b>III</b>	<b>Extraordinary income</b>	<b>0</b>	100	<b>0</b>	-	<b>0</b>	-	0	-
<b>IV</b>	<b>Total revenues (I+II+III)</b>	<b>74805</b>	100	<b>99739</b>	133,33	<b>56691</b>	75,78	<b>77078,33</b>	103,04

assigned revenue in balance C is added to net sales;

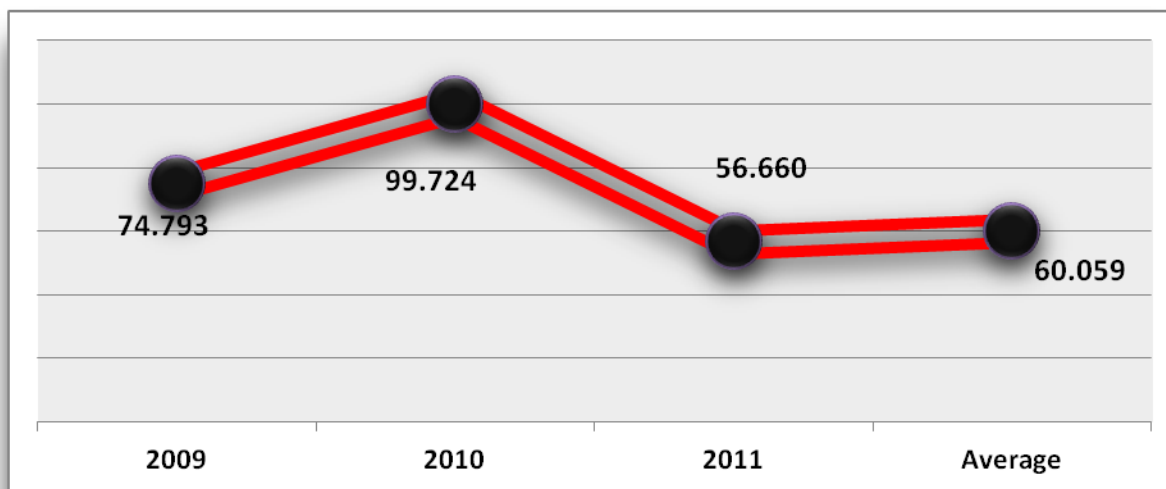


Figure 1. Income from operations

Other financial income was achieved only in 2011 being 6 lei so that the average period was 2 lei

Financial income (resulting from adding interest income from other financial income) increased during the period under review, being (Figure 2.): 12 lei in 2009, 15 lei in 2010 (+25% compared to the previous year); 31 lei in 2011 (brought forward from 158.33% to the base) 19.33 lei for period average (61.08% compared to the first term).

It should be noted that the company has not recorded during the period, any extraordinary income.

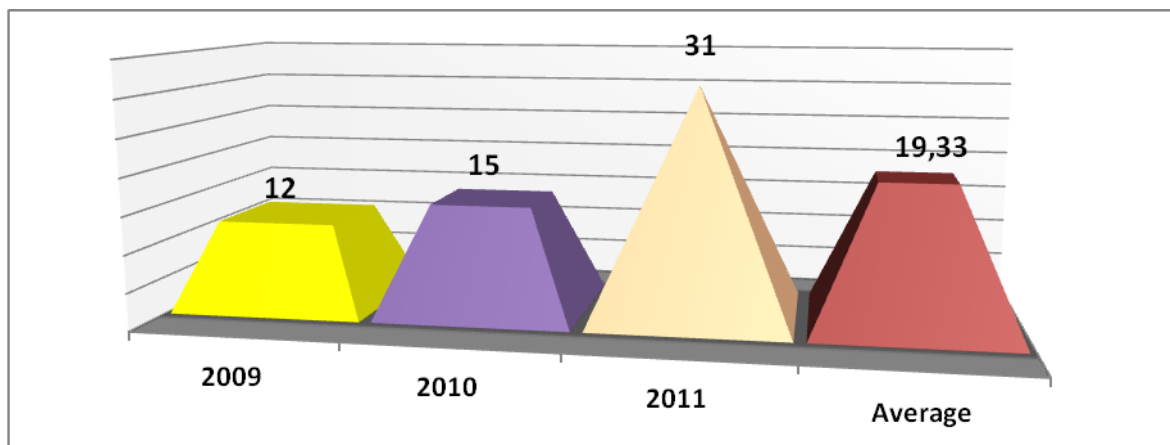


Figure 2. Financial income

Based on the three categories of income (operating, financial and extraordinary) are formed company's total revenue, which is as follows (Figure 3.): 74 805 lei for 2009, 99,739 lei in the year 2010 to 133.33 % 56 691 lei for 2011 (lower level with 24.22% reporting base) 77078.33 lei for period average (3.04% compared to 2009 - term of reference).

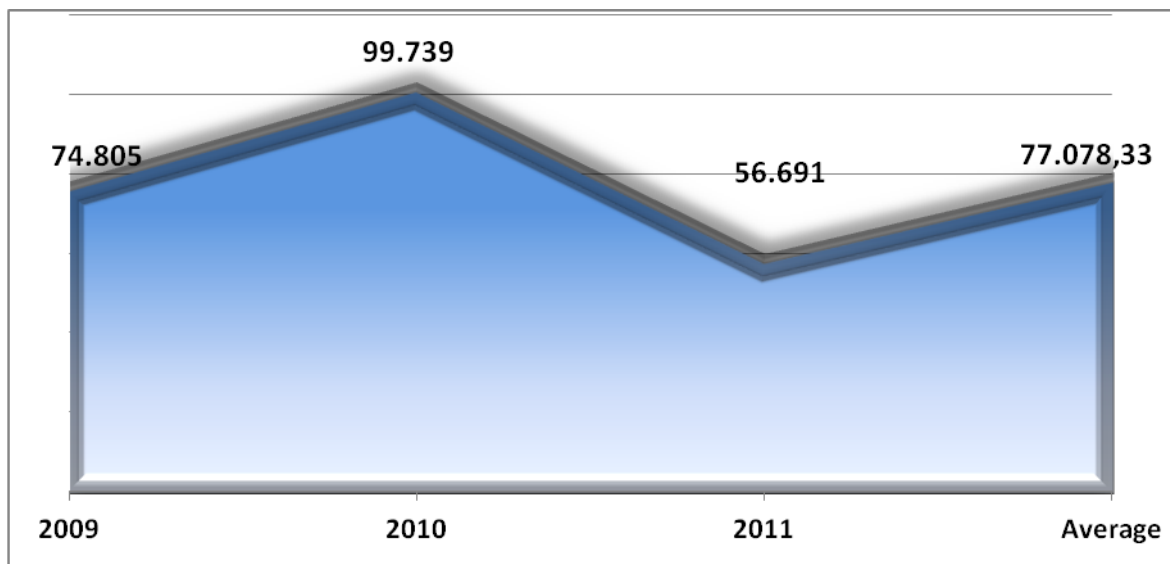


Figure 3. Total revenues

Table 2. presents indicators of expenditure for the period under review. Refer to the operating expenses, financial expenses, extraordinary expenses and total expenses.

Raw materials and consumables ranged from lei 6052 in lei 2009 to 12486 in 2011, while the average of the period was 8701 lei in 2010 being the level of 7565 lei. Dynamic trend of the indicator underlines, overtaking the term of reference being: 25.0% in 2010, 106.31% in 2011 and 43.77% in average.

Other material expenses have an average of 288.41 lei (188.41% dynamic), involving the temporal sequences of 630 lei in 2009, 787 lei in 2010 (24.92%) 4034 lei in 2011 (brought forward to 6.40 times the first term).

Expenses (water and energy) and the goods were not specified in the balance sheet.

Due to this situation, the total material costs had an average of lei 10518, which represented an increase of 57.41% of the 2009 level. For years from analyzed interval these were: 6682 lei in 2009, 8352 lei 2010 (24.99%) 16520 lei 2011 (outrunning of 147.23% in the dynamics composed).

Wages have risen from lei 25,920 in 2009, with 25.0% in 2010 (lei 32,400) and 22.32% for 2011 (lei 31705). The same tendency has the average of the period which extends beyond comparison with 15.77% - 30008.33 lei.

Table 2.

Indicators of spending

-lei-

Nr.	Specification	2009		2010		2011		Media	
		Effect.	Dynam.	Effect.	Dynam.	Effect.	Dynam.	Effect.	Dynam.
1	Raw materials and consumables	6052	100	7565	125	12486	206,31	8701	143,77
2	Other material expenses	630	100	787	124,92	4034	640,32	1817	288,41
3	Expenses (water, energy)	0	100	0	-	0	-	0	-
4	Expenses relating to goods	0	100	0	-	0	-	0	-
<b>5</b>	<b>Total expenses for materials and goods (1+2+3+4)</b>	<b>6682</b>	<b>100</b>	<b>8352</b>	124,99	<b>16520</b>	247,23	<b>10518</b>	157,41
6	Wages	25920	100	32400	125	31705	122,32	30008,33	115,77
7	Insurance expenses	7210	100	9012	124,99	9140	126,77	8454	117,25
<b>8</b>	<b>Personnel expenses (6+7)</b>	<b>33130</b>	<b>100</b>	<b>41412</b>	124,99	<b>40845</b>	123,29	<b>38462,33</b>	116,09
<b>9</b>	<b>Adjustments</b>	<b>9836</b>	<b>100</b>	<b>12295</b>	125	<b>15420</b>	156,77	<b>12517</b>	127,26
10	Expenses on external services	5369	100	6711	124,99	6909	128,68	6329,67	117,89
11	Other taxes, fees and similar payments	1131	100	1413	124,93	648	57,29	1064	94,08
12	Other expenses	0	100	0	-	29	-	9,67	-
<b>13</b>	<b>Other operating expenses (10+11+12)</b>	<b>6500</b>	<b>100</b>	<b>8124</b>	124,98	<b>7586</b>	116,71	<b>7403,33</b>	113,90
<b>I</b>	<b>Total operational expenses (5+8+9+13)</b>	<b>56148</b>	<b>100</b>	<b>70183</b>	124,99	<b>80371</b>	143,14	<b>68900,67</b>	122,71
14	Interest expenses	0	100	0	-	0	-	0	-
15	Other financial expense	0	100	0	-	0	-	0	-
<b>II</b>	<b>Financial expenses (14+15)</b>	<b>0</b>	<b>100</b>	<b>0</b>	-	<b>0</b>	-	<b>0</b>	-
<b>III</b>	<b>Extraordinary expenses</b>	<b>0</b>	<b>100</b>	<b>0</b>	-	<b>0</b>	-	<b>0</b>	-
<b>IV</b>	<b>Total expenditure (I+II+III)</b>	<b>56148</b>	<b>100</b>	<b>70183</b>	124,99	<b>80371</b>	143,14	<b>68900,66</b>	122,71

Insurance spending have averaged lei 8454 (17.25% over the reporting), with extremes of 7210 lei in 2009 and 9140 lei in 2011 (26.77%). In 2010 the indicator exceeded the benchmark with 24.99% - 9140 lei.

Based on salaries and insurance were determined personal expenses. This indicator has been ascending values for the analyzed period from 33130 lei in 2009 up to 41412 lei in 2010. It can talk about the increasing trend of the indicator highlighted by overcoming reference, as follows: 24.99% for 2010 (41412 lei), 23.29% for 2011 and 16.09% to the average of the period (38 462, 33 lei) .

Another item of expenditure appears as the adjustments on assets indicator that has an uneven evolution. The year 2009 is characterized by a value of 9836 lei of the adjustments, the value increases to 12295 lei in 2010 (125.0% from the previous year), and then to

increase to 15,420 lei in 2011 (56.77% to the first term). Under these conditions the average of the period reached 12517 lei (127.26% of the reporting).

Expenditure on external services were 5369 lei in 2009 increased by 24.99% in 2010 (6711 lei) and 28.68% in 2011 (6909 lei), while the average of the period outrun by 17.89% the reporting deadline - 6329.67 lei.

With regard to other taxes, fees and similar payments, it can be seen that they ranged from 648 lei in 2011 up to 1413 lei in 2010, while the average of the period was 1064 lei. In dynamics can be observed variation made with fixed base indices: supra-unitary values for 2010 (124.93%) and values below par in 2011 to 57.29% and for average (94,08%).

For the item "other expenses" we have an average of 9.67 lei given that they were made only in 2011 (29 lei).

Following the values quoted for the last three indicators was determined the indicator "other operating expenses", which registered: 6500 lei in 2009, 8124 lei for 2010 to 124.98% 7586 lei - 116.71% in 2011. With these values we determined that the average of the period was 7403.33 lei, which in dynamic was exceeded by 13.90% in the reporting base.

Total operating costs (Figure 4.) are based on total material costs, personnel costs, adjustments for property and other operating expenses, while the financial and extraordinary expenses were zero, total spending reached sequential levels : 56 148 lei in 2009, 70,183 lei in 2010 (24.99% dynamic) 80 371 lei in 2011 (43.14% compared to the benchmark) 68900.66 lei for the average of the period (22 71% in the dynamics composed).

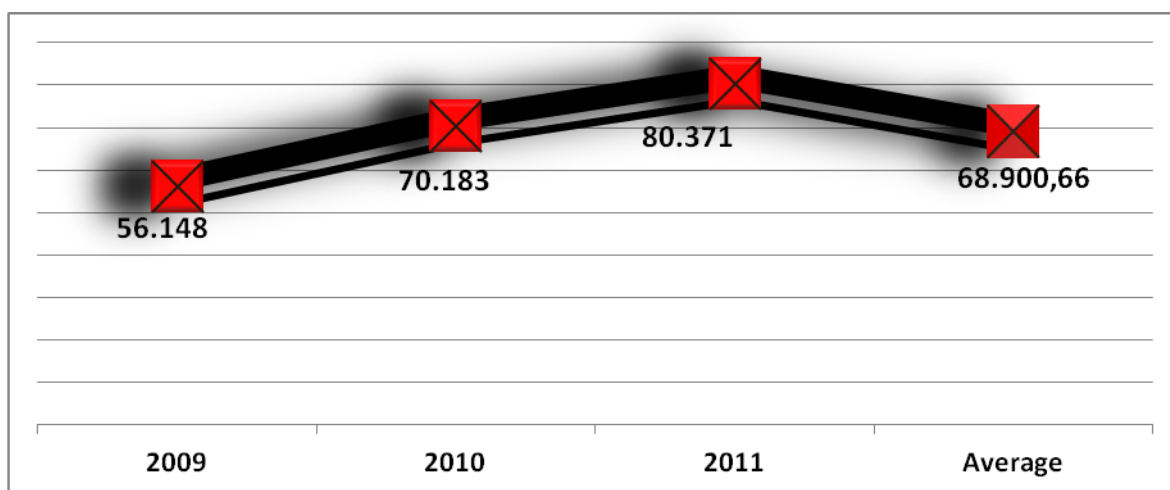


Figure 4. Total operational expenses

Table 3. presents the level of profitability indicators for the period under review.

Profit or loss from operations is characterized by an average of lei 8158.33 (-56.24% compared to 2009), the resulting value made from sequential annual levels of 18645 lei in 2009, 29541 lei specific to 2010 (58.44% from the previous year) and -23 711 lei for 2011 (when the company recorded losses).

Financial profit was 12, 15 and 31 lei for the three components of the dynamic series 2009, 2010 and 2011, respectively (25 and 158.33% in dynamics to the reporting deadline). Due to this situation, the average of the period reached 19.33 lei, ie 161.08% fixed base index value.

Profit or loss occurring as the sum of current operating: profit and financial profit. So we talk about values of 18657 lei in 2009, 29556 lei for 2010 -23 680 lei in 2011 (loss) and 8177.66 lei for the period average.

Table 3.

**Profitability indicators**

Nr.	Specification	U.M.	2009		2010		2011		Media	
			Effect.	Dynam.	Effect.	Dynam.	Effect.	Dynam.	Effect.	Dynam.
1	Operating profit or loss	lei	18645	100	29541	158,44	-23711	-	8158,33	43,76
2	Financial profit	lei	12	100	15	125	31	258,33	19,33	161,08
3	<b>Profit or loss of current (1+2)</b>	lei	<b>18657</b>	<b>100</b>	<b>29556</b>	158,42	<b>-23680</b>	-	<b>8177,66</b>	<b>43,83</b>
4	Extraordinary profit	lei	0	-	0	-	0	-	0	-
5	<b>Gross profit or loss (3+4)</b>	lei	<b>18657</b>	<b>100</b>	<b>29556</b>	158,42	<b>-23680</b>	-	<b>8177,66</b>	<b>43,83</b>
6	Income tax	lei	2985,1	-	4743	158,89	0	0	2576,03	86,30
7	Other taxes or levies	lei	0	-	0	-	0	-	0	-
8	<b>Net profit or loss (5-6-7)</b>	lei	<b>15671,9</b>	<b>100</b>	<b>24813</b>	158,33	<b>-23680</b>	-	<b>5601,63</b>	<b>35,74</b>
9	Operating profit rate	%	33,21	100	52,61	158,42	-	-	28,61	86,15
10	Current profit rate	%	33,23	100	42,11	126,72	-	-	25,11	75,56
11	Extraordinary profit rate	%	-	-	-	-	-	-	-	-
12	The gross profit rate	%	33,23	100	42,11	126,72	-	-	25,11	75,56
13	Net profit rate	%	27,91	100	35,35	126,66	-	-	21,09	75,56

The dynamics is characterized by over-unit value in 2010 (58.42%) and one subunit to the average (-56.17%).

Gross profit or loss is equal to current profit or loss, as the company has not recorded extraordinary profit or loss (Figure 5.).

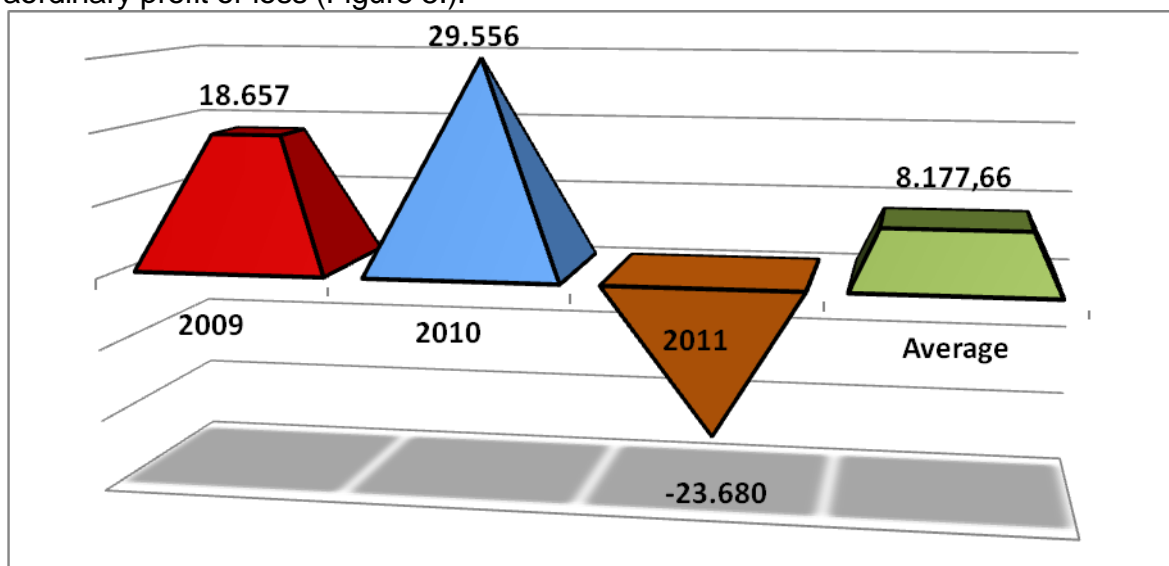


Figure 5. Gross profit or loss

The Company has not paid "other taxes", but tax paid in years when the recorded profit, which stood at 2985.1 lei in 2009, 4743 lei in 2010 (58.89% in dynamic). Under these conditions the average of the period was 2576.03 lei, a level that was lower with 13.70% reporting base.

Net profit or loss (Figure 6.) Is characterized by an average of 5601.63 lei, while the extreme values of the indicator occurred in 2011, -23 680 (loss) and 2010 5601.63 lei.

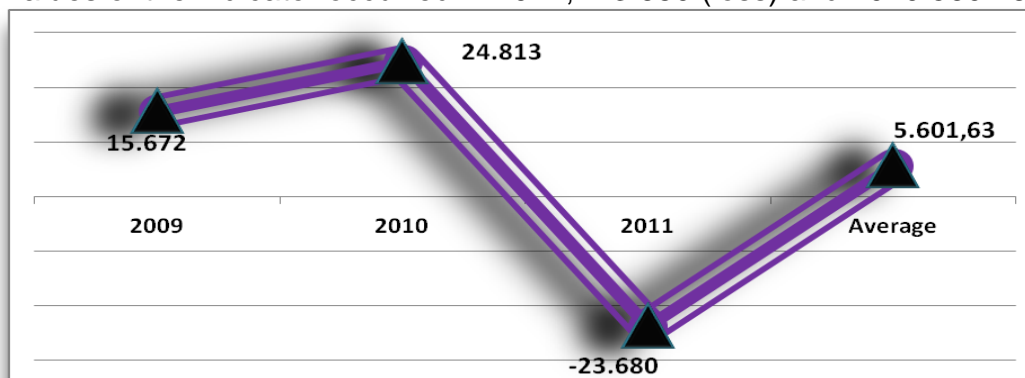


Figure 6. Net profit or loss

Dynamics of indicators is characterized by an over-unit value in 2010 (58.33% compared to the level of 15671.9 lei in 2009) and a subunit for average (-64.26%).

Operating profit rate was 33.23% in 2009, 52.61% in 2010 and 28.61% for the period average. Evolution in time of the indicator is uneven, with a outrunning of 58.42% for 2010 and below par value for the average analyzed interval (-13.85%).

It can be seen that the current profit rate is higher than the previous indicator only, in 2010, 33.23% and less than the rest, 42.11% in 2010 (26.72% dynamic) and 25.11% the average of the period analyzed (-24.44% dynamic).

The gross profit rate is equal to the current rate of profit as the company has not recorded extraordinary profit or loss.

The last indicator of profitability refers to the net profit rate. It may be noted that this indicator has averaged 21.09% (below the level from 2009 by 24.44%), with extreme values of 35.35% for 2010 (26.66% compared to above) and 27.91% in 2009.

## CONCLUSIONS

In total income structure prevailing operating income with 99.97%, financial income being only 0.03% of the total. Subsidies are not registered revenue, income related to the cost of production in progress and other income, operating income was equal to net sales and production sold. - Fig.4.1.;

In the company, there were no financial expenses in the period and any extraordinary expenses so that the total was equal to total operating expenses. In operating expenses structure prevailing personal expenses - 55.82%, followed by adjustments to assets - 18.17%, material costs and related goods - 15.26% and other operating expenses - 10.74%. - Fig.4.2;

The unit record operating profit and financial profit - 8158.33 and lei 19.33 respectively, which make current profit - lei 8177.66 except that for 2011 the unit was operating at a loss, which amounted to -23 711 lei;

Given that the unit has not recorded profit or loss is found extraordinary similarity between the current and gross profit;

The unit had net profit of 15,671.9 lei in 2009 of 24 813 lei in 2010, as in 2011 to record loss.

## BIBLIOGRAPHY

1. Pânzaru RL, Medelete DM, Ștefan G., 2011, Management and Marketing măsurătoei land Universitaria Publishing House, Craiova
2. XXX, 2001 Guide economic indicators Teora Bucharest
3. X X X, 2009-2011, SC 3 D TOP PROJECT SRL, Profit and loss