FINANCIAL AND ECONOMIC DIAGNOSIS ACTIVITY IN THE FOREST DISTRICT

DIAGNOZA ECONOMICO FINANCIARA A ACTIVITATII LA NIVELUL OCOLULUI SILVIC

MARIOARA ILEA [1], L. HOLONEC[1]

[1]University of Agricultural Sciences and Veterinary Medicine of Cluj Napoca, Cluj-Napoca, Romania, milea@usamvcluj.ro

Abstract:*This paper is part of a study regarding the management and administration of the economical and financial activity; it was realized for an forestry exploitation from Cluj County. An assessment of the financial situation of a company, in order to be as accurate and relevant as possible, needs to use instrument for measuring the results likely to translate the economic and financial reality of the performed activity, in a more significant manner then offered by the usual accounting indicators. This paper describes the SIG Model, applied in financial analysis of this enterprise implies an investigating understanding and identifying action over certain problems of the entity in order to optimize its functioning and to enhance its performance.*

Key words: *SIG Model, economical and financial diagnosis, efficiency, forest exploitation*

INTRODUCTION

The management system is a decisive component for the functionality and performances of a company. In order to practice the management processes, there are used a series of management systems, methods and techniques, among which we can mention the diagnosis, reflected by the form of some periodical analysis, recommended by the superior managers and the board panel, reflected by some informational synthesis situations which are valued by the superior and medium managers. On the grounds of the information given, there will be established the company's strategy, the entire major objectives, on the long term, the main ways of accomplishment together with the allocated resources, in order to obtain the competitive advantage according to its mission. The intermediary

administration balance are the value production indicators, which present a sum of all the obtained results from the forest exploitation, materialized in final products, semi-manufactured goods, labor conscriptions destined to the market or to the use in one's own interest, which are immobilized inside the entity: the turnover, the production exercise, the value added. In order to point out the financial and economical performance indicators of the analyzed forest entity, we shall present a number of relations between the administration intermediary balance, which are pointed out through several relations that are called static and dynamic relations between the production value indicators. The static relations are expressed in percentage and reflect the weight of a value indicator within another value indicator. The dynamic relations are expressed through coefficients that result from the comparison of the variation rhythms of two value indicators. The ascending tendency of the static relations involves supraunitary values of the dynamic relations and the other way around; to the descending tendency of the static relations correspond sub unitary values of the dynamic relations.

MATERIAL AND METHOD

The information basis that is necessary for the analysis is extracted from the financial and account documents of a certain Forest yard of the County of Cluj, which is called forest exploitation. This paper describes the analysis of the static and dynamic relations between the production value indicators, applied in financial analysis.

RESULTS AND DISCUSSIONS

Table 1

The analysis of the intermediary administration balance

NR CRT	SPECIFICATION	PERIOD	
		2010	2011
1.	Production of the exercise(mil.lei)	4141,098	2596,464
2.	Gross Value added(mil.lei)	2277,6	1298,232
3.	Net Value added(mil.lei)	1959,36	1043,952
4.	Sold Production(mil.lei)	2073,5	1565,434
5.	Turnover(CA) (mil.lei)	2234,752	1647,828

Source: author's own processing

The analysis of the data from the previous table allows us to notice that:- the static relation between the value added and the production exercise diminished by 4.99%, respectively during the previous period for 100 lei production exercise there were obtained 54 lei as value added, in comparison with only 50 lei, during the present period.

- the first dynamic relation $Rd_1 = I_{Vad}/I_{Pex}$ is sub unitary (equal to 0.91), as a consequence of the diminution of the value added in a quicker rhythm (diminution equal to 57%) then the reduction rhythm of the production exercise.
- the relationship that correlates the value added with the turnover registered descending values, thus reflecting the independence of the company as compared to the intermediary consumes that come from third parties, and, respectively, the diminution of the vertical integration degree of production, by 23.14%. The great value of this relation, during both analyzed periods, characterizes a company whose main activity object is the production. We may notice that the production activity has an ascending weight in order to form the turnover, during the analyzed period;
- the corresponding dynamic relation $R_{d2} = I_{Vad}/I_{CA}$ (equal to 0.77) explains the reduction of the value added in a quicker rhythm than the turnover ascending rhythm
- the assertions made after the analysis of the previous static relation are also confirmed by the increasing values (by 28.81%) of the static relation between the turnover and the value added, which indicates an increase of the company's risk because of the amplification of its dependence to third parties;
- the dynamic $R_{d3} = I_{CA}/I_{Vad}$ supraunitary relation (1.29) between the turnover index and that of the value added, expresses the turnover increase in a slower rhythm than the diminution rhythm of the value added; the weight of the sold production inside the production exercise increases by 13.38%, which suggests that the company does not have difficulties in order to capitalize its production.

At the same time, the weight of the stock production diminished within the production exercise, from 23.78% to 18.02%, and of the immobilized production within the production exercise, from 26.14% to 21.69%

- the dynamic relation Rd_4 is supraunitary (1,20), because there was registered an increase of the sold production by 6.94% and a reduction of the production exercise, a bigger one, equal to 11.16%;
- the descending static relation (by 2.94%) between the net value added and the gross one reflects an increase of the expenses with amortization within

the structure of the gross value added and the dynamic sub unitary relation (0.93) between the indexes of these two measures suggest a quicker rhythm of the net value added diminution in comparison with the diminution rhythm of the static and dynamic relations between the production value indicators value added.

CONCLUSIONS

On the grounds of the analysis of the intermediary administration balance at the forest exploitation, during two years, we consider that the following aspects are adequate: the reduction of the stocks of raw materials and materials with slow movement; the continuing of the approaches in order to recuperate the debts from the clients who did not pay in time their debts; the reduction of the exploitation expenses through a more rigorous pursuit of the payments which were already done.

In order to improve the analyzed situation, we can adopt measures such as:

- Ø the increase of the production exercise through the increase of the annual average of labor productivity, as a consequence of the motivation and qualification of the personnel:
- Ø the modernization of the fabrication technologies and the diminution, if possible, of the share of the intermediary consume in the production exercise;
- Ø to obtain production factors on advantageous prices, by maintaining the contractual relationships with the providers that assure certain facilities for the company.

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