THE ANALYSIS OF THE GLOBAL LEVEL OF THE ACTIVITY OF A COMPANY ON THE BASE OF THE RESULT INDICATORS WHICH EXPRESS PROFITABILITY

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Abstract
The analysis of the result indicators which express the profitability of a company have an important role in establishing the strategy to be followed especially during the economic and financial crisis. To highlight the performance of a business and determine the efficiency of the use of inputs, it is necessary to quantify and measure the results, and in order to measure the results we use a range of performance indicators. They are part of a philosophy of continuous improvement, as the one introduced by Deming, "Deming Way", which is based on the repetitive application of the following principles: "planning - implementation - control - action". These indicators measure the degree to which the results obtained correspond to the efforts and the planned objectives.

The purpose of this article is to analyze a company's performance starting from the outcome indicators of the nature of profit, and for reaching this aim we shall have in view the performance of the following objectives: the dynamic analysis of revenues, expenses and profit, the diagnosis analysis of factorial type of the total profit and of the financial profit at S.C. OMV PETROM S.A..

Keywords: performance indicators, results, revenues, expenses, profit.

JEL Classification: D61

1. Introduction

The concept of economic efficiency is a general concept that characterizes the activity of a company, and in this sense it can be defined as follows:

„The economic efficiency is the most general class that characterizes the results arising from the various options proposed for the usage (productive consumption, individual consumption and sale) or the saving of resources (human, material and financial)”. [13]

Performance is a very complex concept, and to define its content more sides of the business activity should be trusted.

The definition of performance involves firstly clarifying the content of two other concepts, namely the efficiency and the effectiveness. The efficiency term has several meanings in the economic literature. Thus, some authors believe that an activity is effective when it reaches the desired effort. The key issue in this case is to identify the degree of agreement between the results and the target from which the work is considered to be effective.

The performance can be seen through the ability of a company that manages to meet both the internal environment and the external environment requirements through an optimal combination of effectiveness and efficiency.
2. Body of the paper

2.1. Performance = efficiency and effectiveness

If we do a short research in the economic literature, starting from the concept of performance, we shall find a multitude of articles and studies which treat and analyze the performance of a company or analyzes the impact on it of the multitude of factors.

In the Explanatory Dictionary of the Romanian Language, performance in defines as being a special performance in a certain domain of activity. This definition, although it has a general character, it highlights the fact that only those who have special accomplishments, in comparison with the competition, are considered to be performant and as a consequence there can exist only a limited number of successful companies. At a more precise approach, at macroeconomic level, Niculescu and Lavalette (1999) characterize performance as being a state of competitiveness of the economic entity, reached through a level of productivity and efficacy which it ensures a durable presence on the market. [9]

To assess the economic and financial performance of a company, several categories of indicators, both quantitative and qualitative pursuing all aspects of its business should be taken into consideration. The economic and financial performance indicators provide information to managers and others on the efficiency of the production and marketing, the obtained return, the efficient management of human and material resources and the increase of the company’s value in the period under review. However, this set of indicators allows the discovery of the strengths and the weaknesses of the activity, from which it adopts measures to improve performance in the future and it is the base for the future projections of the company’s development. [2]

At the company level, performance includes the ability of having access at resources, of allocating and using them properly with the aim of a sufficient remuneration in order to cover the risk assumed and to justify the interest, with the purpose of a future durable development.

In the most general acceptance, the efficiency is defined as the direct or indirect report between the useful obtained effects and the effort provided:

\[
\text{EFFICIENCY} = \frac{\text{EFFECT}}{\text{EFFORT}} \quad \text{OR} \quad \text{EFFICIENCY} = \frac{\text{EFFORT}}{\text{EFFECT}}
\]

In the economic domain, references regarding efficiency can be found starting with the classic economists, as Adam Smith or Karl Marx. The concept of efficiency has known a large spreading over time. According to the Oxford Dictionary of Economics (2002) efficiency means obtaining certain preset results with a minimum consumption of resources or of obtaining the maximum results possible with a preset quantity of resources. The concept of efficiency is so defined in two ways according to the premises used in the activity analyzed. The first option is that where are established certain results to be reached and the second is met when the available resources are limited and is wished the maximization of the results obtained through their consumption. [9]

Other researchers have associated also a temporal nature to this report, defining efficiency as the maximum effect achieved at a given level of expenditure in the shortest time.

From the managerial point of view, the efficiency is the degree to which objectives or goals have been achieved. The managerial performance is obtained in this case in the point of intersection between the quality of the managerial decisions and actions and the quality of the management system goals.

The efficiency knows diverse forms, depending on the area or activity that is intended and the nature of the effects to be obtained, delimiting the following main types:

- productivity – when evaluating the efficiency of human resources;
- profitability – when evaluating the capacity to obtain profit;
- output – regarding the efficiency of using fixed assets.

The effectiveness can be defined as the extent to which the company exceeds to meet the requirements or expectations of external customers respectively the state, the suppliers, the employees, the shareholders. An organization becomes effective when it manages to optimize the use of the external and internal development sources, as well as the correlation between them, responding as well to the expectations of third parties or partners.

It is conceivable that a company is performing when it is, at the same time, efficient and effective. It follows that the performance is a function of two variables, efficiency and effectiveness, the combination of them reflecting the performance of a company. While the efficacy reflects the degree of fulfillment of the external expectations (customers, State, suppliers, employees, shareholders), the efficiency is measured by the degree to which the expectations of the internal environment of the company are fulfilled.

Given the above, one can determine the mathematical relation for calculating the performance:

\[
\text{Performance} = \text{efficiency} \cdot \text{effectiveness}.
\]

The main characteristics of the performance indicators are: measurability, validity / availability, realism, timetable, clarity in showing an increasing, decreasing or constant development, reliability / accuracy.
2.2. Analysis of indicators of the nature of profit

2.2.1. The operating result

Originarily from the period of the boom of sales from the years 80’s, the indicator has become popular, especially among industrial companies, being cited frequently in their performance reports. Today also, this presents an increased utility among the big companies, with expensive tangible assets and important expenses with depreciation and/or in the case of companies financed major funded from borrowed sources and so, with an increased debt service. At the same time, it should not be forgot the fact that the indicator represents an intermediary result, which is not always relevant for the decision factors. This does not take into calculus the financial and extraordinary elements of the activity of a company, fact which increases the idea that the indicator offers an image not complete regarding the performance of the company, especially in the case of the companies with a more complex activity. [8]

It characterizes the operating activities of the enterprise and is determined by comparing the operating revenues with the operating expenses. Its level expresses the performance of the company from industrial and commercial activities, taking into account the financial and fiscal policy of the company.

It expresses in absolute values the profitability associated with the operating activities after deducting the total operating expenses from the revenues of this activity. Expressing in the relative sizes the profitability of the operating activity, through the ratio between the operating result and the operating assets, serves in realizing the comparisons between different companies promoting different depreciation policies. [12]

In other words, the operating result is the difference between operating revenues and total operating expenditure. It can be determined by one of the following models:

\[
Re = \sum q_p - \sum q_c
\]  

(1)

\[
Re = Ve - Che
\]  

(2)

where:

- \(\sum q_p\) – operating revenues;
- \(\sum q_c\) – operating expenses;
- \(Ve\) – operating revenues;
- \(Che\) – operating expenses.

The mentioned indicator can be set as a difference between gross operating surplus (GOS) and the amount of depreciation and provisions where:

- the operating revenues consist of turnover, revenues from production stored, revenues related to production of property and other operating income.
- The operating expenses include all costs associated with the operating cycle (manufacturing and marketing of goods activities).

2.2.2. The financial result

The financial result, even if it does not appears a distinct intermediate balance, is part of the current result along with the operating results, and is calculated as the difference between financial revenues and costs. It can be analyzed separately by highlighting the main operations that may derive the financial income and expenses, as follows: [12]

- costs for financing the operating needs;
- costs for financing the stable needs;
- revenues and costs arising from holding the equity portfolio;
- revenues and costs arising from the incidence of a favorable or unfavorable change in the exchange rate affecting the claims and liabilities in foreign currencies

It can be determined using the relation:

\[
R_f = V_f - C_f
\]  

(3)

2.2.3. The current result of the exercise

It takes into account both the operating result as well as the financial result and it is the result of all current operations of the company. The financial elements are also taken into account in determining this indicator which allows the assessment of the impact of the financial policy of the company's on the profitability.

In conclusion, the current result for the year is equal to the difference between current operating and financial revenues and the current operating and financial expenses. The appropriate model of this indicator is as follows:

\[
Re = \left(\sum q_p + V_f\right) - \left(\sum q_c + Ch_f\right)
\]  

(4)

\[
Re = (Ve + Vf) - (Che + Chf)
\]  

(5)

where:
Vf—financial revenues
Chf—financial expenses

2.2.4. The extraordinary result

It allows the measurement of the influence of the extraordinary items in forming the total result of the year. It is calculated as the difference between the extraordinary revenues and expenses. This category includes revenues and expenses related to capital (disposal of assets) and related to management operations (fines, penalties, donations, etc.). This is a chance result, having a regular character, as is the case for the current result of the year. The calculation is:

\[ R_{\text{ext}} = V_{\text{ext}} - C_{\text{ext}} \]  

(6)

2.2.5. The gross result of the exercise

The gross result before the deduction of interests and of the income tax (EBIT) shows the profitability of a company before the payment of interests and of the income tax. For investors, this indicator is a common and useful instrument in the performance of comparisons between different companies taken into consideration for investments, mostly due to the neutral character towards the financial structure of them. The profit and loss account from our country does not take into consideration an equivalent of this indicator, but it can be determined decreasing from the total of revenues reported the expenses performed, without the expenses with interests and those with the income tax. The level of EBIT presents importance not only for the managers but also for the owners of the business, it indicates the efficiency regarding the performance of the economic activity. Many times, this indicator is an analysis criterion for the managerial performances; a high level of EBIT reflects a good financial performance for the company taken into consideration and implicitly for the activity performed by the manager. [8]

2.2.5. The net result of the exercise

It expresses the absolute size of financial return that will be paid to equity shareholders held. Also it expresses in absolute values the net profitability or the trading losses after deducting from total revenues the total costs and the income tax. It can be determined in two ways: [12]

a) the subtractive method:

\[ R_n = \text{gross result} - \text{income tax} \]  

(7)

b) the additive method:

\[ R_n = \text{reinvested profit} + \text{Dividends} + \text{extra compensation for staff} + \text{coatings and losses} \]  

(8)

The information provided by the Intermediate Management Balances Situation enables a performance analysis of the general situation of the company. For this purpose, a series of correlations between the indicators are followed, namely:

a) the value added index to exceed the production exercise index which reflects the reduction in the share of material consumption in the exercise production: \( I_{\text{VA}} > I_{\text{Qex}} \)

b) the gross operating surplus index to be higher than the value added index which reflects the reduction in the share of taxes and cost with personnel in value added: \( I_{\text{EBE}} > I_{\text{VA}} \)

c) the operating result index to be higher than the operating gross surplus index which reflects the reduction in the share of depreciation costs in the gross operating surplus: \( I_{\text{Re}} > I_{\text{EBE}} \)

Complying with these correlations has direct consequences for the economic and financial performance of the company, leading to increased efficiency for the activity.

Each of the indicators presented is influenced by many factors, some direct, some indirect. Therefore, to find courses of action to increase the economic and financial performance of the company, their detailed analysis is required, focused on three areas: analysis of results from production and marketing, analysis of the company’s costs, profitability analysis.

2.3. Dynamic analysis of the revenues, expenses and profit at S.C. OMV PETROM S.A. during 2011-2012

Overall presentation of the revenues and expenses, as well as of the gross profit at S.C. OMV PETROM S.A
### Table no.1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Period</th>
<th>Absolute deviation</th>
<th>Relative deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>17,123,765,533</td>
<td>20,328,296,120</td>
<td>+3,204,530,587</td>
</tr>
<tr>
<td>Financial revenues</td>
<td>690,461,816</td>
<td>634,387,422</td>
<td>-56,074,394</td>
</tr>
<tr>
<td>Extraordinary revenues</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>17,814,227,349</td>
<td>20,962,683,542</td>
<td>+3,148,456,193</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>12,063,900,792</td>
<td>15,075,560,013</td>
<td>+3,011,659,221</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>1,283,964,369</td>
<td>1,303,653,892</td>
<td>+19,689,523</td>
</tr>
<tr>
<td>Extraordinary expenses</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>13,347,865,161</td>
<td>16,379,213,905</td>
<td>+3,031,348,744</td>
</tr>
<tr>
<td>Operating result (Profit)</td>
<td>5,059,864,741</td>
<td>5,252,736,107</td>
<td>+192,871,366</td>
</tr>
<tr>
<td>Financial result (Loss)</td>
<td>-593,502,553</td>
<td>-669,266,470</td>
<td>-75,763,917</td>
</tr>
<tr>
<td>Extraordinary result</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gross result (Profit)</td>
<td>4,466,362,188</td>
<td>4,583,469,637</td>
<td>+117,107,449</td>
</tr>
<tr>
<td>Net result (Profit)</td>
<td>3,729,787,711</td>
<td>3,850,620,876</td>
<td>+120,833,165</td>
</tr>
</tbody>
</table>

Source: [www.mfinante.ro](http://www.mfinante.ro), [www.bvb.ro](http://www.bvb.ro)

The relative deviation of the revenues and expenses at S.C. OMV PETROM S.A. records the following values:

- **revenues by category of revenues and by total value**:
  
  \[
  R_{CR} = \frac{V_{2012}}{V_{2011}} \times 100 - 100 = \frac{20,328,296.120}{17,123,765.533} 
  \]
  \(\times 100 - 100 = 18.71\%\) \(\text{(9)}\)

  \[
  R_{CF} = \frac{V_{F2012}}{V_{F2011}} \times 100 - 100 = \frac{634,387,422}{690,461,816} 
  \]
  \(\times 100 - 100 = -8.12\%\) \(\text{(10)}\)

  \[
  R_{CV} = \frac{V_{T2012}}{V_{T2011}} \times 100 - 100 = \frac{20,962,683.542}{17,814,227.349} 
  \]
  \(\times 100 - 100 = 17.67\%\) \(\text{(11)}\)

- **expenses by category of expenses and by total value**:
  
  \[
  R_{CE} = \frac{C_{E2012}}{C_{E2011}} \times 100 - 100 = \frac{15,075,560.013}{12,063,900.792} 
  \]
  \(\times 100 - 100 = 24.96\%\) \(\text{(12)}\)

  \[
  R_{CF} = \frac{C_{F2012}}{C_{F2011}} \times 100 - 100 = \frac{1,303,653.892}{1,283,964.369} 
  \]
  \(\times 100 - 100 = 1.53\%\) \(\text{(13)}\)

  \[
  R_{CT} = \frac{C_{T2012}}{C_{T2011}} \times 100 - 100 = \frac{16,379,213.905}{13,347,865.161} 
  \]
  \(\times 100 - 100 = 22.71\%\) \(\text{(14)}\)

The gross profit evolution at S.C. OMV PETROM S.A. shows as follows:

![Gross profit evolution for OMV PETROM S.A.](http://www.doingbusiness.ro)
2.4. The diagnosis factorial analysis of the total result of the exercise at S.C. OMV PETROM S.A.

The main model used for the factorial analysis of the total profit is:

\[ PB = VT \cdot \frac{PB}{VT} \]  

(15)

Observing the profit in absolute size can be done as follows:

\[ \Delta R_{\text{exp}} = R_{\text{exp,2012}} - R_{\text{exp,2011}} = 5.252.736.107 - 5.059.864.741 = +192.871.366 \text{ lei} \]  

(16)

\[ \Delta R_{\text{fin}} = R_{\text{fin,2012}} - R_{\text{fin,2011}} = (-669.266.470) - (-593.502.553) = -1.262.769.023 \text{ lei} \]  

(17)

\[ \Delta PB = PB_{2012} - PB_{2011} = 4.583.469.637 - 4.466.362.188 = +117.107.449 \text{ lei} \]  

(18)

\[ \Delta PN = PN_{2012} - PN_{2011} = 3.850.620.876 - 3.729.787.711 = +120.833.165 \text{ lei} \]  

(19)

The absolute value of profit at SC OMV Petrom S.A. represents the starting point in analyzing the company's performance and the informational value of the future analysis depends on the quality and the performance of the absolute level measurement.

The relative deviation of the results of OMV Petrom records the following values:

\[ \Delta_{\text{rel,exp}} = \frac{\Delta R_{\text{exp}}}{R_{\text{exp,2011}}} = \frac{5.252.736.107 - 5.059.864.741}{5.059.864.741} = 3.81\% \]  

(20)

\[ \Delta_{\text{rel,fin}} = \frac{\Delta R_{\text{fin}}}{R_{\text{fin,2011}}} = \frac{-669.266.470 - (-593.502.553)}{593.502.553} = -212.77\% \]  

(21)

\[ \Delta_{PB} = \frac{\Delta PB}{PB_{2011}} = \frac{4.583.469.637 - 4.466.362.188}{4.466.362.188} = 2.62\% \]  

(22)

\[ \Delta_{PN} = \frac{\Delta PN}{PN_{2011}} = \frac{3.850.620.876 - 3.729.787.711}{3.729.787.711} = 3.24\% \]  

(23)

The diagnosis factorial analysis of the gross profit can be done as follows:

I. Gross profit deviation:

\[ \Delta PB = PB_{2012} - PB_{2011} = \left( \frac{VT_{2012}}{VT_{2011}} \right) \cdot \left( \frac{PB_{2012}}{VT_{2012}} \right) - \left( \frac{VT_{2011}}{VT_{2011}} \right) \cdot \left( \frac{PB_{2011}}{VT_{2011}} \right) = 4.583.469.637 - 4.466.362.188 = \]  

\[ = \left( \frac{20.962.683.542}{4.583.469.637} \right) - \left( \frac{17.814.227.349}{4.466.362.188} \right) = +117.107.449 \text{ lei} \]  

(24)

out of which:

1. The influence of total revenues on gross profit:

\[ \Delta_{\text{VT}} = \left( \frac{VT_{2012}}{VT_{2011}} \right) - \left( \frac{VT_{2011}}{VT_{2011}} \right) = \left( \frac{20.962.683.542}{17.814.227.349} \right) - \left( \frac{17.814.227.349}{17.814.227.349} \right) = \]  

\[ = 5.255.739.431.98 - 4.466.362.187.88 = +789.377.244 \text{ lei} \]  

(25)

2. The influence of the change in gross profit at 1 leu total revenues on gross profit:

\[ \Delta_{\text{PB,VT}} = \left( \frac{PB_{2012}}{VT_{2012}} \right) - \left( \frac{PB_{2011}}{VT_{2011}} \right) = \left( \frac{20.962.683.542}{17.814.227.349} \right) - \left( \frac{20.962.683.542}{17.814.227.349} \right) = \]  

\[ = 4.583.469.636.97 - 5.255.739.431.98 = -672.269.795 \text{ lei} \]  

(26)

This type of analysis highlights two factors that influence and the explanation of the transmission mechanism of their action on the gross profit of the year at SC OMV Petrom S.A. consists of:

- total revenues variation, its increase by 3.148.456.193 lei in 2012 compared to 2010 determines the change in the gross profit of the exercise with +789.377.244 lei;
• gross profit at 1 leu total revenues variation with -0.032070 lei determined a decrease in the gross profit of the exercise with -672.269.795 lei.

2.5. The diagnosis analysis of factorial type for the operating profit at S.C. O.M.V. PETROM S.A.

The general model after which is done this analysis is the following:

\[ \text{RE} = \text{VE} \cdot \frac{\text{RE}}{\text{VE}} = \text{PE} \cdot \frac{\text{Ne} \cdot \bar{t}}{\text{NE}} \]

(27)

The necessary data used for this analysis are found in the table below:

<table>
<thead>
<tr>
<th>Indicator</th>
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<td>5.059.864.741</td>
<td>5.252.736.107</td>
<td>+192.871.366</td>
</tr>
<tr>
<td>The average number of employees</td>
<td>22.052</td>
<td>20.508</td>
<td>-1.544</td>
</tr>
<tr>
<td>The average time expressed in hours worked by an employee in a year</td>
<td>776.517.574</td>
<td>991.237.377</td>
<td>+214.719.80</td>
</tr>
<tr>
<td>The average operating profit at 1 leu operating revenues</td>
<td>0.295488</td>
<td>0.258395</td>
<td>-0.037093</td>
</tr>
</tbody>
</table>

The increase of the operating profit with 192.871.366 lei in the year 2012 in comparison with 2011 is due to the factors with direct and indirect factors, whose influences are calculated with the help of the chain substitution method.

Using the above analysis model, the factors which influence the operating profit are the following:

1. The influence of the operating revenues:

\[ \Delta_{\text{RE}}^{\text{VE}} = (\text{VE}_{2012} - \text{VE}_{2011}) \cdot \text{PE}_{2011} = (20.328.296.120 - 17.123.765.533) \cdot 0.295488 = 3.204.530.587 \cdot 0.295488 = +946.900.334 \text{ lei} \]

(28)

From which:

1.1. The influence of the average number of employees:

\[ \Delta_{\text{Ne}}^{\text{RE}} = \left( \frac{\text{Ne}_{2011} - \text{Ne}_{2011}}{} \right) \cdot \text{PE}_{2011} = \left( \frac{20.508 - 22.052}{-1.943.134,25} \right) \cdot 0.295488 = -354.273.308,85 \text{ lei} \]

(29)

1.2. The influence of the average time expressed in hours worked by an employee in a year:

\[ \Delta_{\bar{t}}^{\text{RE}} = \left[ \frac{\text{Ne}_{2011} - \text{Ne}_{2011}}{} \right] \cdot \text{PE}_{2011} = \left[ \frac{20.508 - 22.052}{-1.943.134,25} \right] \cdot 0.295488 = 4.403.473.719,92 \cdot 0.295488 = +1.301.173.642,55 \text{ lei} \]

(30)

2. The influence of the average operating profit at 1 leu operating revenues:

\[ \Delta_{\text{PE}}^{\text{RE}} = \text{VE}_{2012} \cdot \left( \frac{\text{PE}_{2012} - \text{PE}_{2011}}{} \right) = 20.328.296.120 \cdot (0.258395 - 0.295488) = 20.328.296.120 \cdot (-0.037093) = -754.037.487,98 \text{ lei} \]

(31)

In the influence mechanism of the operating profit we have two main influence factors, respectively: operating revenues and the average operating profit at 1 leu operating revenues, and the secondary influence factors are: the average number of employees and the average time expressed in hours worked by an employee in a year.

2.6. The diagnosis analysis of factorial type of the financial profit at S.C. OMV PETROM S.A..

The general model after which is done this analysis is the following:
The necessary data used for this analysis are found in the table below:

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<tr>
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</tr>
<tr>
<td></td>
<td>2012</td>
<td>-669.266.470</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-1.262.769.023</td>
</tr>
</tbody>
</table>

From the calculus performed it can be observed that in the year 2011, but also in the year 2012 the financial result has recorded negative values, and the decrease of the financial profit with 1.262.769.023 lei in 2012 in comparison with 2011 is due to the factors with direct action, whose influences are calculated with the help of the balance sheet method.

After the above analysis model the factors which influence the financial profit are the financial revenues and the financial expenses:

1. The influence of the financial revenues:
   \[ \Delta_{RF} = (VF_{2012} - VF_{2011}) = 634.387.422 - 690.461.816 = -56.074.394 \text{ lei} \]

2. The influence of the financial expenses:
   \[ \Delta_{ChF} = (ChF_{2012} - ChF_{2011}) = 1.303.653.892 - 1.283.964.369 = +19.689.523 \text{ lei} \]

As it can be observed, the influence of each component element is determined as a difference between the effective measure and that from the base period of the element, and in the case of these balance sheet relations the influence of each element corresponds even with absolute change of it in the effective period in comparison with the base period.

2.7. Conclusions regarding the performance analysis based on the indicators in the nature of profit at S.C. OMV PETROM S.A.

The global performance of the company is a sum of the economic, social and ecologic performances. An essential element of this triple performance is represented by the financial decision. In the new lead of the perspectives, the only member of the board of directors which must be consulted by each decision is the financial director. In the efforts that the company will do for being open in thinking at change and for the start of the transformation process the financial decision will have a mandatory place. The financial decision of the company for obtaining the global performance is translated in three ways: the investment decision, the decision regarding the financial structure and the cost of capital and the decision regarding the distribution of dividends.

The characterization of the performance state of the company assumes the analysis of two categories of base indicators: expenses and revenues. The revenues and expenses are elements directly tied to the measurement of the profit. The acknowledgement and measurement of revenues and expenses, and so of the profit, depend partially of concepts of capital and maintaining the level of capital, concepts used by companies in the elaboration of the financial statements.

![Figure no.2](http://www.univath.ro/pdf/tematica_licenta/partea_2.pdf)

The change in total revenues represents a factor that influences directly in the same sense and proportionally with the level from 2012 of the profit at 1 leu total revenues. The average profit per 1 leu total revenues influences directly the gross profit of the exercise, it acts in the same direction on the indicator, proportionally with the total revenues from 2012.
Increasing the share of the three categories of revenues in the total income of the company in favor of the same activity that ensures a profit at 1 leu revenues by categories higher than the average per business will increase the average profit which will lead to a change in the gross profit of the year in the sense of its increase. Increasing the share of the three categories of revenues in the total income of the company in favor of that activity that provides a return at 1 leu revenues by categories lower than the average per company per business will cause a reduction in the average profit which will lead to a change in the gross profit for the year in the sense of its decrease. [12]

The mechanism of transmission of the influence of the main and secondary factors in the operating profit, are explained through:

- the variation of the operating revenues having an increase of 3,204,530,587 lei in 2012 in comparison with 2011 have determined the modification of the operating profit with +946,900,334 lei; in this factor we have also two secondary factors which have influenced at their turn the operating profit as it follows:
  - the variation of the number of employees having a decrease of them with 1,544 employees in 2012 in comparison with 2011 have determined a modification of the operating profit by diminishing it with 354,273,308,85 lei;
  - the variation of the average profit at 1 leu operating revenues with -0,037093 lei in 2012 in comparison with 2011 has determined the modification of the operating profit with -754,037,487,98 lei.

Explaining the mechanism of transmission of the action of the two factors (financial revenues and financial expenses) over the financial profit refers to:

- the variation of the financial revenues by decreasing them with 56,074,394 lei in 2012 in comparison with 2011 have determined the decrease of the financial profit exactly with the same value;
- the variation of the financial expenses by increasing them with 19,689,523 lei in 2012 in comparison with 2011 have determined the increase of the financial profit with the same value.

2.8. Bibliography

[9] Gruian, C.M., Ce înțelegem prin performanța companiei, Analele Universității “Constantin Brâncuși” din Tg-Jiu, Seria Economie, nr.4/2010;