

Keča, Lj., Lačnjevac, B., Marčeta, M. (2023): Analysis of financial reports of PE "NP Fruška Gora". *Agriculture and Forestry*, 69 (2): 131-138. doi:10.17707/AgricultForest.69.2.10

DOI: 10.17707/AgricultForest.69.2.10

**Ljiljana KEČA\***<sup>1</sup>,  
**Bogdan LAČNJEVAC**<sup>1</sup>,  
**Milica MARČETA**<sup>1</sup>

## ANALYSIS OF FINANCIAL REPORTS OF PE "NP FRUŠKA GORA"

### SUMMARY

Financial reports are a value presentation of the impact of those changes on the financial structure, business success and changes in cash flows of a company. The aim of the research is the financial analysis of the operations of the public enterprise (PE) "NP Fruška Gora". The purpose of the research is to identify problems in business and indicate opportunities for improving the economic efficiency of the business of PE "NP Fruška Gora". The subject of research is balance sheets and profit and loss accounts of company. In the conducted research, the elements of business indicators and business efficiency essential for the analysis of financial indicators of the PE "NP Fruška Gora" were analyzed. Data from the company's balance sheet and income statement were used as material. The following methods were used in the work: a. Financial indicators: liquidity, solvency, indebtedness and b. Performance indicators: productivity, efficiency, profitability. Based on the data from the balance sheet, we can see that the company used funds from credits or loans. By increasing the value of real estate, plant and equipment, and by reducing long-term receivables, the fixed assets of the company also increased, which as of 2018 increasing. The company operated with a business profit for 4 years in a row. In 2014, 2015, 2019, 2021, the company suffered a loss from financing. At no time was the company liquid due to high liabilities. In the period 2014-2021, the company was always solvent. The company needs to improve the labour productivity parameter, which is constantly decreasing. The company generally operates efficient from the point of view of indicators of overall and regular operations, and by observing the indicators of the economy of financing. If all obligations were to be reduced, the indebtedness factor would also be reduced.

**Keywords:** financial indicators, PE "Fruška Gora National Park", business

<sup>1</sup>Ljiljana Keča (corresponding author: ljiljana.keca@sfb.bg.ac.rs), Milica Marčeta, University of Belgrade, Faculty of Forestry, SERBIA Bogdan Lačnjevac, PE "Srbijašume", SERBIA

Notes: The authors declare that they have no conflicts of interest. Authorship Form signed online.

Received:22/03/2023

Accepted:02/06/2023

## INTRODUCTION

Financial statements are the basic product of the accounting of a company whose aim is to collect, record, classify and present all business changes that occurred in a company during a reporting period. Financial reports are a value presentation of the impact of those changes on the financial structure, business success and changes in cash flows of a company. Therefore, they represent the basis and subject of financial analysis (Knežević, *et al.*, 2017). Financial analysis includes the examination of everything that in any way represents the financial situation of the company. This means that it always includes different financial reports, primarily the balance sheet and the income statement (Barjaktarović, *et al.*, 2021).

Fruška gora was declared a national park in 1960 in order to ensure permanent protection, located in Serbia. The area of active protection includes 27,762 ha.

The aim of the research is the financial analysis of the operations of the PE "NP Fruška Gora". The purpose of the research is to identify problems in business and indicate opportunities for improving the economic efficiency of the business of PE "NP Fruška Gora". The subject of research is balance sheets and profit and loss accounts of company.

## MATERIAL AND METHODS

In the conducted research, the elements of business indicators and business efficiency essential for the analysis of financial indicators of the PE "NP Fruška Gora" were analyzed. Data from the company's balance sheet and income statement were used as material.

The following methods were used in the work:

–Financial indicators: liquidity, solvency, indebtedness.

–Performance indicators: productivity, efficiency, profitability.

Liquidity means the company's ability to meet its obligations to creditors on time (Ivaniš and Nešić, 2011). Solvency is defined as the ability of a company to meet its obligations, at any time, even from the bankruptcy estate. The total business assets of the company can be financed from different sources of financing, which are divided into borrowed and own according to the criteria of belonging (Ivaniš and Nešić, 2011). Productivity is an economic principle that expresses the aspiration or requirement to achieve a certain volume of production, volume of turnover, or volume of performed services with as little labor consumption as possible (Barać and Stakić, 2007, Keca, 2015). Efficiency, as one of the economic criteria for the success of production, expresses the desire to perform specific, quantitatively expressed, tasks of production and/or services with the lowest possible consumption of materials, means of work and labor (Barać and Stakić, 2007). Profitability is expressed as a requirement to achieve maximum income with as few resources as possible in the reproduction process.

In economic literature, it is usual to separate the balance sheet from the income statement, where the balance sheet is defined as an instrument for

showing the financial condition of the company understood in the sense of quantitative and qualitative changes in the disposal of funds. On the other hand, the income statement is defined as an instrument that aims to express the degree of business success in a given period of time (Knežević, *et al.*, 2017).

Based on the data from Figure 1, it can be seen that the total assets since 2014. until 2017 slightly decreased, and that from 2018 until 2021 started to grow again. Real estate, plants, equipment and biological assets have the largest share in total assets.

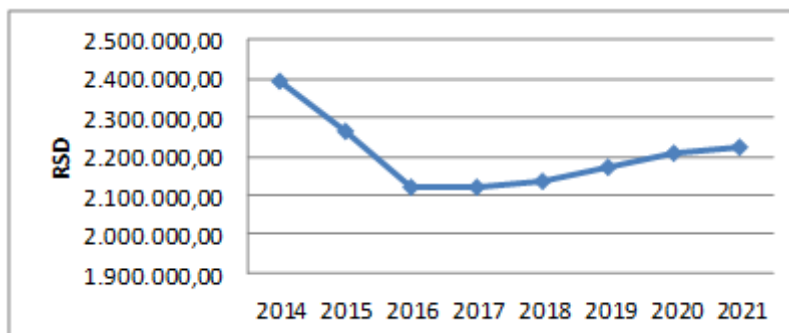


Figure 1. Balance sheet of PE "NP Fruška Gora" 2014/15.../16/17/18/19/20/21. (in RSD) - ASSETS - Fixed assets

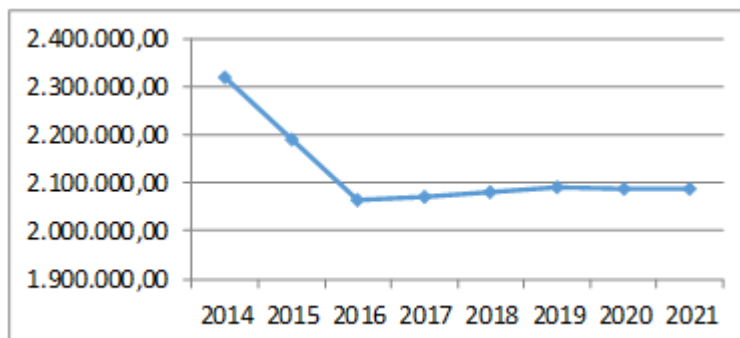


Figure 2. Balance sheet of PE "NP Fruška Gora" 2014/15.../16/17/18/19/20/21. (in RSD) - LIABILITIES – Capital

Figure 2 presents liabilities for the period from 2014 until 2021, where observe that the fixed capital in 2015-16 recorded a decrease, and since 2016 until 2021 constantly the same. It means that the value of state capital and fixed capital has not changed over the years. Reserves have been constantly increasing since 2017. Long-term provisions and liabilities were reduced in 2015 and 2016 and from 2017 until 2019 we have an increase, and then a decrease again in 2020 and in 2021.

This means that the company in the period 2017-2019 used other funds in the form of credits, loans and other long-term funds. Short-term liabilities have a dynamic movement from year to year, the highest value was recorded in 2018 and the lowest in 2021. This tells us that payables and trade payables have a variable trend in value.

Table 1 shows business income and business expenses. As we can see, business income was not always higher than business expenses, so the company operated with a loss in 2014, 2019, 2020, 2021, while in the period 2015-2018 recorded business income that was constantly growing.

Table 1. Balance sheet of PE "NP Fruška Gora" 2014/15.../16/17/18/19/20/21. (in RSD) - business income/expenses

	Position	2014	2015	2016	2017	2018	2019	2020	2021
1	Bussines income	368.392	355.068	391.196	379.893	371.375	351.652	328.882	345.949
2	Bussines expenses	372.451	342.923	373.124	359.755	338.514	352.112	340.968	353.330
3	Bussines profit	/	12.145	18.072	20.138	32.861	/	/	/
4	Bussines loss	4059	/	/	/	/	460	12.086	7.381

Table 2 presents the financial income and financial expenses of PE "NP Fruška Gora". The company is in 2014, 2015, 2019 and 2021 recorded higher financial expenses than financial income and operated with a loss from financing, and in 2016, 2017, 2018 and 2020 recorded higher financial income than financial expenses and operated with a profit from financing, which in 2018 amounted to 3,583 dinars.

Table 2. Income statement of PE "NP Fruška Gora"2014/15.../16/17/18/19/20/21. (in RSD) – financial income/expenses

	Position	2014	2015	2016	2017	2018	2019	2020	2021
1	Bussines income	230	1.060	2.405	1.167	3.712	1.642	1.780	770
2	Bussines expenses	2.423	1.411	1.026	1.054	129	4.275	622	1.419
3	Bussines profit	/	/	1.379	113	3.583	/	1.158	/
4	Bussines loss	2.193	351	/	/	/	2.633	/	649

Other revenues arise from the sale of securities, fixed assets, materials, surpluses, reduction of obligations to clients and state authorities. Other expenses that arise as a result of unforeseen events that the company cannot influence (deficits, funds, fines, etc.). The company made a profit in 2014, 2015, 2017, 2019, 2020 and 2021. The biggest profit was in 2020 from 34,573 Serbian dinars (RSD). As for losses, there were losses in 2016 from 13,590 RSD and in 2018 from 13,051 RSD.

## RESULTS AND DISCUSSION

It can be seen that the company was not liquid at any moment of the observed period. The reason for all this is that short-term liabilities have a greater amount of value than all other balance sheet indicators (Figure 3).

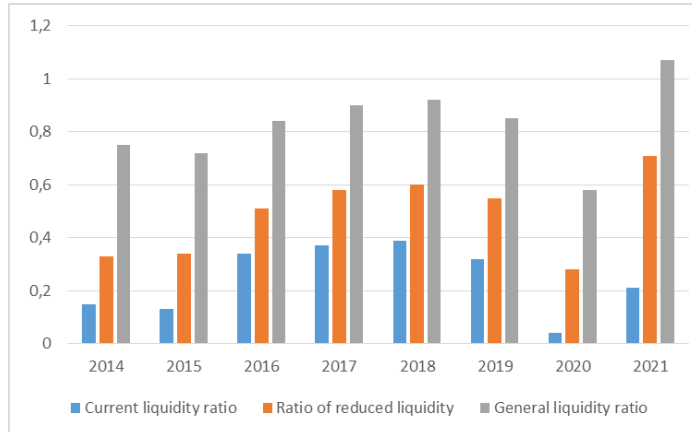


Figure 3. Movement of company liquidity

In figure 3, we can see that all three liquidities have the lowest coefficient in 2020. The reason for this is the decrease in cash, current assets and inventories in relation to short-term liabilities, which in 2020 had the second highest value in the observed period.

Figure 4 shows that the company is permanently solvent in the observed period, that is, the company is capable of paying all its obligations when they come due.

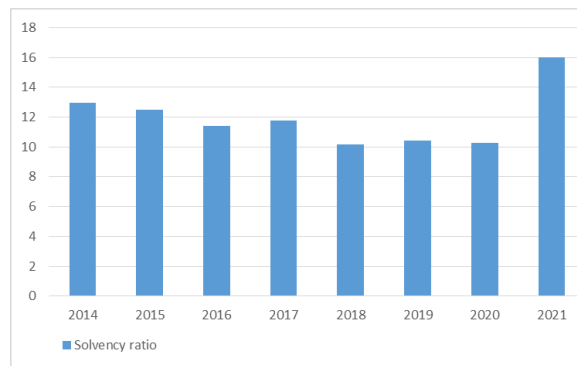


Figure 4. Trends in the company's solvency

On figure 4, we can see that the coefficients have a decreasing tendency from the beginning of the analysis until 2020. The reason for this is the increase in liabilities. By reducing liabilities in 2021, a dynamic increase in the Company's solvency ratio can be observed.

The analysis of the indebtedness of the PE "NP Fruška Gora" is presented through several financial elements (financial leverage, coefficient of own financing, indebtedness factor, independent financing indicator).

In figure 5, the financial leverage has oscillations in its movement, it only remained in the period 2018-2020 and recorded the highest value of 0.11, resulting in increased debts. The lowest value of this indicator was recorded in 2021 of 0.07 due to reduction in liabilities.

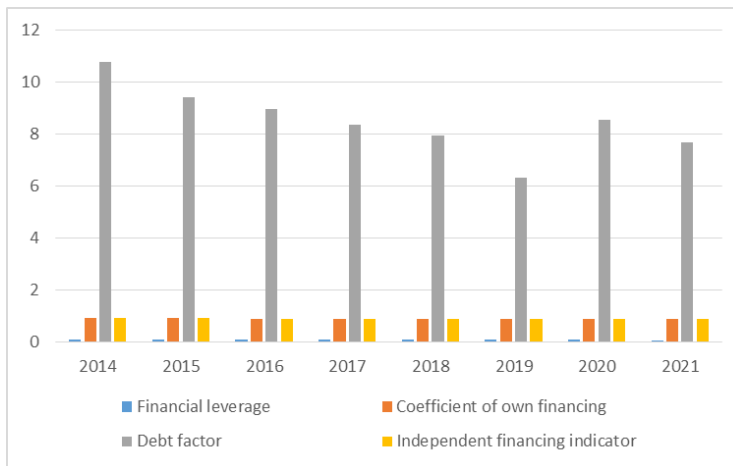


Figure 5. Trends in corporate indebtedness

Figure 5 shows that the indebtedness factor was at its peak at the beginning of the observed period, i.e. in 2014. after which its value began to decline until 2019. Then in 2020, an increase was recorded again in order to decrease again in 2021. The reason for such a movement is the change in the ratio of liabilities and total depreciation.

The company achieved the highest productivity in 2016 due to increased sales revenue. In the following years, we see that the company's productivity is falling, the reason being the decrease in sales revenue. The lowest value was recorded in 2021, regardless of the fact that the number of workers was reduced, because the income from sales did not stop falling.

Table 3. Analysis of company productivity

Position	2014	2015	2016	2017	2018	2019	2020	2021
Sales revenue	294.689	274.054	311.112	290.111	259.902	216.445	187.407	177.371
No. of workers	154	154	153	151	151	151	151	143
Productivity	1.913	1.779	2.033	1.921	1.721	1.433	1.241	1.240

As for the intensity of the productivity movement, graph 9 shows that the highest productivity was achieved in 2016. After that, a decreasing tendency can be observed until the end of the observed period, that is, until 2021 (Table 3).

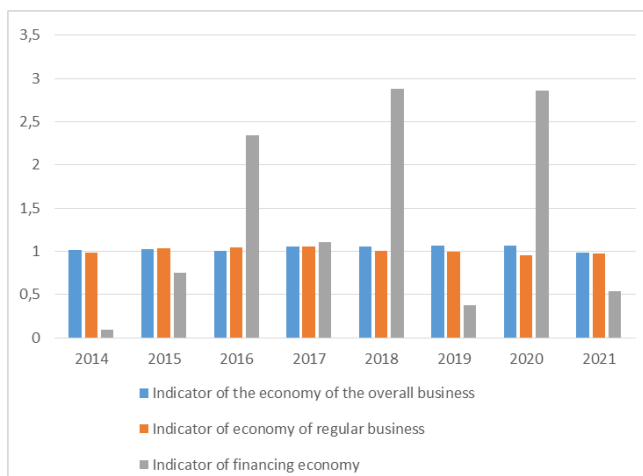


Figure 6. Trend of the company's efficiency

The analysis of the efficiency of the Company is expressed through several indicators (the efficiency indicator of the overall operation, the efficiency indicator of regular operations and the indicator of the efficiency of financing).

The overall business efficiency indicator tells us that the Company operates economically in all years except 2021, where total expenses are slightly higher than total revenues. The economic efficiency indicator of regular operations shows us that in 2014, 2020 and 2021, the company had higher business expenses compared to business income (Figure 6). On Figure 6, it can be seen the sharp growth of the financing economy indicator in 2016, 2018, 2020. The reason for the growth is the increase in financial income.

The company's goal is to maximize profit in the long term, and the goal of monitoring profitability indicators is to assess the degree of achievement of set goals (Spasić and Čerović, 2014).

Table 4. Analysis of the company's profitability

Position	2014	2015	2016	2017	2018	2019	2020	2021
Average net profit	1.27 9	2.391	5.181	8.085	12.198	17.070	13.879	5.466
Average equity	2.31 9.82 9	2.255.2 92	2.128.02 3	2.068.28 6	2.076.29 0	2.086.08 8	2.090.05 7	2.088.09 8
Return on equity	0,05	0,11	0,24	0,39	0,59	0,82	0,66	0,26

The profitable value of the Company increased from year to year until 2019 where it recorded the highest growth, and from 2020 it starts to decline, the

reason for all this is the change in own capital and net profit. There is a tendency to increase profitability until 2019. The drastic drop in profitability in 2021 is the result of a reduced net profit (Table 4).

### CONCLUSIONS

Based on the financial analysis of PE "NP Fruška Gora", we came to the following conclusions:

- Based on the data from the balance sheet, we can see that the company used funds from credits or loans.
- By increasing the value of real estate, plant and equipment, and by reducing long-term receivables, the fixed assets of the company also increased, which as of 2018 increasing.
- The company operated with a business profit for 4 years in a row.
- In 2014, 2015, 2019, 2021, the company suffered a loss from financing.
- At no time was the company liquid due to high liabilities.
- In the period 2014-2021, the company was always solvent.
- The company needs to improve the labour productivity parameter, which is constantly decreasing.
- The company generally operates economically from the point of view of indicators of overall and regular operations, and by observing the indicators of the economy of financing, we see that the company in 2016, 2017, 2018, 2020 had a higher reference value than allowed and was not economical from this aspect.
- The highest value of profitability was in 2019.
- If all obligations were to be reduced, the indebtedness factor would also be reduced.

### ACKNOWLEDGEMENTS

Scientific researches on the paper are financed by the the Ministry of Education and science of the Republic of Serbia, within the project "Sustainable management of total potentials of forests in the Republic of Serbia" - EVBR 37008, and "Forest plantations in for the purpose of increasing the afforestation of Serbia" TP 31041.

### REFERENCES

- Barać, S., Stakić, B. (2007). Osnovi ekonomije, Univerzitet Singidunum, Beograd, (391)
- Barjaktarović, L., Jović Z., Milojević, M. (2021): Poslovne finansije, Univerzitet Singidunum, Beograd, (323)
- Ivaniš, M., Nešić, S. (2011). Poslovne finansije, Univerzitet Singidunum, Beograd, (385)
- Keca, Lj. (2015). Improving of financing system through diversifying income sources of National park Kopaonik – Serbia. *Agriculture and Forestry*, 61(4): 337-345
- Knežević, G., Stanišić, N., Mizdragović, V. (2017). Analiza finsijskih izveštaja, Univerzitet Singidunum, Beograd, (333-337), 69(6), 1228-1236.
- Spasić, V., Čerović, S. (2013). Ekonomsko-finansijska analiza poslovanja preduzeća u hotelijerstvu i turizmu, Univerzitet Singidunum, Beograd, (315)