Assessment of business activity and ways to increase it, on the example of an agro-industrial complex enterprise

E Yu Bobkova1,*, A V Kuchumov2, S E Terentyev2, P S Burlankov1 and D I Vorobyev3

1K G Razumovsky Moscow State University of technologies and management (the First Cossack University), 109004, Moscow, Russian Federation
2Smolensk State Agricultural Academy, 10/2, Bolshaia Sovetskaia st., Smolensk, 214000, Russian Federation
3Moscow Institute of Psychoanalysis, 34, building 14, Kutuzovskiy prospect, Moscow, 121170, Russian Federation

*E-mail: 89049755219@ya.ru

Abstract. One of the most important factors in the formation of an effectively functioning market of agricultural products is the business activity of market players. High competition in the market of agricultural products forces producers to clearly formulate their tasks and the necessary resources for their implementation. The article gives an assessment of the business activity of the agro-industrial complex enterprise. It is established that insufficient effective use of fixed and working capital, as well as insufficient effective personnel management. It is possible to recognize the business activity of an agro-industrial complex enterprise and profitability as satisfactory but having a negative trend. To increase the business activity of the enterprise in question, calculations of profitability and business activity indicators were performed. Based on the analysis of business activity and profitability, the company's management has been given appropriate recommendations to improve the efficiency of management.

1. Introduction
The state agrarian policy is an important link of the state socio-economic policy, the main direction of which is the sustainable development of agriculture and rural areas.

Sustainable development of rural territories is a comprehensive socio-economic development aimed at increasing the qualitative and quantitative characteristics of agricultural products and food, increasing the efficiency of agriculture, creating jobs for rural population and improving living conditions [1-5]. An effective market of agricultural products is a guarantee of sustainable food supply to the population [6-10].

The formation of the market of agricultural products, raw materials and food, the development of innovative food products with specified characteristics, is a priority task of food security of the state, within the framework of autonomy and independence from external sources of food [11-15].

One of the most important factors in the formation of an effectively functioning market of agricultural products is the business activity of market players.

High competition in the market of agricultural products forces producers to clearly formulate their tasks and the necessary resources for their implementation.
The use of the company's strategic development model allows for sustainable development. One of the most important stages of building a strategic model is the financial assessment of the enterprise.

Business activity is a complex characteristic of an enterprise, reflecting the position of the company in a specific period. Business activity affects investment attractiveness, financial stability, and creditworthiness. High business activity indicators are the main tool in attracting investors.

Being the most important characteristic of the company's activity, business activity can be assessed using several indicators, and, therefore, is the object of economic analysis. The source data for the analysis of business activity is the financial statements of the organization. We will move on to the assessment of the business activity of the agro-industrial complex enterprise and suggest ways to improve it.

2. Materials and Methods
In the course of our work, we will use the following formulas and the values obtained from them.

The analysis of the economic results of the activity was carried out according to the following formulas:

Sales revenue:

\[ B = V \times P \]  \hspace{1cm} (1)

where \( V \) is the volume of products manufactured;

\( P \) is the price per unit of product.

Cost of sales:

\[ C_{pr} = C_{pol} + KR + O_{nach} - O_k \]  \hspace{1cm} (2)

where \( C_{pol} \) is the total cost of manufactured products,

\( KR \) - commercial expenses,

\( O_{nach} \) and \( O_k \) – the balance of unrealized finished products at the beginning and end of the reporting period.

Sales profit

\[ Pr_p = Pr_v - KR - UR \]  \hspace{1cm} (3)

Where \( Pr_v \) - gross profit;

\( KR \) - commercial expenses,

\( UR \) - management expenses

Profit before tax:

\[ Pr_{dn} = Pr_p + Pk_p - Pk_u + PD - PR \]  \hspace{1cm} (4)

where:

\( Pr_{dn} \) — profit before taxation;

\( Pr_p \) - profit from sales;

\( Du \) — income from participation in other organizations;

\( Pk_p \) - interest receivable;

\( Pk_u \) - interest payable;

PD and PR — other income and expenses.

Net profit:

\[ Ch_p = V - C_{pr} - UR - KR + PD - PR - N \]  \hspace{1cm} (5)

where:

\( V \) - revenue;

\( C_{pr} \) - cost of sales;

\( UR \) and \( KR \) - management and commercial expenses;

PD and PR — other income and expenses;
NP - income tax.
Return on assets:

\[ K_{ra} = \frac{Ch_p}{S_a} \times 100\% \]  
(6)

where \( Ch_p \) is net profit
\( S_a \) - amount of assets

Profitability of products:

\[ R_{pr} = \frac{Pr}{Cc} \times 100 \]  
(7)

where:
\( R_{pr} \) is the profitability of products;
\( Pr \) - profit;
\( Cc \) - cost price.

Return on sales:

\[ K_{rp} = \frac{Pr}{V} \times 100\% \]  
(8)

\( Pr \) - profit from sales;
\( V \) – revenue from sales

Net profit margin

\[ R = \frac{Ch_p}{V} \times 100 \]  
(9)

where \( V \) is revenue from sales
\( Ch_p \) - net profit.

Capital turnover ratio:

\[ K_{dok} = \frac{V}{C_{asr}} \]  
(10)

where:
\( V \) – revenue from sales
\( C_{asr} \) - average cost of assets

Turnover ratio of working capital:

\[ K_{ob} = \frac{V}{C_{kasr}} \]  
(11)

\( V \) – revenue from sales
\( C_{kasr} \) – average annual cost of short-term assets

Return on funds:

\[ F_o = \frac{Vp}{OPF_{SG}} \]  
(12)

where \( Vp \) – cost of manufactured products for the year;
\( OPF_{SG} \) – average annual cost of fixed assets.

Return on equity ratio:

\[ K_{osk} = \frac{V}{C_{ask}} \]  
(13)

\( V \) – revenue from sales
\( C_{ask} \) – Average annual cost of equity

Turnover ratio of production stocks:

\[ K_{obpz} = \frac{V}{OZ_s} \]  
(14)
V – revenue from sales
OZs – Average annual stock balance
Turnover ratio of accounts receivable:
\[ K_{ODZ} = \frac{V}{O_{DZs}} \] (15)

V – revenue from sales
Odzs – Average balance of accounts receivable
Turnover of accounts payable:
\[ K_{Ozs} = \frac{V}{O_{Kzs}} \] (16)

Turnover of accounts payable (coefficient) = Purchases / Average amount of accounts payable.

3. Results and Discussion
The company under study to achieve its statutory goals carries out the following activities: cultivation of annual crops; retail and wholesale trade; harvesting, storage, processing of agricultural products.

The subjects of the analyzed company's activities are any types of activities that are not prohibited by the current legislation of the Russian Federation, including the implementation of activities in the field of material production and non-production sphere, the main results of activities are presented in Table 1.

| Table 1. Dynamics of the main performance indicators. | Indicators                                      |
|------------------------------------------------------|-------------------------------------------------|
|                                                      | 2018 2019 2020 2019 to 2018 2020 to 2019        |
| 1 Revenue, thousand rubles                           | 49821.0 55958.0 38344.0 112.32 68.5            |
| 2 Cost of products sold, thousand rubles             | 37937.0 48345.0 33598.0 127.4 69.5            |
| 3 Gross profit, thousand rubles                      | 11884.0 7613.0 4746.0 64.0 62.3               |
| 4 Net profit, thousand rubles                        | 1397.0 2534.0 478.0 181.3 18.8                |
| 5 Average annual equity capital, thous. Rub.         | 6970.5 8936.0 10442.0 128.2 116.8              |
| 6 Average headcount, people                          | 40.00 57.0 46.0 142.5 80.7                     |
| 7 Turnover of working capital, turnover              | 6.40 6.80 4.5 106.2 66.1                        |
| 8 Labor productivity, rubles / person / year         | 1245.5 981.7 833.5 78.8 84.9                    |
| 9 Capital productivity                               | 35.00 19.6 5.1 56.2 26.3                        |

According to Table 1, it can be concluded that the analyzed campaign worked effectively during the 2018-2020 period, since it had a net profit in the analyzed period.

Revenue from sales of products in 2019 increased by 12.32% in relative terms, but in 2020 there is a sharp decline in revenue (by 21.48% compared to 2019). At the same time, it is important to note that the dynamics of cost has a similar trend – in 2019 it tends to grow, and in 2020 it has a tendency to decline.

Accordingly, net profit behaves similarly to previous indicators. In total, in 2020, the company received 478 thousand rubles of net profit. At the same time, in 2019, net profit increased by 81.39% compared to 2018, and in 2020 it decreased by almost 80%.

Labor costs with a constant increase in the average monthly wage during the analyzed period have not stable dynamics. This is due to the change in the number of staff.

Gross profit during the analyzed period has a negative trend, there is a decrease in this indicator in 2019 compared to 2018 – by 4,271 thousand rubles and in 2020 compared to 2019 - by 2,867 thousand rubles in absolute terms.
Analyzing the relative performance indicators, it is important to note the following.

First, despite the growth of the working capital of the enterprise, the turnover of working capital is decreasing. In 2019, turnover accelerates slightly, and in 2020 it slows down sharply. This trend, of course, is negative for the company. If in 2018, working capital made 6.4 turnover per year, then in 2020 - only 4.5 turnover.

Second, despite the increase in the average annual cost of fixed assets, the return on capital is declining. If in 2019 1 ruble invested in fixed assets brought ("gave") 354.9 rubles of revenue, then in 2020 – only 5.2.

Based on the above, it is possible to talk about insufficiently effective use of fixed and working capital, as well as about insufficiently effective personnel management.

The business activity of an enterprise represents the level of dynamism of the enterprise development, as well as the level of effective use of its economic potential. The calculation of profitability and business activity indicators is performed in Table 2.

### Table 2. Calculation of turnover indicators, 2018-2020

| Indicators               | 2018 | 2019 | 2020 | 2019 to 2018 | 2020 to 2019 |
|-------------------------|------|------|------|--------------|--------------|
| $K_{ocp}$, revolutions  | 5.44 | 5.03 | 3.13 | 92.46        | 62.23        |
| $K_{oc}$, For example,  | 6.41 | 6.82 | 4.51 | 106.40       | 66.13        |
| $F_{oc}$, rubles         | 34.9 | 19.6 | 5.2  | 56.16        | 26.53        |
| $K_{ooc}$, rubles        | 7.16 | 6.25 | 3.67 | 87.29        | 58.72        |
| $K_{obpz}$, revolutions  | 33.98| 31.26| 26.08| 92.00        | 83.43        |
| $K_{ODZ}$, revolutions   | 73.17| 63.87| 8.86 | 87.29        | 13.87        |
| $K_{OKZ}$, revolutions   | 32.62| 44.37| 31.55| 136.02       | 71.11        |

According to the analytical table, the coefficient of total capital turnover (resource return) has a negative trend. If in 2018 the capital made 5.44 turnover, then in 2020 - only 3.13 turnover (a decrease of 1.9 turnover compared to 2019). That is, there is a slowdown in the work of capital.

The turnover ratio of working capital also has a negative trend. Working capital began to work slower, which indicates inefficient management of working capital. Each turnover brings the company a profit equal to the trade margin. In 2018, working capital made 6.42 turnover and, accordingly, brought the company profits 6.42 times. And in 2019 – only 4.51 times.

A decrease in the capital return indicator signals the inefficient use of the company's fixed assets. The coefficient of return of the equity has a dynamic similar to the previous indicator. It shows the inefficient use of equity. If in 2018 1 ruble invested in equity brought 7.16 rubles of revenue, then in 2020 – 3.67 rubles.

The turnover of inventory is also decreasing. The cash turnover indicator has a negative downward trend.

The turnover ratio of accounts receivable is the most important parameter characterizing the business activity of the enterprise.

The turnover of accounts receivable decreases within three years, and its repayment period increases. In 2018, accounts receivable made 73.17 turnover with an average maturity of 3.45 days. In 2020, accounts receivable made 8.86 turnover with a maturity of 28.48 days.

Thus, it can be concluded about the decline in business activity during 2018-2020, it is possible to recognize business activity and profitability as satisfactory but having a negative trend.

Based on the analysis of business activity and profitability, to improve the efficiency of management, the company's management can be recommended to increase the efficiency of the use of fixed assets and other non-current assets; accelerate cash turnover; reduce cash outflow; increase sales.

In addition, to improve the efficiency of management, management should pay attention to
improving the organization of marketing to increase sales; improving management organization.

4. Conclusion

Analyzing the relative performance indicators, it is important to note the following.

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Thus, it is possible to recognize business activity and profitability as satisfactory but having a negative trend.

Based on the analysis of business activity and profitability, to improve the efficiency of management, the company's management can be recommended to increase the efficiency of the use of fixed assets and other non-current assets; accelerate cash turnover; reduce cash outflow; increase sales.

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