MODEL OF FINANCIAL ANALYSIS OF AN ORGANIZATIONAL BIODIVERSITY ENTERPRISE [1]

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Summary: *Bulgaria is the EU's leader in increasing the number of organic producers over the last five years. The types of crops with the largest share in the structure of organic areas of all areas in our country are respectively ¾ of the areas including permanent crops, Technical crops, meadows and pastures. The remaining ¼ occupy grain, vegetable, essential oil and fodder crops. In relative terms, however, the most widespread is the production of leafy vegetables and grazing, and the areas occupied by these crops are almost entirely grown in this way. More than half of the areas with berry crops (except strawberries) are certified as organic or in transition. Areas planted with some perennial plantations and essential oil and healing crops also occupy a larger share. An important requirement for the objectivity of the financial analysis is the reporting of the comparability of the source information for the reporting period with the relevant data from the financial analysis entities. It is imperative to take into account the distortive influence of all the factors in order to achieve correct and sustainable conclusions: agrotechnical; natural and climatic; socio-economic.*
KEYWORDS:*ORGANIC FARMING, FINANCIAL ANALYSIS, SPECIFICATION OF ORGANIC FARMING, OPERATORS*

Introduction

In the world as of 31.12.2016 organic farming in the world is practiced in over 170 countries and 57816759 ha of agricultural land is organically cultivated by approximately 2726615 farmers. In 2016, retail sales of organic food and beverages reached 84698 million. €[1].

The results of the latest survey of certified organic farming worldwide (end of 2016) indicate that, in addition to the growth in organic agricultural land, there has been an increase in the number of organic producers, exports and retail sales of this type of product .

Organic market in the EU also continues to grow ascendant. It has increased more than twice in 2016 compared to 2007 and has reached € 30682 million against € 14499 million (in the base year)

Exposition

The severely narrow national market is the main problem and obstacle to the development of organic farming in Bulgaria. According to Eurostat official data, the value of sales of organic food and drink in the country amounts to 1 euro per person per year or to a total market value of 7 million. €.

Table 1 *Organic production areas in Bulgaria and the EU (2007-2016)*

Types of areas	2007		2016	
	Bulgaria	EU	Bulgaria	EU
Biological agricultural land (ha)	13 646	7171537	160620	12047878
Share of organic areas in common agricultural land (%)	0,45	3, 99	3,45	6,74

Table 2 *Operators[2] of organic production in Bulgaria*

Bio Operators	2012	2016	%
producers	2754	6964	2,53
processors	81	175	2,16
importers	1	13	1300,00
exporters	14	9	-0,64

Source: *FiBL Research Institute of Organic Agriculture*

Table 3 *Number of organic producers in Bulgaria and the EU*

Region	2007	2012	2016
Bulgaria	240	2754	3546
EU	186281	253381	295123

Source:*FiBL Research Institute of Organic Agriculture*

Bulgaria is the EU leader in increasing the number of organic producers over the last five years (Table 4). In 2016, compared to 2007 (the year of Bulgaria's accession to the EU), bio-producers in our country have grown nearly 15 times those in the EU. At the beginning of 2016, the number of registered organic producers was almost 7,000, and in the last five years it has increased more than 2,5 times. Certified or undergoing organic conversion in Bulgaria has increased nearly four times between 2007 and 2016.

[1] FiBL, The World of Organic Agriculture 2016
[2] All producers, processors, exporters and importers of organic produce are included here

Table 4 *Certified Organic Areas in Bulgaria and the EU in ha (2007-2016)*

Region	2007	2012	2016
Bulgaria	13646.00	39136.80	160620.00
EU	7171537.20	9980114.95	12047878.05

The types of crops with the largest share in the structure of organic areas of all areas in our country are respectively ¾ of the areas including perennials (34.10%), technical crops (23.85%), permanent meadows and pastures (16,50%). The remaining ¼ occupy grain, vegetable, essential oil and fodder crops (Table 5)

Table 5 Organic farming structure of crops grown biologically 2016

Type of crops	(ha)	%
Cereal crops	2838	13,05
Technical cultures	5184	23,85
Fresh vegetables, melons, strawberries, (general)	1086	5,00
Perennial crops	7409	34,1
Permanent meadows and pastures	3601	16,5
Forage crops from arable land	1621	7,5
Total	21739	100,0

Sources: Eurostat

However, in relative terms, the production of leafy vegetables and nuts is the most common, and the areas under these crops are almost fully grown in this way. More than half of the areas with berry crops (except strawberries) are certified as organic or in transition. Areas planted with some perennial plantations and essential oil and healing crops also occupy a larger share.
What impresses is that yields of some long-lasting crops, somewhat typical of organic production, are significantly lagging behind those of our geographical region - Turkey and Spain.

Table 6 Average yields of organically grown perennial crops in Bulgaria, and (MT / ha)

Agricultural crops	Bulgaria		Turkey		Spain	
	Conventional agriculture	*Organic griculture*	Conventional agriculture	*Organic* agriculture	Conventional agriculture	*Organic agriculture*
Strawberries		4,7		15,7		28
Cherries	5,322	1,8		7,6		11,1
Plums	5,053	5,3		5,7		11,8
Nuts	0,601	0,3		1,4		0,4

Source: Eurostat

Despite the lower yields of organic production, these crops have the potential for significant distribution in Bulgaria.
In developing a financial analysis algorithm for an organic greenhouse production plant, it is essential to clarify the specifics of this production as the initial stage of the financial analysis.

Results

- As a result of the scientific expertise, the following important conclusion has been formulated. In order to conduct an objective financial analysis, mandatory comparability of the information for the reporting period with relevant data from the sites of the benchmarking analysis is necessary. Therefore, it is imperative to take into account and eliminate the distortive influence of all the factors to achieve true and sustained conclusions. More important factors in this aspect are:
- agro-technical factors (changes in assortment policy, seasonality and alternative to fruit growing from permanent crops);
- natural-climatic factors (seasonal temperature variations in time and geographic location of the organic production site);
- ocio-economic factors (ethnic and religious structure of the population, specificity of the consumption of a particular type of production; food habits and peculiarities of consumers by geographic areas; purchasing power, age and sexual composition of consumers; price scissors products from organic and traditional farming; investment risk in the construction and accounting of the costs of creating the tangible fixed assets in the greenhouse production at different stages of the business year; cyclical fluctuations in raw material prices, energy, water and preparations used in greenhouse bio-production);

Sources: 1. Eurostat (http://ec.europa.eu/eurostat);
2. Agrostatistics department, MAF
3. NSI (http://www.nsi.bg/);
4. Faostat (http://faostat3.fao.org/home/E);
5. The World of Organic Agriculture 2016 (http://www.fibl.org);
6. USDA – Economic Research Service (http://www.ers.usda.gov)