

## THE ACCOUNTING SYSTEM OF THE ROMANIAN AGRICULTURAL ENTITIES IN THE COMMUNIST PERIOD

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**Abstract:** *The purpose of this article is to compare the accounting system of the Romanian agricultural entities from the communist period to the agricultural entities from nowadays. Agriculture represents an extremely important branch in this country's economy, as it contributes to the economic growth on a national level. The accounting system of the Romanian agricultural entities from the communist period was not as well developed or precise, as P. Leonte would state. As time went by and many changes occurred in Romania, the accounting system of the agricultural entities and not only, will change dramatically and will finally become what they are in the present.*

**Key words:** *agriculture, accounting system, communist period, agricultural entity*

### INTRODUCTION

Accounting is the science and art of business mastery, arising from people's need to acknowledge the amount of work they use, the wealth and the results of their work.

"Accounting is considered by researchers and analysts as the main source of economic and financial information for all categories of internal and external users" [10].

The development of accounting is an objective process that is carried out in parallel with the economic development, so that in order to characterize the accounting system in Romania during the communist period it is necessary to consider the realities of the respective period namely: the economic environment, the degree of autonomy in decisions at national level, social relations, influence of international relations, etc.

In the context of the establishment of capitalism in Romania, the accounting system of the time has developed and new management approaches have been introduced but also new accounting theories.

### MATERIALS AND METHODS

This paper is based on several methods and research variants such as: analysis, synthesis, induction, deduction, case study, brainstorming, etc.

### RESEARCH RESULTS

Contemporary society offers new prospects for accounting as a result of rapid technical and scientific progress [3].

The impetuous development of the technique in the agricultural production sectors created conditions for the implementation of new Romanian accounting regulations, especially during communism. Dumitru Rusu said that accounting regulations and specialized papers appeared as a result of "the development of Romanian economic thinking with origins in the reality of the country, in the context of the universal economic concepts of that period" [7].

In the framework of agricultural cooperatives and inter-cooperative economic units, the economic activity of production is organized and planned in order to develop them according to the economic and social conditions of each cooperative [11]. The organization and planning of agricultural production cooperatives must take into account the requirements of agricultural production growth, the needs of the national economy and the interests of the members. As a result, the agricultural activities of agricultural entities

(cooperatives) are based on the prospective plan and the annual production and financial plan. Here we mention that the production and financial plans of agricultural cooperatives need to be consolidated with the plans of inter-operative economic units.

The perspective plan is meant to show how production is geared to the economic and social circumstances in which cooperatives carry out their activities. This plan includes the most important indicators of the economic activity of cooperatives. In relation to party leadership indicators, the plan needs to be continuously completed to be able to remain a five-year plan at all times [11]. For example, a prospective plan developed in 1970 will also include the year 1975.

With the help of the production and financial plan, incomes and expenditures, the annual planning of the production activity of the agricultural cooperatives is carried out [9]. This plan is very important because it is elaborated by means of extensive technical and economic analysis of the factors that determine production (expenses and revenues) to optimize production. This plan establishes the synthetic indicators on: material expenditures, global output, development fund, net production, consumption fund, money income and cooperative members [12].

The annual production plan sets out how the lands are used, plant and animal production, and how it is distributed, etc [13].

The financial plan is elaborated on the basis of the production plan, containing at the same time the planned revenue to be earned and the expenses to be incurred during the year [6].

Let's assume that these plans have been properly drafted and that production reaches maximum levels, so there must be closing operations at the end of the year. Thus, at the end of the year, the inventory appears. Inventory is the process of controlling and documenting the existence of accounting items that belong to and / or are in the entity's temporary management [14].

Inventory includes several functions, such as [5]:

- The function of acknowledgment and reflection attesting the existence of economic means at some point
- The function of identifying changes caused by natural agents (which were not reflected in the accounting records)
- The function of management control and defense of communal property integrity
- The function of completing the record data by agreeing it with actual data obtained as a result of the inventory.
- The function of determining the cost price of the finished production, because by the inventory of the unfinished production, the part of the production costs related to the finished production is determined.

The inventory is carried out in several stages, namely [4]:

- Organizing inventory
- Finding, measuring, counting, weighing and describing inventory goods
- Determining the differences between stocks found in the inventory and the balances of accounting existence, justifying or explaining them and regularizing them.

### **I. Organization of inventory**

At this stage, first of all, an inventory committee is named. This consists of a member of the board of directors or of the administrative board and the chief accountant or chief economist. Members of this committee can only be revoked in special cases and only with the written approval of the cooperative president.

Once a committee has been set up, a plan shall be drawn up stating the start date and the date of completion of inventory, the order of inventory of products, fixed assets, and so on and place of inventory (warehouses, rooms) [15].

After these preparations, the inventory begins, according to the plan established by the inventory committee.

## **II. Finding, measuring, counting, weighing and describing inventory items**

### **1. Inventory of fixed assets**

Fixed assets are listed in the order of the categories of assets as they are classified in the plan of accounts Chapter IV, Class 1 - Fixed Assets. Fully used assets do not go into the inventory list. If the assets can no longer be used, the inventory committee draws up a report.

### **2. Inventory of investment works**

Unfinished investment works are inventoried by objectives, showing in lists: the name of the objective, the stage and the volume of work carried out on the basis of the on-site findings. Unfinished capital repairs are inventoried. Inventory is done by on-the-spot checks of the stage of work.

### **3. Inventory of young animals and animals for fattening**

Young animals and fattening animals shall be stocked and entered in inventory lists by species and within them by age groups, separating young animals and fattened animals for investment.

### **4. Inventory of materials, finished products and goods**

The inventory of materials, finished products and goods is done by methods such as weighing, measuring, cubing, and so on, by their nature. In inventory lists these are separated by name, quantity, assortment, etc.

### **5. Inventory of unfinished production**

This type of inventory lists all products that are unfinished or products that have not passed the receipt. Raw materials or spare parts, auxiliary materials only removed from the warehouse and taken to the workplace, not yet used for production, are not considered as unfinished production.

### **6. Inventory of money and other values**

The inventory of money and other values is done by counting and passing money in the register, receipts in inventory lists. The inventory of postmarks and stamps is done at their nominal value.

### **7. Inventory of bank accounts, settlements and other values**

Inventory of accounts is done by checking the amounts in the respective accounts. The result of the inventory of bank accounts must be recorded in a record that must include data on: the name and amount of the debtors and creditors, the origin and the length of the debt, documents justifying the amounts owed.

## **III. Determining the differences between stocks found in the inventory and the balances from the existent accounting, justifying or explaining them and regularizing them.**

The final stage of the inventory refers to comparing the results of the actual inventory with the corresponding data extracted from the accounting records [8].

To make this comparison, we need a centralizer like Table 1 [1].

In the given situation, the goods are recorded by the registration value and the weight gain of the young and fattened animals by the average realization price. For differences (plus or minus), the chairman of the inventory committee requires explanations from the manager so he/she has to make a written statement. On the basis of these statements, the committee determines the nature of the deficiencies, deteriorations or losses, but also the nature of the pluses, thus proposing in accordance with the legal provisions how to regularize the differences between the inventory results and the accounting data [2]. The results of the inventory will be recorded in a report that will be

submitted to the board of directors and will be approved within 10 days after which the report will be recorded in the accounting (maximum 5 days from the date of approval).

**Table 1.**

**Centralizer the results of inventory**

Explanation (name of the group of goods in the order of accounts in the balance sheet)	The balance in the bookkeeping		Inventory balance		Differences				Observations
					Plus		Minus		
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	

Loss rules do not apply in advance, but only when it is found that there are indeed shortcomings, so that:

- The deficiencies within the norms (within the legal norms) of non-durability that are not due to someone's guilt are recorded at the expense with the formal approvals
- The deficiencies beyond the limits of existing rules due to damage are recovered from those responsible for them.

Loss over norms is approved as follows:

- Up to 5000 lei, by the general assembly or their authorized representatives on the documented proposal of the board of directors or administrative board
- Over 5000 lei, by the general assembly or their authorized representatives on the basis of the documents drawn up by the board of directors or the administrative board endorsed by the executive office of the County Union, following prior checking by its instructors.

**CONCLUSIONS**

In our opinion, the system of Romanian agricultural entities in the communist era was a well-organized and well-developed system, with a well developed "response" for each problem or conjuncture. Each plan was well defined by the other and each member of the committee knew the role and the task that he had to accomplish when the inventory took place.

Inventory was a complex and well-structured process. Everything was based on well drawn up reports of the members of the inventory committee, and on the basis of these records, important decisions were made regarding the respective agricultural entity.

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