IMPLICATIONS OF THE ACCOUNTING ORGANIZATION FOR THE ANCILLARY PRODUCT HOLDINGS

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Abstract: *The completion of agricultural activities takes into account the organization of certain specific works through various categories of holdings. Such holdings include those that carry out biological (ecological or organic) agriculture which, like any other activity that generates incomes and expenses, involves the reflection of the operations in the accounting based on a number of specific rules. The development of the support required to establish (the planting material), the actual establishment, and the achievement of the finished products create effects both at the financial accounting level and at the level of the management accounting. The way in which financial accounting and, implicitly, the information supply for the external users is affected, and the way management accounting is affected in correlation with the information supply for the internal use (for decision-makers) represent the object of this study.*

Key words*: agricultural activity, agricultural unit, ancillary products, accounting operations, cost distribution.*

INTRODUCTION

Etymologically, *agriculture* comes from the Latin words *agri – field and culture - cultivation*, more specifically, reference is made, in this case, to the mechanical and chemical procession of the soil in order to cultivate plants.

According to the definition given in specialised works**,** agriculture refers, first of all, to the cultivation of land, representing a "a branch of the material production whose object is cultivating plants and raising animals in order to obtain food products and certain raw materials; all the works and methods used for this purpose" [14].

Synthesizing**,** agriculture is the science dealing with the process of obtaining food of vegetal and animal origin, all the materials required to obtain crops and raising animals.

The word agriculture includes a number of distinctive sciences and occupations [6]:

- Aquaculture- the growth of plants and animals living in water (especially in seas and oceans);
- Agrofitotechnics- the culture of field plants, fodder plants and technical plants;
- Apiculture (or beekeeping) – growing bees in order to obtain honey and wax;
- Aviculture – poultry farming;
- Horticulture – selecting and growing vegetables, fruit trees, vines, fruit and deciduous shrubs, flowers, ornamental plants, tropical plants and greenhouse plants;
- Mollusc culture – growing molluscs (terrestrial – edible snails, and aquatic - shells);
- Fish farming- growing fish in various conditions, including in an industrial system;
- Sericulture - the growth of silkworms;
- Silviculture – the study, cultivation, exploitation and protection of trees that form forests, the control and protection of the fauna and flora in the woods;
- Zootechnics – growing domestic animals, domesticated land mammals, with the purpose of obtaining milk, meat, wool and skins or furs.

As we can see, Silviculture has a special place within the agricultural sciences and occupations. It can be viewed from a double perspective [9]:

- ***In a narrow sense***, Silviculture deals only with the actual cultivation of forests, more specifically, their natural and artificial establishment, and their management and improvement during their development, and the harvest of wood and of the other raw materials produced;
- ***In a broader sense***, Silviculture deals with aspects related to the creation and care of forests, harvesting and capitalizing the products obtained, as well as the organization and administration of the entire management process.

MATERIALS AND METHODS

According to FAO (Food and Agriculture Organization) in 2014 in Romania, an area of 13,830,000 ha represents the agricultural surface, out of which 6,791.80 ha the wooded area [15].

The main categories of products specific to the wood and the manner in which they are capitalized provides important information related to their place and role in the society.

The wood products are the main product obtained from forests and are represented by the biomass generated by trees and harvested, based on certain rules, by exploitation. The harvested wood is used, as the case may be, either as firewood, or as working wood in almost all economic branches [11].

The non-timber forestry products refer to products of biological origin, other than wood, coming from forests or other land covered by forest or trees outside forests. Under the conditions of our country, these products are also improperly referred to as accessory products. Although they are widely used in many industries (chemical, pharmaceutical, food, etc.), they have often been underestimated, and therefore, not fully capitalized, as they have not been given the importance due to their huge economic potential [11].

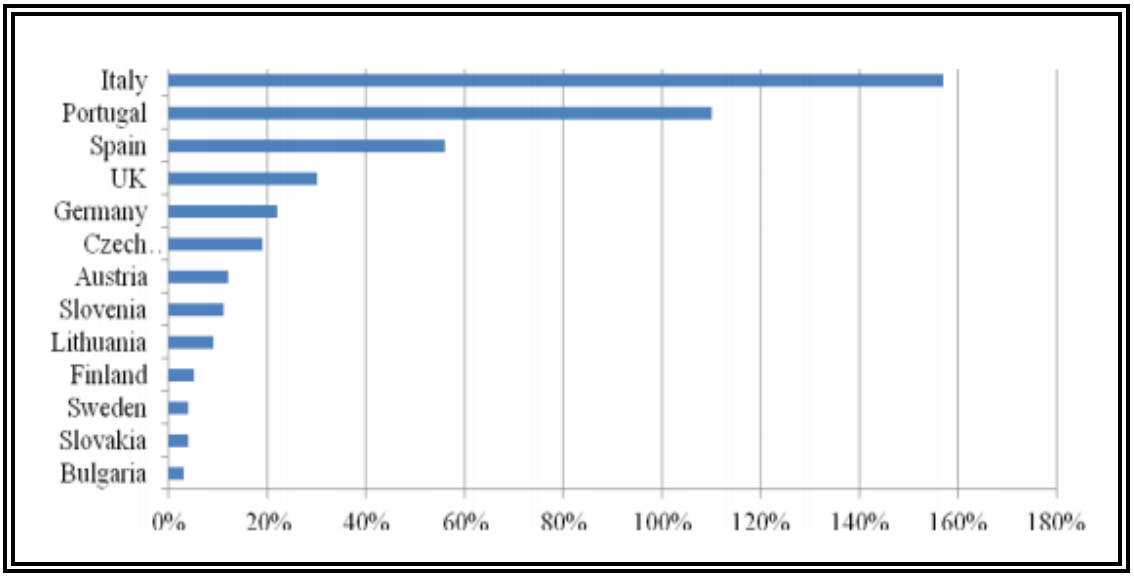

Figure 1. Share of non-timber forestry products compared to the value of wood products

Source: Nichiforel L., 2013

The category of non-timber forestry products includes [12]:

- Tanning substances required in the leather industry, extracted from bark of oak, spruce, coltan, smoke tree, brown chestnut tree;
- Fur and feather game;

- Fruit rich in vitamins: dog rose, black currant, common sea buckthorn, raspberry, blackberries, blueberries, hazel nuts;
- Flowers for herbal tea: lime tree and common elder, species of trees used in beekeeping: lime tree, locust tree, coniferous trees, honey locust, sophora japonica.

According to the information provided by statistical publications in our country, **the quantities sold for the main forestry products** recorded, in 2016, compared to 2015, decreases in forestry and ornamental sapling from tree nurseries (-10.1%), forest fruit (-29.9%), truffles and other edible mushrooms from the spontaneous flora (-15.1%), at the total wood (-0.6%) and increases in forest seeds (+4.1%), game meat (+18.0 %) and honey (+114.3%) [16].

Table 1.

Incomes from forestry product sales, forestry service provision and other incomes, in the years 2015 and 2016

Indicator name	M.U.	2015		2016	
		Quantity	Value –thousand lei – current prices	Quantity	Value –thousand lei – current prices
Turnover of forestry units – total	thousand lei	~	2107590.0	~	2254830.1
Timber (in gross volume) – total	thousand m^3	11322.9	1762055.2	11254.5	1946183.5
– standing timber	thousand m^3	8427.8	1239381.3	8921.8	1462627.2
– shaped timber	thousand m^3	2817.7	482528.7	2302.4	467391.9
– sawn timber and other semi-finished products	thousand m^3	77.4	40145.2	30.3	16164.4
Forestry and ornamental sapling from tree nurseries	Thousand units	15166.2	10705.3	13630.9	11056.3
Other wood products – total	thousand lei	~	2702.1	~	1728.7
Forest seeds	tonnes	7.3	597.8	7.6	561.9
Fruit trees	tonnes	3481.9	12759.4	2442.4	9972.3
Truffles and other edible mushrooms from the spontaneous flora	tonnes	542.7	592.3	460.7	506.5
Other non-timber products – total	thousand lei	~	3246.7	~	2789.6
Game products – total	thousand lei	~	5903.3	~	5229.1
– game meat	tone	212.0	1968.6	250.2	2177.5
Fishery products	thousand lei	~	11093.8	~	8992.9
Honey	tonnes	0.7	9.9	1.5	39.5
Other capitalizations	thousand lei	~	48433.2	~	27961.4
Provision of forestry services – total	thousand lei	~	201141.3	~	163194.9
– guarding	thousand lei	~	105839.9	~	109362.6
– other services	thousand lei	~	95301.4	~	53832.3
Licenses, compensations, fees	thousand lei	~	48349.7	~	76613.5

Source: National Institute of Statistics

As we can see from the supplied data, the part of the accessory forestry products is not given too much attention because they are not viewed as a current or future high-potential resource.

RESEARCH RESULTS

Currently, in the European Union here is an increasing emphasis on agricultural activities, and especially on alternative farming systems, in the idea that they will become the main farming system used. Within this agro-cultivation system, we are mentioning as main components: precision agriculture, rational agriculture, peasant farming, integrated agriculture, multifunctional agriculture, biological (ecological or organic) agriculture. It is considered that in this way, a better capitalization of all available resources will be achieved [2].

Any agricultural activity is carried out in a plant or livestock agricultural holding, depending on the situation, which requires the existence of an organizational structure which helps quantify in monetary terms the economic and financial terms of the production obtained. At this point, accounting is manifested through its components, both the financial and the management one. Through its functions, management accounting is the one that provides the basis for the requirements specific to accounting in agriculture, i.e ensuring the control of the production obtained and its qualitative and value quantification, in order to determine the indicators for the assessment of the efficiency of the agricultural holding use [3].

Chartered Institute of Management Accountants, from Great Britain, defines management accounting as: the process of identification, measurement, accumulation, analysis, preparation, interpretation and communication of information, used by management to plan, evaluate and control within an entity and to assure appropriate use of and accountability for its resources, having the following objectives [13]:

- Formulating strategies;
- Planning and controlling activities;
- Making decisions;
- Improving the use of resources;
- Informing associates or other external information users;
- Informing employees;
- Protecting assets.

The specificity of the activity carried out determines a few peculiarities and specific accounting records as well. We will focus, herein on the highlighting accessory forestry products in the management accounting, or in the financial accounting respectively.

Thus, at the level of the analysed forestry entity, two categories of accessory products are obtained: blueberries and rosehips. The supplied information refer to the costs actually incurred for the processing of the two categories of products for its subsequent use, as can be seen in Table 2.

Based on the information thus synthesized, effective production costs will be subsequently determined for the two accessory products as can be seen in Table 3.

Table 2

Accessory product processing costs (Lei)

Item delimitation	***Accessory products***	
	Blueberries	***Rosehip***
Purchase cost	**8,914 lei**	**5,943 lei**
Current loss (perishables)	**425 lei**	**283 lei**
Utility costs	**849 lei**	
Staff costs	**2,830 lei**	
Cost of equipment (amortization)	**1,981 lei**	
Processing costs	**5,660 lei**	
Capitalization cost	**12,735 lei**	**9,905 lei**

Source: Own processing

Table 3

Determining the production cost of the accessory products (Lei)

Item delimitation	*Accessory products*	
	Blueberries	***Rosehip***
Purchase cost	**8,914 lei**	**5,943 lei**
Current loss (perishables)	**425 lei**	**283 lei**
Overhead costs	**5,660 lei**	
Overhead absorption (RAI)	**5,660 / (8,914 – 425 + 5,943 – 283) = 0.4**	
Share of blueberry costs	**0.4 * (8,914 – 425) = 3,396 lei**	
Share of rosehip costs	**0.4 * (5,943 – 283) = 2,264 lei**	
Effective cost	**8,914 – 425 + 3,396 = 11,885 lei**	**5,943 – 283 + 2,264 = 7,924 lei**

Source: Own processing

The following operations will be reflected in the management accounting:

1. Registration of the collection of expenses

19,809 lei	%	=	901 Internal settlements of expenses	19,809 lei
8,489 lei	921.01 Core activity expenses/ blueberries			
5,660 lei	921.02 Core activity expenses/ rosehip			
5,660 lei	923 Indirect production costs			

2. Record of the distribution of indirect costs

5,660 lei	%	=	923 Indirect production costs	5,660 lei
3,396 lei	921.01 Core activity expenses/ blueberries			
2,264 lei	921.02 Core activity expenses/ rosehip			

3. Record of the finished products at standard cost

19,809 lei	902 Internal settlements related to the production obtained	=	%	19,809 lei
			921.01 Core activity expenses / blueberries	11,885 lei
			921.02 Core activity expenses / rosehip	7,924 lei

4. Record of the finished products at effective cost

19,809 lei	%	=	902 Internal settlements related to the production obtained	19,809 lei
11,885 lei	931.01 Cost of the production obtained/ blueberries			
7,924 lei	931.02 Cost of the production obtained / rosehip			

5. Closing the accounts.

19,809 lei	901 Internal settlements of expenses	=	%	19,809 lei
			931.01 Cost of the production obtained / blueberries	11,885 lei
			931.02 Cost of the production obtained / rosehip	7,924 lei

The following operations will be reflected in the financial accounting:

- **Reception of the accessory products**

14,857 lei	301 Raw materials	=	5311 Cash in lei	14,857 lei

- **Recoding perishables**

708 lei	6588 Other operating expenses	=	301 Raw materials	708 lei

- **Recording the raw material consumption**

14,149 lei	601 Raw material expenses	=	301 Raw materials	14,149 lei

- **Recording the costs of utilities**

849 lei	605 Energy and water expenses	=	401 Suppliers	849 lei

- **Recording staff costs**

2,830 lei	641 Staff salary costs	=	421 Staff – salaries due	2,830 lei

- **Recording depreciation costs**

1,981 lei	6811 Operating expenses related to the depreciation of assets	=	281 Depreciation of tangible assets	1,981 lei

- **Obtaining finished products for capitalization**

19,809 lei	%	=	711 Change in stocks	19,809 lei
11,885 lei	345.01 Finished products / blueberries			
7,924 lei	345.02 Finished products / rosehip			

- **Capitalization of finished products**

22,640 lei	4111 Clients	=	701 Income from the sale of finished products	22,640 lei

- **Discharge for the products sold**

19,809 lei	711 Change in stocks	=	%	19,809 lei
			345.01 Finished products / blueberries	11,885 lei
			345.02 Finished products / rosehip	7,924 lei

CONCLUSIONS

As we can see from this study, the activity of production and capitalization of the accessory forest products does not have a high share within the activities related to forestry products in general, and therefore the local economic and financial impact is not very big either (the statistical statements contain a low number of information in this respect).

However, this situation at global level should not be neglected, because the relationship between the accessory products and the various categories of activities o branches is intense, their usefulness and use are high, and, implicitly, the place and role of these products should be rethought, and therefore the activity would need bigger support from the authorities involved.

As a whole, the policy on this category of activities both at internal level (consumption at national level), as well as at the external level (the export of such products) must be directed in such a way as to contribute to the increase of the living standard of the population of the respective regions and to answer their needs by increasing the economic and financial standards of the respective area.

In the modern society, it is necessary to know very well all the activities carried out by every category of entity that can generate economic and financial benefits, their implications at local and global level, and their implications on the environment and the population. The improvement in the quality of the activities of this category depends on the efficiency of the capitalization of the resulted products and by the extent to which the answer in a real and complete manner to the needs manifested by customers.

We can see that in this situation as well, the involvement of the accounting tool in the identification of the opportunities of carrying out an activity, regardless of is field. Blending the specificity of the management accounting with that of the financial accounting meets the desideratum of the users of the financial and accounting information related to the improvement of their economic and financial objectives.

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