

## ACCOUNTS SYSTEM IN ANIMAL HUSBANDRY FINANCIAL ACCOUNTING IN ROMANIA

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### Abstract

Agriculture, a continuous source of controversy, uncertainty, specific risks, but viewed as an unique and interesting field, generating interest for the accounting profession, in the sense of importance given to accounting regulations in agriculture, in general, particularly in animal husbandry.

It must be attracted attention to Romanian accountant normalizers, that the traditional accounting model does not provide enough information for agriculture in general, animal husbandry in particular.

Normalizers accountants, based on the role and importance of the agriculture at the macroeconomic level, reaching the evaluation of the accounting place and role in the society and economic development, must sustain and elaborate new regulations for agriculture accounting, coupled with EU regulations, international and national accounting regulations.

**Key words:** accounts system, accounting, biological assets, fixed assets, current assets

### INTRODUCTION

Agriculture, with its specific, determinate some features at the financial accounting level.

Specificity refers not only to the representative elements of fixed and current assets in agriculture in general, animal husbandry in general and primary documents that have a specific character.

It should be noted that beside the fixed and current assets used in general, agriculture uses specific fixed and current assets, starting from its particularity and specific.

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Such tangible assets in agriculture include:

- animals for work
- animals for reproduction
- fruit plantations
- forests

Current assets specific for agriculture include:

- feed
- seeds and planting materials
- productions and reproductions animals

In the following we will stop, for presentation and exemplification to the accounts system and accounting of biological assets in animal husbandry.

### **MATERIAL AND METHOD**

The research methodology is based on multidisciplinary approach that generates advanced environment, economical and social techniques. Materials for study are taken from specialized literature and national and international practice. All the results and conclusions will be specific, usable for the animal husbandry entities.

### **RESULTS AND DISCUSSIONS**

Agriculture represents the material production branch that covers crop and animal husbandry in order to obtain food and raw materials.

IAS 41, Agriculture, defines agricultural activity as the administration by an entity on the biological assets transformation in order to sell in agricultural production, or in additional biological assets.

Agriculture has two big production sectors:

- vegetable production
- live stock

Vegetable production represents growing and reproduction system of one or more plants, in order to obtain some agricultural products.

Livestock production represents animal husbandry. Animal husbandry represents the science which seeks knowledge, reproduction, growth, feeding, feeding and domestic animals exploitation.

Current Romanian accounting referential is the actual OMFP no. 3055/2009 for approving harmonized with European Directives, as amended and supplemented.

Animals accounting, in livestock production, refers to two groups of assets: fixed and current assets.

Financial accounting in livestock is subject to current Romanian accounting referential although specifics are not given due importance in the livestock business.

Accounts system used in animal husbandry accounting starts from the fixed and current assets.

Starting from the fact that animal husbandry is an production activity and to understand the accounting records flow of products first, before presenting the system of accounts that are required to submit to the knowledge of the functioning of bifunctional account 711 “stock variation”.

Account 711 “stock variation” - shows these flows and accounting records.

Is credited:

-with production cost or standard price of the animals obtained from own production

- with the increase in weight and related price differences

Is debited

-with the production cost or standard price of sold animals, slaughtered and corresponding price differences

Creditor turnover

-production cost or standard cost of the production obtained

Debtor turnover

-production cost or standard price of the exiting production during production

Final creditor sold

-is increasing (variation in plus) stocks of animals and agricultural products from the beginning of the period

Final debtor sold

- is reduction (variation in minus) stocks of animals and agricultural products from the beginning of the period.

Accounts system – fixed assets in animal husbandry

Fixed assets evidence in animal husbandry is mainly driven similar to other types of tangible assets but there is a specific feature, namely that the animal production and reproduction work are considered depreciable assets.

During the exploitation of animals for work, production and reproduction are obtained besides the main products and by-products (manure, wool, milk), as reflected in the accounting of agricultural production. In some cases Livestock production is an activity which results in both current assets and current assets, and in other cases such as poultry, the production activity generates current assets by kind of stock.

Accounts specific to the livestock assets are:

Account 2134 “Animals and birds’ 2813 account, analytically distinct”

Depreciation of tangible assets Animal “and Account 291” Impairment of plant-animal imobilizrilor, analytically distinct. “

We present detailed account 2134 “Animals and birds”:

By its economic content, reflects the assets that generates future economical benefits that can be credible measured, to be used continuously for a period longer than one year in production activity.

In terms of accounting function, account 2134 “Animals and birds” it is an active account and presents the following flows of accountin records:

Is debited with:

- the value of reproduction and work animals purchased;

- realized from own production;
- received as an contribution to capital
- acquired from affiliated entities or entities linked by participating interests,
- increased value resulting from the revaluation of their

Is credited with:

- depreciated value of animals removed from the records;
- undepreciated value of animals removed from the records;
- decrease resulting from revaluation;
- the contribution of animals to the capital;
- the value of animals destroyed by disasters.

Accounts system – current assets in animal husbandry

The current assets group included following animals categories:

- any young animals (calves, lambs, piglets, foals, etc.) that will be passed later in the category of tangible assets as work animals and breeding;
- animal fattening, slaughter or sale;
- livestock production (wool, milk, cheese, eggs);
- bee colonies.

Entering the body of animals can be mainly through acquisitions from third parties or from own production.

Animalelor output is through the sale of live animals, as finished products, animal products or by selling through slaughter.

Evaluation of animals can be made at acquisition cost, production cost, or standard price. The increase in weight may be valued at production cost or standard price.

The main specific accounts of current assets in livestock are: Account 361 “Animals and birds,” 368 account “Differences in the price of livestock and poultry,” 3025 Account “Feed”.

After the economic content, these accounts are active current accounts, meaning they are purchased or produced for own consumption or for sale and provides for a term not exceeding 12 months from the balance sheet date. It follows then that the cycle of exploitation , defined as the time between purchase of raw materials entering a process of transformation (in our case processing biological) and their completion in the form of cash or cash equivalent, should be less than 12 months Financial year-end.

After accounting function are active accounts that keep track of animals and feed categories.

In the context of the accounting function will analyze the flow of accounting entries most representative account of current assets, namely livestock activities account for 361 “Animals and birds”

Accounting records flows are as follows:

Is debited with:

- the cost of animal production obtained from own production, live weight gain, ups the inventory;
- the value of animals purchased from third parties;
- the animals received in the related party;

- the animals received in the interests of participation;
- the animals received free of charge;
- the animals received as a contribution to capital;
- anialelor value brought by third parties;

It is credited with:

- the value of animals sold, slaughtered, found minus the inventory;
- the value of animals lost as a result of disasters;
- the animals taught in the interests of participation;
- the animals surrendered to related parties;
- the value of donated animals;
- the animals sent to third parties, etc.
- the last animals to the herd for breeding, or for its unification.

The debit balance represents the value of existing stocks of animals in the patrimonial nature of the entity.

Specific is the fact that the act of mutation is transferred from one age category to another, from a lower to a higher category, accounting transactions are in the same account 361 “Animals and birds,” but emphasized the analytical distinct.

Other specific accounts used in financial accounting activities are livestock account 606 “Expenditure on animals and birds” and 6026 “Expenditure on feed”

## **CONCLUSION**

1. Livestock, agriculture production sector, with particular specificity, generated in the financial accounting, in which features on the elements of fixed and current assets;

2. Use of specific accounts in financial accounting is mainly due to the following:

- livestock production that result in both fixed assets and current assets in most cases, but here are cases where the nature of current assets based solely on stocks;
- work animals, production and reproduction generates over their main products and service so prodese secondary.

3. Analytical accounting of fixed assets in livestock is held by groups of property and each category of specific animals (eg in growing pigs, the herd is recorded on breeding gilts and boars for breeding);

4. Analytical accounts of current assets is held by each category of animals according to species, in young animals, animal fat, farm animals, birds, colonies of bees, etc. thus developed analytical accounts;

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