Agricultural Development During the Economical Crisis Following the IAS 41 Rules

Daniela SIMTION¹, Roxana LUCA²

¹Faculty for Agricultural Sciences and Environment Protection, Lucian Blaga University, Sibiu, Romania;  
²Faculty for Business Administration, Academy for Economic Studies, Bucharest, Romania;  
e-mail: simtiondaniela@yahoo.com, roxana.luca@gmail.com

SUMMARY

The agriculture activity remains a domain that further creates controversy regarding the report of specific activity – specific accountancy, respectively specific rules of acknowledgement, evaluation and presentation.

According to the regulation IV of the Council 78/660/EEC regarding the annual accounts of some types of trade companies the essential acknowledgement of the assets is made by cost and in balance sheet these are presented at minimum between the cost and the fair value which can be obtained from its sell and use.

Instead of this, the acknowledgement and evaluation of agricultural production and biological assets in conformity with the International Financial Reporting Standards (IFRS) requires the application of IAS 41 “Agriculture”.

IAS 41 “Agriculture” requires a company to use an approach based on fair value, when it evaluates the biological assets due to biological activities, except the case when the fair value can not be evaluated in a credible way at the moment of initial acknowledgement.

Even if in general Romania has been a target of foreign direct investments in the recent years, the international crisis affects primarily the less-developed sectors of the economy, like agriculture; some general recommendations are:
- The need to increase the agriculture's contribution to the development of the national economy through the increasing and the efficient use of agricultural GDP;
- The necessity to adjust the prices of agricultural products and food consumer prices to ensure that the costs of production would be available for the great mass of consumers;
- The acceleration of the reorganization and intensification of commercial farms production by increasing the stock of capital, diversification and specialization of production;
- The development of small and medium enterprises in rural areas, especially in the field of market products and services, environmental protection;
- The increasing of the agricultural productivity by promoting advanced technologies and a multifunctional agriculture;
- The increasing of the national investment funds (budgetary or private) and the foreign direct investments in agriculture and alimentary sector;
- The increasing of the agricultural competitiveness by increasing the labor productivity and rationalization of the production costs.

REFERENCES

1. International Financial Reporting Standard. The romanian translation published by The Body of Experts and Licensed Accountants of Romania with the permission of the IASCF, pp 2152 – 2199