

## IS THE AGRICULTURAL ACCOUNTANCY NETWORK NECESSARY IN ROMANIA?

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**Abstract:** *At EU level, the Agricultural Accounting Information Network (RICA) was formed in 1965 as an investment network and governmental and non-governmental organizations aimed at gathering, retrieving and interpreting agricultural data from member countries of the Union. Ever since the establishment of RICA, several surveys have been conducted, which showed that Romanian farmers are not very open about providing accounting information. The data provided by the RICA helps with the analysis of the results obtained at the environmental level by the other holdings participating in the survey, to analyze at the farm level in order to identify the strengths and weaknesses of the activity carried out, as well as finding new ways to improve the results.*

**Key words:** *income, cost, accountancy*

### INTRODUCTION

At beginning, the Agricultural Accounting Information Network (RICA) was formed as an investment network and governmental and non-governmental organizations with the purpose of collecting and interpreting agricultural data from member countries of the European Union.

At national level, this network is the only source of harmonized data at microeconomic level, with the same principles for all Member States in assessing farm incomes and expenditures.

At the same time, the impact of the Common Agricultural Policy on the incomes of agricultural holdings can be traced through the use of representative regional data, typology and economic size on different samples.

### MATERIALS AND METHODS

The *acquis communautaire* once implemented requires the harmonization of the national accounting system with the EUROSTAT rules; this is possible by adopting a common language in the classification of agricultural holdings that can determine their evolution in space and time

In the EU, the state intervenes with agricultural policies; however, competition is not totally eliminated by them, because: "the quantities of the main agricultural products on the market of each country are monitored within certain limits". [1]

RICA seeks to serve the needs of the CAP, focusing on two fundamental objectives:

- the annual establishment of the incomes of agricultural holdings with a higher dimension of a certain determined program, which have in their hands willing and able persons to handle its accounting, but also which are considered representative at the level of division of the research field;
- making an analysis of the economic activity of agricultural holdings.

What is the purpose of any economic activity? I think everyone knows it: getting and maximizing profits. And at the level of an agricultural holding, this can be achieved by:

- increasing the economic efficiency of existing production activities without changing the production structure

- multiplying profitable production activities with the same production factors

The data obtained are the basis of the annual reports to the Council and the European Parliament by the Commission on the state of agriculture and agricultural markets and are aimed ultimately at the annual fixing of agricultural commodity prices.

The Council of the Economic Community presented some of the prerequisites for setting up the RICA as follows: [4]

- the development of the common agricultural policy requires the existence of objective and relevant information on the incomes and economic activity of the various categories of agricultural holdings;

- the financial statements of the agricultural holdings are the main source for any assessment of the economic activity or the incomes of the agricultural holdings.

- the data gathered from the selected farms selected according to the common regulation and are based on facts according to the reality

- the data must present the economic, technical and social state of the agricultural holdings through common factors that can be interpreted at any time by the European Commission.

The data collected are targeted at more than 5,000,000 farms in the 28 EU Member States, regarding more than 90% of total agricultural production.

These data also form the basis of the measures taken by the Commission's Directorate General for Agriculture in the field of the Common Agricultural Policy.

From another point of view, the data obtained according to a common methodology presents an assessment of the activity of agricultural holdings in accordance with the current situation of agriculture in each Member State U.E.

RICA is based on Reg. Nr. 79/65 / EEC (1217/2009) on the creation of a network for the collection of accountancy data on the incomes and performance of agricultural holdings in the European Economic Community and is the only micro-economic data source in the harmonized and representative form of the EU.

## RESEARCH RESULTS

The information that is collected is based on facts that can be verified and reflects the conditions of the agricultural holdings from a social, economic and technical point of view. [3]

The network comprises all agricultural holdings of a certain economic size; depending on the information received, the calculation coefficients of the economic units are established. The organization is based on a pyramid structure in which the top 4 hierarchical levels are found in each EU country.

The other structures are differentiated from the country-specific elements such as the size of the agricultural area and agricultural holdings, their technical and economic profile, the administrative-territorial organization, etc.

In Romania, the Ministry of Agriculture and Rural Development (MADR) is in charge of this field through the RICA service, based on O.G. no. 67/2004, approved by Law no. 465/2004, but also OM 186/2005 and OM 331/209. [3]

Since 2007, when Romania joined the EU, the RICA became operational, thus creating a national collector structure at the level of each county.

Our country has committed to submitting to the European Commission as follows:

- 1000 questionnaires for the 2007 accounting year,
- 2000 questionnaires for the 2008 accounting year,
- 4000 questionnaires for the 2009 accounting year;
- 6000 questionnaires starting with 2010.

**Table 1.****Respecting the commitments made by Romania towards the EC**

<b>Year</b>	<b>Number of holdings</b>	<b>Number of holdings transmitted</b>	<b>Number of holdings validate</b>
2008	2000	1988	1963
2009	4000	3433	3356
2010	6000	5835	5640
2011	6000	5885	5769
2012	6000	5780	5717
2013	6000	6000	5901
2014	6000	4040	3947
2015	6000	4760	ongoing

Source: processing after [madr.ro](http://madr.ro), [ec.europa.eu](http://ec.europa.eu)

During the period 2002-2016, the following developments were registered: from 1 employee within the compartment it reached 7, from a holding it reached 6000, from 18 counties to 42 at present, and from the paper questionnaire at the electronic one.

Since the establishment of Rica, several polls have been conducted which have shown that Romanian farmers are not very open about providing accounting information, although each year data confidentiality pledge is signed by each data collector, but also agreements to participate in the investigation by a person empowered to legally represent the holding.

The information collected is not used for any other purpose than the declared one, such as the improvisation of farmers, a matter regulated by art. 15 of OG no. 67/2004, approved by Law no. 465/2004.

If the data that farmers provide are in line with reality, agricultural policy will pursue the development of the agricultural market, improve production conditions, and obtain the best quality products.

Also, after evaluating the results obtained at the environmental level by the other holdings participating in the survey, they will be able to analyze at the farm level in order to identify the strengths and weaknesses of the activity carried out, as well as to find new ways of improving the results.

We must remind once again that participation in this survey is not mandatory. The participating agricultural units must have a standard output of at least 2000 Euros.

The questionnaire to be used is in electronic format - RICA.xls and is accompanied by a supplementary manual. Every year, meetings took place in both regional centers and at the capital level for the purpose of training.

The collection activity has the following structure:

1. Agricultural holdings complete the questionnaires;
2. MADR signs collection contracts with the private sector;
3. County officials coordinate and monitor the activity of data collectors, verify the questionnaires at the county level, transmit the data obtained to the RICA department of MADR.
4. RICA's MADR Component receives questionnaires, centralizes, processes and transmits EC data.

The EC pays for each validated questionnaire EUR 165 starting in 2016.

## CONCLUSIONS

The data provided by the RICA helps with the analysis of the results obtained at the environmental level by the other holdings participating in the survey, to analyze at the farm level in order to identify the strengths and weaknesses of the activity carried out, as well as finding new ways to improve the results.

## REFERENCES

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