THE USE OF STATISTICAL INFORMATION FOR FINANCIAL REPORTING PURPOSES – THE CASE OF FADN

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ABSTRACT: Although the Romanian agriculture has a significant share in GDP, during various steps taken to adapt Romanian accounting to market economy needs, specific references to agriculture have not been made. Providing generic information which is not specific to agriculture field alters the quality of financial statements of agricultural entities and therefore the users' decisions. Moreover, Romania is involved in adopting IFRS and member of European Union (actively involved in Common Agricultural Policy). In this context, our paper aims to signal the need for specific information publishing in the case of agricultural entities and identifying ways to improve the quality of financial information published by them. In order to achieve these objectives, our study proposes a set of appendices that should be included in the notes to the financial statements of agricultural entities, with the reference information required by Farm Accountancy Data Network (FADN).

Keywords: FADN, agriculture, financial reporting, income statement

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Introduction

The agriculture organization and economic approaches should be considered on different views, once Romania became Member of European Union (in 2007). Thus, according to information disclosed on Agriculture, Forests and Sustainable Development Ministry website (http://www.maap.ro/pages /page.php?catid=01), on one hand, „EU adhesion is, probably, the most important pressure factor for a quick reform of Romanian agricultural and rural economy", and on the other hand „the European agriculture model is based on a competitive sector, market-oriented, meanwhile having also other public functions, such as protection of environment, … as well as agriculture integration in environment and forestry".

Although, during 21st century, there have been oscillations with regard to the percentage held by agriculture in Gross Internal Product (GIP), at present, Romania has an important particularity in what concerns the role played by agricultural sector in the national economic gear. Thus, „agriculture, forestry, aquaculture contribution when calculating GIP is approx. 9.7 %, while their contribution in the GIP of other Member States of EU is approx. 1.7%"(http://www.maap.ro/pages/page.php?catid=01). Correlating this information with the fact that the users of financial statements of agricultural companies need relevant and credible data, we can conclude that the knowledge of specific issues of agriculture accounting and their use when making decisions is crucial.

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In spite of the important percentage held by Romanian agriculture in GIP, the various steps taken by Romanian accounting in the attempt to adapt to the needs of the market economy did not include specific references to the agricultural sector. The adoption, from the 1st of January 2006, of the European directives as Romanian accounting referential has not brought with it specific financial reporting requirements for the agricultural entities, as the European regulations represent a general accounting framework, which doesn't contain specific provisions to the specialized activity sectors. We note that, in Romania, no specific regulations for this activity sector were issued, as it happened in other cases (for instance, the banking companies, the insurance companies). The companies activating in agriculture applies the same regulations as most types of entities.

By joining the European Union, Romania had to comply with the European regulations, where the mandatory implementation of the IFRS, as approved for the companies listed on the European markets, and the compliance with the modernized accounting guidelines[3], which remained the basic legislation, coexist. The current Romanian regulations comply with the EU directives, providing the general principles and formats for the financial statements, but in the development of some detailed accounting rules, they took many provisions of the international referential (Istrate, 2010).

Since 2007, Romania applies the IFRS as approved by the EU, translated and published in Romanian. The companies whose securities are admitted to trading on a regulated market and who prepare consolidated financial statements have also to elaborate financial statements according to the IFRS. The other public entities can apply the IFRS to their individual or consolidated financial statements only for their informational needs. All the entities which are required to apply or have chosen to apply IFRS must ensure the continuity of their application. In addition, as a consequence of the requirements and the recommendations of the representatives of the World Bank and IMF, the National Romanian Bank issued, in 2010, regulations according to which the IFRS adopted at the European level will be used as basis for the accounting and for the financial statements of individual credit institutions since 2012.

Therefore, it appears that Romania continues the gradual implementation of IFRS, which means that in the near future, the agricultural entities will be able to invoke the provisions of IAS 41 *Agriculture* for the recognition of agricultural and biological assets at the fair value. However, currently, the application of IAS 41 *Agriculture* is delayed, because of the remaining differences between the national regulations and the IFRS due to the unsafe or the partial takeover of some elements from the international referential, on one hand, and because, so far, the Romanian entities which are required to prepare financial statements in accordance with the international referential are not activating in the agricultural sector, on the other hand. The extent to which IAS 41 *Agriculture* is applied to the agricultural companies that have decided the voluntary implementation of the IFRS remains to be analyzed.

The current Romanian accounting regulations don't define the biological assets and the agricultural products. They are considered to be tangible assets or inventories. The animals for breeding, the animals for work, as well as the plantations are considered tangible assets. The born animals and the young ones (calves, lambs, piglets, foals, etc.) raised and used for breeding, the animals and the birds for fattening in order to be exploited, the bee colonies, as well as the livestock for production - wool, milk and fur, are considered inventories.

The accounting policies for the recognition, the measurement and the disclosure in the financial statements of the biological assets and the agricultural products are not included in these regulations.

[3] The upgrading of the Accounting European Directives was accomplished for answering to the international referential and for eliminating the possible incompatibilities between them and the current and future IFRS.

For their initial recognition, the accounting policies for the fixed assets or the inventories are applied. The tangible assets are those held by an entity for using in the production of goods or services, to be leased to the third parties or to be used for administrative purposes; they are used for a period longer than one year. The inventories are current assets: a) held for sale in the ordinary course of the business; b) in process of being produced for sale in the ordinary course of the business, or c) as raw materials, materials and other consumables that are be used in the production process or the supply of services.

The tangible fixed assets and the inventories are initially valued at cost. The initial assessment of the tangibles is carried at its cost, determined according to the rules of assessment, depending on how they entered in the entity. The cost of the inventories should comprise all the costs of acquisition and processing, as well as other costs incurred to bring the inventories in the form and at the place where they are found. When the biological assets are considered tangible assets, the valuation at the balance sheet date is made at the entry value less the accumulated adjustments. The assets treated as inventories shouldn't be reflected in the balance sheet at a value higher than the value, which can be obtained by their sale or use. Therefore, the inventories value is reduced to the net realizable value by reflecting an impairment loss.

The gains or losses arising from the initial recognition of the biological assets or the agricultural products at the fair value less the estimated costs at the point of sale and from the changes in the fair value less the estimated costs at the point of sale for the biological assets are not recognized under the Romanian regulations, because the biological assets and the agricultural products aren't valued at the fair value less the estimated costs at the point of sale. The Romanian accounting regulations do not provide specific accounting policies regarding the disclosure of the biological assets and the agricultural products in the financial statements.

As it was outlined above, the Romanian agricultural companies use a referential which doesn't differentiate the various branches of the national economy. The ideal of the financial reporting in the Romania agriculture would be, of course, the use of the fair value for the biological assets evaluation and the elaboration of a conceptual and methodological framework adapted to such requirements. In Romania, however, the experience of IFRS is relatively recent and, probably, we are not ready for such an accounting shift from cost to the fair value. Even if the users start to demand not only quantitative, but also qualitative accounting information, the auditors are more demanding and the accountants become more skilled, the IFRS are not fully understood and properly applied in practice. The fact that the environment for creating them is different from the one where they are to be implemented, so they may be effectively applied in a different manner, must not be forgotten (Albu et al., 2010b).

A first step towards a specifically regulated accounting agriculture could be achieved by requiring the presentation of some supplementary information in the financial statements. Firstly, it would be important that the entities operating in agriculture to develop the information that disclose their features in the notes to the financial statements and, as from 2008, Romania has the obligation to report data from agriculture to the EU by Farm Accountancy Data Network (FADN) the European reporting models can be considered another reference to those who elaborate financial statements.

In need of an instrument based on the harmonization of accounting sources that provide accurate, useful information to Common Agricultural Policy (CAP) management, the European Commission established in 1965, Farm Accountancy Data Network (FADN), Regulation 79/65/CEE, which established the legal basis for the organization and functioning of FADN. Farm Accountancy Data Network is a data analysis tool designed to assess farm income and the impact of CAP. Evaluation activities of FADN networks consist of annual surveys conducted by the Member States. In fact, this is a statistical tool based on an annual survey conducted on a representative sample of farm holdings to assess economic activity, given the accounting information collected from farms in the EU, allowing the determination of CAP's effects. Today FADN uses data representing more than 5,000,000 farms in the 27 Member States, for over 90% of EU agricultural production (www.madr.ro). The key objective of the FADN is to collect data both of obtained production and of financial performance of farms in the EU Member States to determine the annual income and to achieve a business analysis of agricultural farms. Derived from national surveys, the FADN is the only source of microeconomic data, data harmonized at European level, given that the same principles apply to all Member States regarding the assessment of farm income and expenses.

In order to achieve the Community goals, FADN must provide reliable and representative data on three dimensions: region, type of farming and economic size. This is ensured by a precise methodology, aimed at monitoring production from farms.

Data from the Farm Accountancy Data Network of EU Member States are collected at the farm level. Results obtained by processing data from farms participating in this network are presented as numerical indicators. Standard Gross Margin (SGM) of a livestock or crop production is defined as the difference between the standard value of gross production per hectare or per animal (including the value of product-related subsidies and/or area) and the standard amount of variable costs required to obtain this production. SGM is calculated as an average value for each type of animal and plant production activities in each region of the Member States, using the average of data calculated over a reference period of three consecutive agricultural years or relevant to equalize fluctuations in production or sale/purchase prices.

SGM enables comparison of the economic efficiency of different activities of a farm between different farms, geographic regions, etc., as this indicator is calculated in the same way, regardless of the technologies employed and of the typology of expenditures used. From SGM analysis by crop and livestock productions in the EU Member States there can be concluded a relatively constant average production and prices levels and a wide variation in the size of subsidies. Thus, SGM plays an important role in the application of CAP (Roman et al., 2006).

There are different accounting systems and of data collection for FADN. If farms already keep records relating to activities, much information can be obtained from financial statements. Accountants in these holdings fill in accounting standard forms for FADN and then send them to the competent authority for processing. In other situations, an economist or accountant visit the farm with a portable computer in which they introduce the necessary data provided by the farmer, and after that they complete the standard form FADN that is subsequently sent to the competent authority. Regardless of the method of completing the records, it is important that they are prepared based on European and national guidelines to ensure comparison of results. Data is sent from the region first to the Liaison Agency, where they are checked and processed in the national results, and then they are sent to the European Commission.

Information collected by FADN serve to the European Commission for the preparation of annual reports on the situation of agriculture and farm incomes in the EU, based on various economic and financial indicators. While the European Commission is the main user of the data provided by FADN, aggregated data can be found also in the database with standard results on the web: http://ec.europa.eu/agriculture/rica/diffusion_en.cfm.

The implementation of FADN in Romania was a mandatory requirement for the EU accession. As in all the Member States, the agricultural accounting data network operates in a legal institutional framework, and Romania needed such a framework in order to provide accurate information about the technical and economic performance of the agricultural exploitations, useful in formulating the agricultural policies. In this respect, Romania's first step was to create an experimental agricultural accounting data network from the second half of 2002.

For Romania, the centralized data transmission in FADN is required from 2008, because the information obtained so far refers to the pre-accession period. By applying FADN, the farm managers receive feedback, which contains an assessment of the results achieved by the firm compared to the average results of other farms in Romania who participated in this survey, providing a new perspective on the farm results. This feedback helps to discover the strengths and the weaknesses of the production and the economic activity, useful in finding new ways to improve the farm performance (www.madr.ro).

Literature Review

Considering the importance given to accounting in general by comparison with the relatively low level of primary accounting practices as well as financial reporting in agriculture, Argilés and Slof (2001) wish to demonstrate that FADN and IAS 41 *Agriculture* may be the key elements that contribute to improving the use of accounting in European farms. Although most farms in Europe are not legally required to publish financial statements, either because of their size or their legal form of organization, the literature reviewed by Argiles and Slof (2001) shows through the results of an empirical study that there is demand for accounting information in agriculture not only from external users but also from the farmers themselves.

Praising the use of fair value for agriculture, Argilés and Slof (2001) also analyze the simplicity of assets' valuation and of presentation of financial statements brought by the provisions of IAS 41 *Agriculture* in comparison with the French Plan Comptable General Agricole, considered too complex for practical use from assets valuation rules and use of accounts points of view. However, IAS 41 *Agriculture* cannot exceed on itself the implementation barriers in most farms due to its inability to change the economic and managerial limitations of farmers and their farms. Argilés and Slof (2001) propose the use of the instruments and mechanisms for transferring the accounting know-how contained in the FADN, as additional arsenal of IAS 41 *Agriculture* needed for overcoming implementation barriers.

Based on the detailed procedures of FADN, Argilés and Slof (2001) believe that FADN is very close to being used as an accounting framework and it may become an efficient practical guide for developing and implementing IAS 41 *Agriculture* in Europe and beyond. Transfer of accounting know-how can be done through the existing national FADN agencies that already have experience in the field and keep contact with farmers.

Another interesting paper is that of Dvorakova (2006), which based on the shortcomings of historical cost and on the fair value grounds prescribed by IAS 41 *Agriculture*, proposes the development of an accounting model for recognition and disclosure of biological assets and agricultural products able to meet the following requirements:

- the provisions of IAS 41 *Agriculture* to be fully implemented;
- provides information that enables users of financial statements to quantify the risks associated with recognition of unrealized gains on revaluation at fair value;
- it does not burden on agricultural companies with a laborious bookkeeping activity and at the same time it provides the necessary information to their management;
- allows the collection of information for calculating standard gross margin, requested by the EU.

Following comparative analysis of the situation of comprehensive income (profit and loss account) in the circumstances of using, in turn, the historical cost, fair value and that the presentation of expenses by nature and by function, Dvorakova (2006) concludes that a classification of expenses by function in the profit and loss account gives users more relevant accounting information and proposes an accounting model in this respect.

Table no 1

Accounting model for agricultural companies

Profit and Loss Account – expenses classification by function	**Historical costs**	**Gains/Losses on revaluation**
Agricultural production sales	+	
Cost of sales (the agricultural production sold)	-	
Gross profit from agricultural production	+,-	
Sales of biological assets	+	
Cost of sale (biological assets sold)	-	
Gross profit from biological assets	+,-	
Revaluation of biological assets at fair value		+,-
Gains/Losses on valuation of agricultural production at fair value at the point of harvest		+,-
Selling costs	-	
Administrative costs	-	
Other operating expenses	-	
Profit/Loss	+,-	

Source: Dvorakova, 2006

The profit and loss account model proposed by Dvorakova (2006) justifies the existence of costs calculation as only management accounting can provide numerical information on each function of the company, whether agricultural or otherwise. To simplify the volume of accounting works, the management accounting can be organized through the analytical development of financial accounting expenses accounts, the information required by profit and loss account being so much easier to pick up.

Research premises

1. The important percentage held by Romanian agriculture in GIP;

2. The various steps taken by Romanian accounting in the attempt to adapt to the needs of the market economy did not include specific references to the agricultural sector;

3.Since 2007, Romanian companies apply the IFRS as approved by the EU on a mandatory or voluntary basis (depending on how the laws in force require). However, currently, the application of IAS 41 *Agriculture* is delayed, because of the remaining differences between the national regulations and the IFRS due to the unsafe or the partial takeover of some elements from the international referential, on one hand, and because, so far, the Romanian entities which are required to prepare financial statements in accordance with the international referential are not activating in the agricultural sector, on the other hand.

4.The implementation of FADN in Romania was a mandatory requirement for the EU accession while the centralized data transmission in FADN is required from 2008, because the information obtained so far referred to the pre-accession period.

5.FADN creates, by its nature and methodology, a special accounting framework for agriculture, recognized as such by accounting literature (Argiles&Slof, 2001).

Research goal

The aim of our research is to propose a model of one component that should be included in the Notes to financial statements as they are regulated by national regulations that we consider to increase the quality and understandability of financial information disclosed by companies operating in agriculture. This note will be based on the information required by the Farm Return of FADN, being thus helpful both to financial statements external users (due to the detailed and characteristic agricultural information contained) and to farmers themselves when filling in the forms required by EU. Due to the certain similarities between IAS 41 *Agriculture* and FADN requirements, these two models could represent a first step towards the application of basic fundaments of the international standard.

Research methodology

The research that we conducted in this paper is *qualitative*. This type of research presumes several inductive processes of collecting and analyzing qualitative data (not numerical ones) in order to define models, themes, etc. Our paper uses the comparison technique for the presentation and valuation of income statement components according to Romanian regulations and to FADN, thus demonstrating that this component of the financial statements set prepared by Romanian agricultural companies do not reflect at all the particularities of the activities they perform. In addition, if the preparers of financial statements for agricultural companies choose not to disclose in Notes other information then those recommended by regulations in force (which is a common practice), then the users of financial statements cannot take advantage of an intelligible, relevant, credible and comparable information. This paper starts from the analysis of accounting literature, national regulations and FADN requirements and appeals to professional judgment for proposing a model of disclosing information from income statement by agricultural companies so that all the four characteristics of accounting information are met.

Results and proposals

The definitions of valuation bases used by FADN are those mentioned in Commission *Regulation (EC) No 868/2008 of 3 September 2008 on the farm return to be used for determining the incomes of agricultural holdings and analyzing the business operation of such holdings*. Where Commission Regulation does not present definitions, we extracted them from Organisation for Economic Co-operation and Development (OECD) glossary, available at http://stats.oecd.org/glossary/ download.asp .

Current prices - a stock of assets is expressed at current prices when all members of the stock are valued at the prices of the year in question (http://stats.oecd.org/glossary/download.asp).

Farm gate price - a basic price with the “farm gate” as the pricing point, that is, the price of the product available at the farm, excluding any separately billed transport or delivery charge (http://stats.oecd.org/glossary/download.asp).

Replacement value - is equal to the purchase price of a similar new asset at current prices. It can be also estimated on the basis of the prices index (general or specific) for the assets in question (machinery, buildings, etc.) (Regulation (EC) No 868/2008 of 3 September 2008 on the farm return to be used for determining the incomes of agricultural holdings and analyzing the business operation of such holdings).

Table no. 2

Comparative analysis of Income Statement elements

Considered issues	**Romanian regulations**	**FADN**	**Similarities**
Presentation form	Nature	Nature	Yes
Sales of crops and products	Not particularized as such in Income Statement (IS) Recognized at sale price less commercial discounts, VAT and other taxes directly connected to turnover	Particularized in IS. Recognized at sale price without deducting the premiums and subsidies, if any	Partial
Production in stock of crops and products	Not particularized as such in IS. Recognized at effective production cost.	Particularized in IS Recognized at farm gate prices on the inventory date	No
Production for farmhouse consumption	Not particularized as such in IS Regulations do not mention it.	Particularized in IS Recognized at farm gate prices	No
Production for farm use	Not particularized as such in IS Regulations do not mention it.	Particularized in IS Recognized at farm gate prices	No
Sales of livestock and livestock products	Not particularized as such in IS Recognized at sale price less commercial discounts, VAT and other taxes directly connected to turnover	Particularized in IS. Recognized at sale price without deducting the premiums and subsidies, if any.	Partial
Production stock of livestock products	Not particularized as such in IS. Recognized at effective production cost	Particularized as such in IS. recognized at current prices	No
Farmhouse consumption of livestock products	Not particularized as such in IS. Regulations do not mention it.	Particularized as such in IS. Recognized at farm gate prices	No
Farm Use of Livestock Products	Not particularized as such in IS. Regulations do not mention it.	Particularized as such in IS.	No

		Recognized at farm gate prices	
Livestock growth and appreciation	Not particularized as such in IS. Recognized at effective production cost	Particularized as such in IS. Recognized at farm gate prices.	No
Farmhouse consumption of livestock	Not particularized as such in IS. Regulations do not mention it.	Particularized as such in IS. Recognized at farm gate prices.	No
Capitalized production of livestock	Not particularized as such in IS. Recognized at effective production cost.	Included in *Livestock growth and appreciation*. Recognized at farm gate prices	No
Balance current of subsidies and taxes (excluding investments)	Particularized as such in IS. Only cashed subsidies that compensate expenses already incurred can be recognized as revenues. On the contrary, the subsidy is not recognized in IS.	Particularized as such in IS Recognized at farm gate prices All cashed suBS formatidies are recognized as revenues, regardless the expenses for which they have been received have been incurred or not.	No
Other output	Mentioned in IS. Recognized at the value of the performed service: recovery of bad clients, contractual penalties, canceled, exempted or prescribed liabilities, as well as other operational revenues	Mentioned in IS. Recognized at the value of the performed service: leased land ready for sowing, receipts for occasional letting of fodder areas, forestry products, contract work for others, hiring out of equipments, interest on liquid assets necessary for running the holding, receipts of tourism, etc.	Partial
Total specific costs	Particularized in IS according to their nature, without specifications for agricultural field Recognized at costs	Only agricultural expenses are included: crop-specific inputs (seeds, seedlings, fertilizers, etc), livestock-specific inputs (feed for grazing stock,	Partial

		etc.) and specific forestry costs. Recognized at effective costs.	
Total farming overheads	Particularized in IS by their nature, and not by function. Recognized at costs.	Mentioned by function in IS. They include supply costs linked to production activity but not linked to specific lines of production (costs of current upkeep of equipment and purchase of minor equipment, car expenses, current upkeep of buildings and land improvements, insurance of buildings) Recognized at effective costs	Partial
Depreciation	Particularized in IS. Recognized at the consumed benefits concerning that asset. It is based on historical cost or revalued value, if the case.	Particularized in IS. Recognized at the consumed benefits concerning that asset. It is based on replacement cost.	No
Balance current of subsidies and taxes for investments	Not particularized as such in IS Assets subsidies are recognized as revenues based on the consumption of benefits brought by that asset.	Particularized as such in IS. All cashed subsidies are recognized as revenues regardless the benefits associated to investments have or have not started to be consumed.	No
Wages expenses	Particularized in IS Recognized at salaries and wages incurred as well as social contributions, on an accrual basis	Particularized as such in IS. Recognized at the amounts paid in cash or in kind to employees, as well as social contributions paid	No
Rent expenses	Particularized in IS. Recognized at effective cost according to contracts, on an accrual basis	Particularized in IS Recognized at the amounts paid in cash or in kind for lands, buildings, quotas and other rights rented for the	No

		exploitation needs.	
Interest expenses	Particularized in IS. Recognized at effective cost, on an accrual basis	Particularized as such in IS Recognized at the amounts effectively paid as interests and financial taxes on the capital borrowed for the exploitation needs.	No

Source: Regulation (EC) No 868/2008 and OMFP no.3055/2009

For an agricultural company presenting financial statements according to Romanian regulation, the qualitative characteristics of disclosed information would be enhanced by an explanatory note concerning the Income statement. We propose the following format for the note:

Table no.3

Proposal for Income Statement Explanatory Note

Elements	**Current year amount**	**Comments**
Operational revenues		
I. Turnover from the main activity, of which:	X	
1. Sales of crops and products	X	Recognized at sale price
2. Sales of livestock products	X	
3. Sales of livestock	X	
4. Subsidies cashed, other than for investments, from which:	X	Only the subsidies recognized as revenues are part of net turnover
- recognized as revenues of the reporting period	X	
5. Commercial discounts given to customers	(X)	
6. Other revenues of net turnover	X	
II. Production stock, of which:	X	
7. Production stock of crops and products	X	Recognized at farm gate price
8. Production stock of livestock products	X	Recognized at current price
9. Livestock growth and appreciation	X	Recognized at farm gate price
III. Farmhouse consumption, of which:	X	
10. Farmhouse consumption of corps and products	X	Recognized at farm gate price
11. Farmhouse consumption of livestock products	X	
12. Farmhouse consumption of animals	X	
IV. Farm use, of which:	X	
13. Farm use of crops and products	X	Recognized at farm gate price
14. Farm use of livestock products	X	

V. Capitalized livestock production	X	Recognized at farm gate price
VI. Other revenues, of which:	X	They include leased land ready for sowing, receipts for occasional letting of fodder areas, forestry products, contract work for others, hiring out of equipments, receipts of tourism, etc.
16. Subsidies for investments	X	
VII. Total operational revenues (I+II+III+IV+V+VI):	X	
Operational expenses		
17. Expenses specific to main activities:	(X)	They include crop-specific inputs (seeds, seedlings, fertilisers, etc), livestock-specific inputs (feed for grazing stock, etc.) and specific forestry costs.
18. Personnel expenses, of which:	(X)	They include all personnel expenses in cash or in kind and the social contributions. They are included in the total of operational expenses on an accrual basis
- effectively paid in the reporting period	(X)	
19. Rent expenses, of which:	(X)	Rent paid for lands, buildings, quotas and other rights acquired for the exploitation needs are included in this category. They are included in the total of operational expenses on an accrual basis.
- effectively paid in the reporting period	(X)	
20. Commercial discounts received	(X)	
21. Depreciation	(X)	It is calculated based on the replacement cost of the assets.
22. Farm overheads	(X)	These are supply costs linked to production activity but not linked to specific lines of production (costs of current upkeep of equipment and purchase of minor equipment, car expenses, current upkeep of buildings and land improvements, insurance of

		buildings, taxes except tax on profit).
23. Other expenses	(X)	For instance, provisions expenses of impairment adjustments of non-current and current assets.
VIII. Total operational expenses (17+18+19-20+21+22+23):	(X)	
IX. Operational profit or loss (VII-VIII):	X	
X. Financial revenues, of which:	X	
24. Interest on liquid assets necessary for running the holding	X	
XI. Financial expenses, of which:	(X)	
25. Interests and financial taxes paid for borrowed capital, of which:	(X)	Only interest and financial taxes expenses strictly related to the capital borrowed for the farm's needs are included here. They are included in the total of financial expenses on an accrual basis.
- effectively paid in the reporting period	(X)	
XII. Financial profit or loss (X-XI):	X	
XIII. Current profit or loss (IX + XII):	X	
XIV. Extraordinary revenues	X	
XV. Extraordinary expenses	X	
XVI. Extraordinary profit or loss (XIV-XV):	X	
XVII. Gross profit or loss (XIII + XVI):	X	
XVIII. Tax on profit	(X)	
XIX. Net profit or loss (XVII-XVIII):	X	

Conclusions

The results of our research prove that for an agricultural company, Romanian regulations do not provide at all information that could be reliable, relevant and comparable to the users of financial statements, unless their preparers choose to detail the Notes to financial statements so the agriculture specific is explained in figures. However, in a country involved in the process of adopting gradually IFRS and that is a member of European Union (and so involved in Common Agricultural Policy), specific information on agricultural companies and their activities is urgently needed. IAS 41 is, probable to complex in its requirements to be used in Romania at present, but FADN is a data network that, without being a true accounting framework, it can help accountants dealing with farms to provide an information useful to all categories of users and also to ease their work when filling in the Farm

Return required by EU. Our research results prove that filling in a Note to financial statements with reclassified Balance Sheet and Income Statement according to classifications and valuations used by FADN would offer information intelligible, relevant, credible and comparable, as our national regulations require. If it is easier and less costly to use valuations bases in FADN than those of IAS 41 *Agriculture* and what is the opinion of accountants in agricultural companies about disclosing information proposed by this paper will be subject to future research.

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