
THE ROLE OF ACCOUNTING FOR FINANCING SOURCES IN AGRICULTURAL SECTOR MANAGEMENT

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Introduction

The Republic of Moldova is a country with significant agricultural potential for the national economy. The domestic agricultural sector faces a series of specific risks that generate losses and limit its sustainable development.

Over time, the sustainable development of the agricultural sector has been insufficiently studied, transforming this activity into one of subsistence and low attractiveness. This situation has led to producers' inability to manage emerging crises and, in some cases, to the abandonment of the sector.

The subject of this study focuses on the importance of using accounting information to improve the quality of decision-making in the planning of activities and production. Accounting information reflects all economic and financial processes within an enterprise and allows for continuous monitoring of activities, forming the qualitative basis for the analysis of the agricultural sector.

Methodology

This study is based on approaches specific to accounting and finance, which represent an important informational foundation in economic sciences. Normative acts and scientific publications in the relevant field served as essential instruments in the research methodology, complemented by practical experience and data regarding the current situation in agriculture.

Results

Agricultural activity is complex, as production is obtained through processes of transformation of biological assets conditioned by environmental factors. The specific characteristics of agriculture are influenced by continuous changes, which require the monitoring and recording of effects resulting from the production process at all stages of transformation. Information regarding operational situations derives from accounting records.

The relevance of this study arises from the need to implement efficient financial management that would contribute to the long-term development of the domestic agricultural sector. It is important for agricultural producers to understand the effects of economic analysis in order to develop their own financing strategies. The lack of comprehensive accounting records distorts economic and financial indicators, leads to incoherent decisions, and ultimately reduces the financial stability of enterprises.

Financing policies in agriculture must highlight the specific risks of the sector, and decisions should be made based on risk-oriented analysis in order to select optimal sources of financing. The most commonly used sources of financing are subsidies, loans, and credits.

Subsidies represent financial resources provided by state authorities and various international institutions for specific purposes in agriculture. Financial support through subsidies is appreciated by agricultural producers; however, in recent years it has lost part of its effectiveness, as the impact of support on performance indicators is not evaluated and deficiencies in control mechanisms are observed.

Loans and credits are provided by banks and other financial institutions and involve a certain cost reflected by interest rates, repayment terms, and eligibility requirements. Resorting to loans and credits is risky, as producers often apply for financing without having a properly developed financial plan adapted to the real financial situation of the enterprise. The lack of complete accounting records does not provide a solid basis for managerial decision-making, generating financial risks at maturity stages, even when lenders impose control measures aimed mainly at protecting their resources through collateral.

In order to choose an appropriate financing option, producers must have an accurate overview of all economic and financial indicators calculated on the basis of complete financial statements, be familiar with financing conditions, and subsequently ensure efficient financial management.

Conclusions

The current situation of the domestic agricultural sector is characterized by insufficient financial resources, which hinders the long-term development of this branch. This generates permanent risks and a low level of monitoring and evaluation of financial policies among producers.

Agricultural producers do not sufficiently value comprehensive accounting records and fail to calculate financial indicators that would establish limits for financing operations and ensure sustainable development at the enterprise level.

The financial policy of an enterprise is considered efficient when the increase in the value of assets financed from various sources leads to higher revenues and profits. Subsidies in recent years tend to compensate for losses generated by various risks, creating dependency and reducing incentives for the implementation of effective management policies. Therefore, subsidies should be conditioned by efficiency indicators so that subsidy programs result in increased production volumes, sales, and profits.

The efficiency of financial resources attracted from financial institutions must be assessed based on costs, loan conditions, repayment terms, and the solvency of the enterprise, taking into account the seasonality of agricultural production. Profitability indicators also reflect the efficiency and performance of financial resource management.

Financial resource management is an essential instrument influencing the stability and development of the agricultural sector. However, the low level of monitoring and evaluation of financial policies, insufficiently qualified personnel, and the excessive and inefficient use of credit ultimately generate risks, losses, insolvency, and rural poverty.

Keywords: *accounting records, agricultural sector, financial resources, financing sources, management, risk*