



## IMPROVING ACCOUNTING OF LONG-TERM BIOLOGICAL ASSETS IN AGRICULTURE

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Article history:	Abstract:
<b>Received:</b> 7 <sup>th</sup> September 2024 <b>Accepted:</b> 6 <sup>th</sup> October 2024	This article covers the issues of accounting for long-term biological assets in agriculture. Definitions and approaches of the normative legal documents, foreign and domestic economists to the concept of biological assets have been researched. Proposals and recommendations have been developed to improve the accounting of long-term biological assets.

**Keywords:** agriculture, long-term biological assets, international standards of financial reporting, fixed assets, system of accounts, accounting.

**INTRODUCTION.** In Uzbekistan, great attention is paid to the development of innovative and digital economy and integration into the international community. This requires the application of international standards of financial reporting and their wide use in the organization of accounting.

In the Law of the Republic of Uzbekistan "On Accounting", " Requirements for financial reporting prepared in accordance with international standards are defined in international financial reporting standards" [1] determined the legal basis for the application of international financial reporting standards (IFRS) in our republic.

Today, one of the most important issues is the application of the rules of international accounting standards to the financial activities of agricultural enterprises operating in our country. In particular, the use of the rules of the IFRS "Agriculture" by agricultural enterprises makes it easier to reflect certain accounting objects in the accounts.

**RESEARCH METHODS.** In conducting research on the topic of improving the accounting of long-term biological assets in agriculture, the methods of studying literature and documents, and observation methods were used.

**LITERATURE REVIEW.** The following definitions and approaches are given to the concept of biological assets in regulatory legal documents and scientific works of foreign and domestic economists. In particular, the international accounting standard (IAS) No. 41 "Agriculture" defines that "Biological assets are living animals or plants" [2]. In the national budget accounting standard (NAS) No. 5 "Agriculture", the approach "biological asset - animals or plants" [3] is given.

Foreign economist N.N. Agoshkova stated that "Biological asset is an animal or plant capable of producing agricultural products or additional biological assets in the process of biotransformation, thereby bringing economic benefits to the organization" [4]. Foreign economists N.W.Widiyanti, B.Maharani and I.Purnamawati stated that "Biological assets are plants and animals that have undergone biological transformation" [5]. Also, according to the foreign economist V.F. Pali, "biological assets are plants and animals used for agricultural activities, i.e., for sell, exchange or increase in their numbers in order to obtain agricultural products now and in the future" [6].

At the same time, the economist of our republic, Z.U. Makhammadiyev, stated that "Biological assets are working and productive animals and plants with specific biological characteristics at the disposal of enterprises, managed for economic gain by them through the acquisition, exchange, and lease of new biological assets and agricultural products" [7].

Another economist of our country, professor B. Y. Menglikulov, believes that "Biological assets are living plants or animals that provide agricultural products or other biological assets, using biotransformation " [8].

**ANALYSIS AND RESULTS.** In international practice and developed countries, biological assets are considered as separate objects of accounting, but in agricultural enterprises of our country, they are not considered as separate objects of accounting, but as fixed assets. In international standards, the composition of products obtained as a result of processing agricultural crops and after harvesting includes the following (Table 1).



**Table 1**  
**The composition of biological assets, agricultural crops, and products obtained as a result of post-harvest processing [2]**

Biological assets	Agricultural crops	Products obtained from processing after harvesting
Sheep	Wool fabric	Yarn, carpet
Trees in the forest	Cut down trees	Woods, sawn boards
Plants	Cotton	Yarn, clothes
	Collected reeds	Sugar
Livestock	Milk	Cheese
Pigs	Meat	Sausage products
Shrub plants	Leaf	Canned meat
Grape trees	Grapes	Tea, dried tobacco
Fruit trees	Picked fruits	Wine

It is known that in our national accounting system NAS No. 21 "Instructions on the application of the chart of accounts of financial and economic activities of economic entities" [9] corresponding long-term biological assets are accounted for under the name "Working and productive animals" and "Perennial plants". In the "Working and productive animals" account, working animals used as labor force - horses, oxen, camels, mules and donkeys and other working animals (as well as transport vehicles animals used as livestock) and animals that produce products (offspring, milk, wool, etc.) - cows, mares, sheep, goats, etc. are taken into account. Landscaping, decoration, fruit trees and plants, green walls, etc. are taken into account in the "Perennial Plants" account.

These accounts are accounts intended for accounting of fixed assets in accordance with NAS No. 21. It can be seen that the procedure for recognition and evaluation of long-term biological assets, taking into account economic transactions related to the accounting of income, movement and output in financial and economic activities and the order of reflection in the financial report is regulated on the basis of the basic rules for accounting for fixed assets in our national accounting system.

According to paragraph 3a of the national accounting standard (NAS) No. 5 "Fixed Assets" [10], "fixed assets are long-term economic kept for use in the process of production of products, performance of work or provision of services or for the purpose of performing administrative and socio-cultural tasks are tangible assets." In the accounting of fixed assets, the head of the enterprise independently determines the minimum value of the items in the reporting year in a relatively small amount in order to consider them as part of the fixed assets has the right to determine. Of course, the

minimum limit of the value of fixed assets should be set in the "Account Policy".

It will be possible to organize an account separately from the account of biological assets as an object for integration into international standards and accurate data processing. The main tasks of business entities in the organization and maintenance of the account of long-term biological agents should be as follows:

- accurate and timely assessment of long-term biological assets in the current account and balance sheet based on relevant standards and regulatory documents;
- timely and correct documentation of operations related to the movement of long-term biological assets;
- organizing the accounting of long-term biological assets by dividing them into groups and separating them from other assets;
- the presence and storage of long-term biological assets after their purchase until they are written off, according to their location (place of use), and in some cases, according to the people responsible for their storage control;
- correctly calculate the depreciation of long-term biological assets and timely reflect it in the account;
- ensuring the timely write-off of long-term biological assets that have become unusable and are too much for the farm;
- accurate and timely determination of financial results for written-off long-term biological assets.

Long-term biological assets are included in the balance sheet of the enterprise as a result of: acceptance of the restored object after the end of charitable investments; purchase of an object under a sales contract; entry into the charter capital in the form of a founder's share; free arrival (according to the gift contract); exchange; transfer from inventory; receiving under a long-term rental (leasing) contract; charitable contributions to



fixed assets; when excess (unaccounted for) long-term biological assets are identified.

In our opinion, it is advisable to revise the composition of accounts for accounting for long-term biological assets from the current NAS No. 21 "Economic Entities Financial Business Activity Accounting Plan of Accounts and Guidelines for its Application" and amend the long-term biological assets accounting system as follows (Table 2).

Each of the recommended accounts for accounting for long-term biological assets and capital investments in them should take into account the presence of long-term biological assets in agricultural entities and the availability of financial capabilities that ensure the correct and accurate justification of accounting, as well as the presence of long-term biological assets in economic entities.

**Table 2**

**System of accounts for long-term biological assets and their charitable investments (recommendation)**

№	According to the current NAS No. 21		Recommendation	
	1	0170	Working and productive animals	0170
			0171	Long-term biological assets - working animals
			0172	Long-term biological assets - productive animals
2	0180	Perennial plants	0180	<i>Long-term biological assets - perennial plants</i>
			0181	Long-term biological assets - perennial gardens
			0182	Long-term biological assets - perennial gardens received under a financial lease agreement
3	0840	Organization of the main herd	0840	<i>Organization of long-term biological assets</i>
			0841	Long-term biological assets - purchase of working animals and capital investments in them
			0842	Long-term biological assets - the purchase of productive animals and capital investments included in them
			0843	Long-term biological assets - perennial gardens and capital investments included in them

**CONCLUSION.** In order to adapt the accounting of biological assets to the international standards of financial reporting, first, separating biological assets from the structure of fixed assets, separate "Long-term biological should be considered as "assets" and determine its composition. Secondly, for the purpose of accounting for biological assets, the following should be added to the working accounts appendix of the accounting policy of economic entities: 0170-Long-term biological assets - working and productive animals, 0180-Long-term biological assets - perennial plants, 0840-Long-term biological assets organization working accounts and their analytical accounts should be included. The recommended accounts for long-term biological assets and capital investments allow accurate and precise reflection of the account objects and accounting and serves to ensure the objectivity and transparency of financial reporting information.

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