



ISSUES OF ORGANIZING THE ACCOUNT OF BIOLOGICAL ASSETS

Akhmetova Salima Seytovna

Researcher of Tashkent State University of Economics

Abstract. The article examines the issues of organizing the accounting of biological assets. The definition and opinions regarding the concept of biological assets were considered. Conclusions were made, scientific proposals and practical recommendations for improving the organization of synthetic accounting of biological assets were developed.

Key words: biological assets, accounting, organization of accounting of biological assets, international accounting standards.

Introduction. Agricultural enterprises that prepare and maintain accounting in accordance with international financial reporting standards must organize their accounting system in accordance with the International Accounting Standards No. 41 "Agriculture" in accordance with the current regulatory legal acts. BHMS No. 41 establishes the procedure for accounting for biological assets for their growth, reproduction, production and reproduction, as well as for the initial measurement of agricultural products at the point of harvest. "This does not apply to the processing of agricultural products after harvest (for example, turning grapes into wine or wool into yarn)" and is stated as "A biological asset is a living animal or plant" [1]. The National Budget Accounting Standard No. 5 "Agriculture" states that "a biological asset is an animal or plant" [2].

Literature review. Foreign economists N.W. Widiyanti, B. Maharani and I. Purnamawati write that "Biological assets are plants and animals that have undergone biological transformation" and require their recognition, measurement and disclosure using the correct accounting method [3].

Foreign expert N.N. Agoshkova writes, "A biological asset is an animal or plant that is capable of producing agricultural products or additional biological assets in the process of biotransformation and thus brings economic benefits to the organization" [4].

According to the economist of our republic A.S. Boltayev, "A biological asset is an asset that is used in financial and economic activities related to the production of agricultural products and the acquisition of additional biological assets, can be reliably assessed and controlled, and will bring economic benefits in the future" [5].

Research methodology. In studying the issues of organizing the accounting of biological assets, theoretical research methods such as generalization and evidence collection were used. Empirical research methods such as economic observation and the study of scientific literature, documents and activity results were also used.



Analysis and results. According to the duration of the production cycle, assets can be divided into short-term and long-term. Current biological assets are assets with a production period of less than one year, that is, consumable biological assets that are recorded in inventory in the form of income produced and received during the reporting period. These include: cotton, corn, grain, beets, melon crops, egg production, meat, etc. Long-term biological assets include self-renewing and productive biological assets. Typically, such biological assets are biological assets with a long (more than one year) production cycle. These include: perennial seedlings, walnuts, fruit and vegetable gardens, dairy cows, breeding animals, perennial vineyards, forestry, etc. Long-term biological assets are recognized as long-term assets at fair value on the "Biological assets" account recommended by IAS 41.

Long-term biological assets are recorded in our republic as part of fixed assets on accounts 0170-"Working and productive animals", 0180-"Perennial plants", 0270-"Depreciation of working animals" and 0280-"Depreciation of perennial plants". In our opinion, in order to integrate with the requirements of international standards, it would be appropriate for agricultural enterprises that maintain accounting and prepare financial statements based on international financial reporting standards to use the accounts "Long-term biological assets - animals", "Long-term biological assets - perennial plants", "Long-term biological assets - depreciation of animals" and "Long-term biological assets - depreciation of perennial plants". Short-term biological assets are recorded in our country in accounts 1110-"Farm animals" and 1120-"Pet animals". We believe that agricultural enterprises that maintain accounting records and prepare financial statements in accordance with international financial reporting standards should account for "Short-term biological assets - Farm animals", "Short-term biological assets - Pet animals" and "Short-term biological assets - annual plants". This accounting method is characterized by the following features:

- firstly, since the main activity of agricultural enterprises is the cultivation and sale of agricultural products, the cultivation of corn, grain, cotton and other short-lived biological assets is considered the main activity and main production;
- secondly, in the production of short-lived biological assets, it is possible to determine the main items and elements of costs to calculate the cost of the product, which is clearly carried out in the main (incomplete) production;
- thirdly, short-lived biological assets are accounted for as biological assets only in one reporting period, that is, in the production cycle, production costs are charged from the beginning of the period and are collected at the end (usually in the fall).

Since IAS 41 is of a recommendatory nature for accounting for short-lived biological assets, it is advisable to use the recommended accounting and reporting system. In the current practice of organizing cost accounting and calculating the cost of products in



agriculture, the following three main areas of accounting, calculation and cost analysis can be distinguished:

- crop production;
- livestock farming, etc.

When accounting for biological assets, it should be taken into account that they are obtained by purchase, exchange, free receipt, biotransformation, and other means.

When purchasing a biological asset, an agreement is concluded that provides all the information about the conclusion of the transaction. An invoice is issued for the purchase based on the agreement. The invoice indicates all the details of the buyer and seller, the name of the object, unit of measurement, quantity, signatures of responsible persons, etc. The newly acquired object is marked with a brand (for livestock) or in another way. The purchase is made on the basis of an invoice and a consignment note for biological assets.

When accounting for long-term biological assets, the following accounting transactions should be made (Table 1).

Table 1**Accounting transactions for long-term biological assets**

Date	Transaction content	amount	Accounts correspondence	
			Debit	Credit
01.03	Animals in breeding were transferred to the main herd		"Organization of the main herd"	"Farm animals"
01.03	Animals in breeding are included in the balance sheet as part of "Long-term biological assets - animals"		"Long-term biological assets - animals"	"Establishment of the main herd"
09.03	"Long-term biological assets-animals" purchased		"Long-term biological assets-animals"	"Settlements with suppliers and contractors"
11.03	"Long-term biological assets-animals" paid		"Settlements with suppliers and contractors"	"Current account"
12.03	Depreciation was calculated for "Long-term biological assets-animals"		Expense accounting accounts	"Depreciation of long-term biological assets-animals"
16.03	"Long-term biological assets - perennial plants" were grown and included in the income of the enterprise		"Long-term biological assets - perennial plants"	"Main production"



18.03	"Long-term biological assets - perennial plants" purchased		"Long-term biological assets - perennial plants"	"Settlements with suppliers and contractors"
24.03	"Long-term biological assets - perennial plants" paid for		"Settlements with suppliers and contractors"	"Current account"
28.03	Depreciation was calculated for "Long-lived biological assets - perennial plants"		Expense accounting accounts	"Long-lived biological assets - Depreciation of perennial plants"

The following accounting entries should be made when accounting for short-term biological assets: (Table 2).

Table 2

Accounting transactions for short-term biological assets

Date	Transaction content	amount	Accounts correspondence	
			Debit	Credit
09.03	The offspring born was included in		"Farm animals"	"Main production"
12.03	Animals in breeding were purchased		"Farm animals"	"Settlements with suppliers and contractors"
16.03	Livestock sold		"Outflow of other assets"	"Farm animals"
17.03	Animals in breeding sent for sale were accepted by buyers		"Payments received from buyers and customers"	"Revenue from sales of finished products"
19.03	Livestock from "Long-term biological assets-animals" was transferred to "Farm animals"		"Farm animals"	"Long-term biological assets-animals"
22.03	Animals in the barn were purchased		"Pet animals"	"Settlements with suppliers and contractors"
24.03	"Pet animals" sold		"Outflow of other assets"	"Pet animals"



27.03	Animals in the herd sent for sale were accepted by buyers		"Payments received from buyers and customers"	"Revenue from the sale of finished products"
29.03	"Short-term biological assets - annual plants" was entered from the main production		"Short-term biological assets - annual plants"	"Main production"
30.03	"Short-term biological assets - annual plants" purchased		"Short-term biological assets - annual plants"	"Settlements with suppliers and contractors"

Conclusion. Thus, under IAS 41, biological assets should be carried at fair value less costs of disposal. When the fair value of a biological asset is uncertain because market prices and prices are not available and alternative estimates are unreliable, the biological asset should be carried at cost less accumulated depreciation. It is proposed that the accounting treatment for biological assets be as set out in Tables 1 and 2.

List of references

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