



METHODOLOGICAL ISSUES OF ORGANIZING ACCOUNTING OF BIOLOGICAL ASSETS

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| Article history: | | Abstract: |
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| Received: | 28 th February 2025 | The article examines methodological issues of organizing the accounting of biological assets. The scientific research of foreign and domestic economists dealing with the issues of accounting of biological assets is studied. Accounts aimed at improving the organization of synthetic and analytical accounting of biological assets are proposed. A sample of primary accounting documentation is developed to improve primary accounting. |
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INTRODUCTION. The transition of enterprises operating in our republic to accounting principles in accordance with international financial reporting standards (IFRS) has led to the development of previously approved accounting rules, methodological guidelines and comments on individual accounting issues, as well as increased requirements for the level of training and advanced training of accounting specialists.

In foreign practice, in agriculture, issues of improving the accounting of objects such as animals and plants, which are combined into the group of "biological assets", have gained particular importance. Today, the accounting rules governing the accounting of operations with biological assets in the regulatory and legal system of accounting in our country are insufficient.

In international practice, the procedure for accounting, preparation of financial statements and disclosure of information on biological assets is determined by IAS No. 41 "Agriculture".

At the same time, the national principles of accounting and valuation of animals and plants included in biological assets have significant differences from international accounting practice, which is reflected, in particular, in the absence of the concept of "biological assets" in internal accounting, their scientifically based classification, separate reflection in accounting accounts, differences in valuation in financial statements, and in the market value, which is widespread in the market. The information generated in accounting on objects classified as biological assets does not meet all the requirements for this information by interested users of financial statements. All this determines the need to make changes to the accounting system and the compiled financial statements, as well

as to improve the regulatory and legal framework for biological assets. Thus, the issue of improving the methodological aspects of accounting for biological assets remains open.

LITERATURE REVIEW ON THE RESEARCH TOPIC.

Methodological issues of biological asset accounting have been researched by a number of foreign and domestic economists. For example, Latvian economists Iluta Arbidane and Iveta Mietulelar in their scientific article "Problems and solutions of accounting and evaluation of biological assets in Latvia" [1] "The aim of the study is to explore and analyze problems of accounting and evaluation of biological assets in Latvia and to propose solutions. One of the research tasks is to explore the current legal base for evaluation and accounting of biological assets provided in the national legislation, to evaluate how it The challenging issues of evaluation and accounting of biological assets in Latvia are defined in the research, possible solutions for improving the quality of accounting of biological assets are developed proposing the necessary amendments to the legislation and revisions to the methodological documents.

Brazilian economists Rafael Todescato Cavalheiro, Régio Marcio Toesca Gimenez, Erlaine Binotto, Carlos Ricardo Fietzlar in their scientific research on "Fair Value of Biological Assets: An Interdisciplinary Methodological Proposal" "Given the complexity of measuring the fair value of agricultural biological assets, which generally do not have an active market and are dependent on climatic, environmental and biological factors, there is a need for an interdisciplinary view that considers inputs other than economic and accounting. In this sense, the present theoretical essay aims to measure the fair value



of agricultural biological factors. As a method, a bibliographic research of an exploratory-descriptive nature was adopted. [2] stated that.

Georgian economists Levan Sabauri and Elena Kharabadzlar in their scientific article "Methods of Accounting and Assessment of the Biological Assets and Agricultural Products in the Absence of an Active Market (by the International Accounting Standards)" "Assessment of biological assets at their fair value as established by IAS 41 is also noteworthy in terms of practicability. Under IAS 41: "Agriculture", companies are to assess biological assets and agricultural products at their fair value, which may be determined in case of availability of the active market. It should be said that nowadays, the active agricultural market is mostly unavailable. According to the accounting standards, in the end of each reporting period, a biological asset must be assessed at its fair value less the sale-related estimated costs. Agricultural products generated from biological assets are to be assessed at their fair value less the sale-related estimated costs who gave the approach "at the time of harvest" [3].

Economists of the Commonwealth of Independent States R.A. Alborov, L.I. Khoruzhiy, S.R. Kontsevaya, G.R. Kontsevovlar in their scientific article "Management aspects of accounting for biological assets and agricultural products" "In modern conditions, there is an objective need to improve the management of biological assets biotransformation and its accounting and control functions. The paper defines the objects of management and accounting of agricultural activities: biological assets, agricultural products, income, expenses and financial results from the biotransformation of biological assets, a state subsidy related to a biological asset assessed at fair value less selling costs. Recommendations are proposed for determining and analyzing changes in the fair value of biological assets less selling costs due to changes in the unit price and quantity of these assets" [4].

In her research on the topic "Development of organizational and methodological support for management accounting of biological assets", one of the foreign experts in the field, M.V. Volodina, the following goals and objectives were set and implemented. "The objective of the study is to develop theoretical and organizational-methodological provisions of management accounting of biological assets, developing accounting and information support for managing activities related to breeding of breeding animals, from the standpoint of increasing their efficiency. The set objective predetermined the formulation and solution of the following tasks: to

substantiate the approach to organizing the system of management accounting of biological assets of breeding farms using the requirements of international accounting standards and the process management model that allows generating accounting information on the quantitative and qualitative characteristics of each business process and their totality; to propose methodological solutions for assessing and disclosing information on the fair value of biological assets of breeding farms based on accounting information in the context of main business processes; to substantiate the method of forming an information base in the system of management accounting of costs and cost calculation, which can be used to reliably determine the fair value of breeding animals; to develop methodological approaches to the formation of management reporting of entities in the breeding business, necessary for control, analysis and evaluation of their activities, in general, as well as in the context of business processes and responsibility centers; determine the procedure for the formation and system of management accounting accounts for special reserves that minimize economic risks, based on the requirements of international accounting standards" [5].

One of the specialists of our republic, Z.U. Makhammadiyev, conducted scientific research on the topic "Improvement of accounting and auditing of modernization processes in enterprises", which also covered the issues of "assessment, accounting and auditing of biological assets" [6].

Economic scientist A.S. Boltayev conducted scientific research on the topic "Improvement of the methodology of accounting for agricultural activities" [7].

However, despite the contribution of these scientists to the development of the theory and practice of accounting in agricultural enterprises, the methodological issues of accounting for biological assets were not fully disclosed by them.

RESEARCH METHOD. In the study of methodological issues of accounting for biological biological assets, theoretical research methods such as logical reasoning, monographic observation, and the study of scientific sources of economists were used. Empirical research methods such as the study of scientific literature were also used.

RESULTS AND ANALYSIS. In the course of the research, it was found that the transition to new principles of accounting for biological assets in accordance with international accounting practice



requires a number of changes to the current account plan in terms of allocating separate accounts to reflect information on this type of assets of agricultural enterprises, as well as the development of new forms of primary accounting documents.

As a result of the research, it is important to develop recommendations on the use of new accounts for the separate reflection in accounting of biological assets, income and expenses arising from changes in their fair value, and it is also very necessary to open a number of analytical accounts in the context of approved

accounting accounts, with the help of which it is possible to appropriately reflect the accounting of unfinished production and products, biological assets in the livestock and crop sectors. Therefore, a transformation of accounting accounts for the reflection of biological assets is proposed (figure).

The use of the proposed new account and analytical accounts will contribute to a more transparent reflection of transactions related to the movement of biological assets, including transactions valued at fair value, in the accounting of agricultural enterprises.

| Current accounts | Proposed accounts |
|---|--|
| 0170 - Account "Working and productive animals", 0180 - Account "Perennial plants" | 0170 - Account "Biological assets of the livestock sector" 0171 - "Invented biological assets of the livestock sector" 0172 - "Immature biological assets of the livestock sector" 0180 - Account "Biological assets of the crop sector" 0181 - "Invented biological assets of the crop sector" 0182 - "Immature biological assets of the crop sector" |
| 0270 - Account "Obsolete working animals", 0280 - Account "Obsolete perennial plants" | 0270 - Account "Obsolition of biological assets of the livestock sector" 0271 - Depreciation of "Invented biological assets of the livestock sector" 0280 - Account "Obsolition of biological assets of the crop sector" 0281 - "Obsolition of biological assets of the crop sector" |
| 0800 - Addition to the account "Capital investments" | 0870 - "Transfer of biological assets to working capital", 0880 - "Purchase of biological assets of the livestock and crop sector" |
| 110 - Account "Animals in cultivation", 1120-Account "Animals in the barn" | 1110 - "Current biological assets of the livestock sector" account 1111 - "Current biological assets of the livestock sector" 1112 - "Immature current biological assets of the livestock sector" 1120 - "Current biological assets of the crop sector" account 1121 - "Immature current biological assets of the crop sector" 1122 - "Immature current biological assets of the crop sector" |
| 2010 - Addition to the account "Main production" | 2011 - "Main production of the crop sector"; 2012 - "Work in progress of the crop sector"; 2013 - "Other products of the crop sector" 2014 - "Main production of the livestock sector"; 2015 - "Unfinished production of the livestock industry"; 2016 - "Other products of the livestock industry" |
| ↓ | |
| 9230 - "Income and expenses from changes in the fair value of biological assets" | |
| ↓ | |
| 9060 - "Income from changes in the fair value of biological assets of the livestock sector", 9070 - "Income from changes in the fair value of biological assets of the crop sector", 9160 - "Expenses related to changes in the fair value of biological assets of the livestock sector", 9170 - "Expenses related to changes in the fair value of biological assets of the crop sector" | |

Fig. Transformation of accounting accounts from the point of view of reflecting biological assets

When transitioning to fair value valuation of biological assets, it is necessary to develop new forms of primary

accounting documents to carry out its calculation, therefore, new forms of primary accounting documents



have been developed for financial accounting purposes: "Fair value calculation report (livestock)" and "Consolidated fair value report (Biological assets)". "Fair value calculation report (livestock)" is intended to reflect information on the fair value of biological assets entering and leaving the enterprise (adoption of offspring, purchase, sale of biological assets, transfer as a contribution to the authorized capital of other enterprises, etc.). This document must reflect the following information: name of the biological asset or group of biological assets; number of heads and total weight of biological assets; average weight of one head; type of prices used for calculation; cost of 1 kilogram of live weight of a biological asset; the sum of transportation costs, storage costs, estimated selling and deductible expenses; the estimated fair value of a biological asset or a group of biological assets. "Consolidated statement of fair value of biological assets (livestock)" is intended to systematize information on the fair value of biological assets and its changes over a certain period of time, for example, a month, a year. This document reflects the following information: changes in the availability and number of biological assets; the number and total weight of biological assets at the beginning and end of the period and by each channel of reception and disposal; types of prices used to calculate fair value; fair value of a group of biological assets, 1 head of biological assets, 1 kilogram of live weight.

CONCLUSION. It is advisable to use the above-mentioned accounts to form accurate and detailed synthetic and analytical accounting data on biological assets in agricultural enterprises, as well as the recommended primary accounting documents for correct primary accounting. Such formation of accounting information allows for quick and effective management decision-making and integration into international standards.

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