CLASSIFICATION OF BIOLOGICAL ASSETS ACCORDING TO INTERNATIONAL STANDARDS.

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***Abstract**: In this article biological assets, its classification, description. The calculation of products derived from biological assets and their transformation according to international standards are studied.*

***Keywords:** biological assets, agriculture, agricultural yield, International Accounting Standard (IAS), International Financial Reporting Standards (IFRS), products obtained as a result of post-harvest processing.*

Enter. The acceleration of the processes of globalization and integration in the world directly creates the need for the transition to international norms and standards and the strengthening of requirements for their adherence. These factors are directly related to generally accepted accounting and reporting. Taking these factors into account, regulatory legal frameworks are being created in our country. In particular, the President of the Republic of Uzbekistan dated February 24, 2020 "On additional measures for the transition to international standards of financial reporting" Resolution No. PD-4611 and the draft resolution of the President of the Republic of Uzbekistan "On approving the concept of socio-economic complex development of the Republic of Uzbekistan until 2030" include doubling of GDP per capita in 2030, economic growth rates of 6.4% on average per annum, capital investments 9.9 percent, export is 9.6 percent, and it is planned to increase agricultural products by 1.8 times, as well as implement standardization of agricultural products and align national standards with international standards. In particular, one of the most important factors is to adjust the accounting of biological assets and products derived from them to international standards.

Analysis of literature on the topic. International financial reporting standards are a system of international principles for the preparation of financial statements. They are widely used and accepted as a basis for preparing financial statements in many countries.

International standards of financial reporting reflects a collection of the following documents: introduction to International standards of financial reporting rules, principles of preparation and presentation of financial statements, standards and explanations to them. These documents are interrelated and form a single system and cannot be used separately, although each of them has its own meaning (Babaev, 2012).

Research methodology. During the research, economic-statistical, analysis and synthesis, comparison methods were used in order to study the methodology of accounting of biological assets and products obtained from them.

Analysis and results. International Accounting Standard No. 41 is entitled "Agriculture" and the purpose of the Standard is to define the accounting approach and disclosures related to agricultural activities.

In this standard, agricultural activity is defined as the management of the biological transformation and harvesting of biological assets for sale or conversion into agricultural crops or additional biological assets by an economic entity. Below, we will focus on the definition of the main terms given in the standard, including:

Agricultural produce is biological by the economic entity is the cumulative product of assets.

A biological asset is a living animal or plant.

Biological transformation includes the processes of growth, reproduction, production, and reproduction that cause qualitative and quantitative changes in biological assets.

Selling costs are additional direct costs associated with writing off an asset, excluding financing costs and income taxes.

A group of biological assets are similar living animals or plants is a generalization.

Harvesting is the separation of a product from a biological asset or the end of the life cycle of a biological asset. The standard was applied to account for the following related to agricultural activities.

The table below provides examples of biological assets, agricultural produce and post-harvest processing products:

Biological assets	Agricultural harvest	Products obtained as a result of processing after harvesting
Sheep	Wool gauze	Spinned thread, carpet
Trees in an arboretum	Cut down trees	Timber, sawn boards
Plants	Cotton	Thread, clothes

Biological assets	Agricultural harvest	Products obtained as a result of processing after harvesting
	Collected cane	Sugar
Livestock	Milk	Cheese
Pigs	Meat	sausage products, Canned meats
Shrub plants	Leaf	Tea, dried tobacco
Grape trees	Grapes	Wine
Fruit trees	Picked fruits	Processed fruits

Biological assets are usually (physically) attached to the land (eg trees in plantations). There may not be a separate market for biological assets attached to land, but there will be an active market for aggregated assets, i.e. assets that aggregate biological assets, uncultivated land and land improvements. An agricultural entity uses aggregated asset information to determine the fair value of biological assets. The actual value of biological assets is determined by deducting the actual value of uncultivated land and land improvements from the actual value of the aggregated assets.

Cost estimation methods.

To estimate the cost of CMRs, for convenience, methods such as the standard costing method or the retail method can be used, if the results of their application are approximately equal to the cost. Standard costs take into account the normal level of raw materials and materials, labor, efficiency and capacity utilization. The norms are constantly analyzed and, if necessary, revised according to the current conditions.

The retail method is often used in the retail industry to value such CMRs that have a large number of frequently changing and similar benefits that make it

impractical to use other methods for costing them. The cost of inventory is determined by reducing the cost of sales of that CMR by the appropriate percentage of gross profit. In determining the applicable percentage, the cost of inventory less the original selling price is taken into account. Often, the average percentage across all retail departments is used.

Conclusions and suggestions

An entity shall recognize a biological asset or agricultural product only when:

(a) the entity controls the asset as a result of past events;

(b) it is probable that future economic benefits related to the asset will flow to the entity; and

(v) the fair value or cost of the asset can be reliably estimated.

In agricultural operations, the presence of control can be demonstrated, for example, through legal ownership of cattle and by branding or otherwise identifying cattle at purchase, birth or weaning. Future benefits can usually be assessed by measuring significant physical aspects.

A biological asset must be valued at its fair value less costs to sell at initial recognition and at the end of each reporting period, except for the case where it is not possible to reliably estimate the fair value specified in paragraph 30.

Agricultural produce collected from biological assets of a business entity should be valued at fair value less costs to sell at the point of collection. Such valuation is the cost at that date applying IAS 2 "Inventories" or another relevant Standard.

Determining the fair value of biological assets or agricultural produce can be facilitated by grouping biological assets or agricultural produce according to their main characteristics; for example in terms of age or quality. A business entity selects aspects from those used as a basis for pricing in the market.

Business entities often contract to sell biological assets or agricultural crops at a future date. Contract prices are not necessarily relevant in determining fair value, as fair value reflects current market conditions under which transactions may be conducted by buyers and sellers.

As a result, the fair value of the biological asset or agricultural crop is not adjusted due to the existence of the contract. In some cases, a contract for the sale of a biological asset or an agricultural product may be an encumbered contract as defined in IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 applies to burdensome contracts.

An entity does not account for asset financing, taxes, or cash flows for restoring a biological asset after harvest (eg, the cost of replanting trees in a forest after harvest).

Cost may sometimes be closer to fair value, particularly when:

(a) when a small biological transformation has occurred since the initial costs were incurred (for example, when fruit tree seedlings are planted immediately before the end of the reporting period); or

(b) Where the effect of biological transformation on price is not expected to be significant (eg initial growth during the yield period of a 30-year pine plantation).

Biological assets are usually physically attached to the land (eg trees in a forest plantation). There may not be a separate market for biological assets attached to land, but there may be an active market for aggregated assets, i.e. assets that aggregate biological assets, uncultivated land and land improvements. A business entity can use aggregated asset information to determine the fair value of biological assets.

For example, the fair value of biological assets can be determined by deducting the fair value of uncultivated land and land improvements from the fair value of the aggregated assets.

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