

INTERNATIONAL STANDARDS OF FINANCIAL REPORTING IN THE FIELD OF AGRICULTURE

Eraliyev Alisher

Assistant of the SamIES

Abstract: *This article presents conclusions and recommendations based on the study of IFRS No. 2 "Inventories" and IFRS No. 41 "Agriculture", developed by the Committee on International Financial Reporting Standards, the scope of its application and its application in the agricultural sector of the country.*

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.

In recent times, a number of reforms aimed at liberalizing social and economic aspects have been consistently carried out in our republic. These include the Decision of the President of the Republic of Uzbekistan No. PD-4611 of February 24, 2020 "On additional measures to transition to international standards of financial reporting" and the Decision of the President of the Republic of Uzbekistan "On approval of the concept of socio-economic complex development of the Republic of Uzbekistan until 2030" . In the draft decision, increase agricultural products by 1.8 times, It is also envisaged to standardize agricultural products and align national standards with international standards. So, in turn, the accounting and reporting system, which includes reliable information about these numbers, should be perfect at the international level. From this point of view, significant reforms have been started in our republic to transfer the accounting system to international financial reporting standards (IFRS) and to apply it.

It provides opportunities for the flow of foreign investments and foreign trade (export-import) enterprises, including agricultural enterprises. In this regard, the application of the standards developed by the Committee of International Standards of Financial Reporting to the practice of our republic is becoming one of the important issues. One such standard is BHHS No. 41, entitled "Agriculture". This standard has different aspects and unique characteristics than standards applicable to other industries.

The application of this standard in the agricultural sector allows to align accounting in agriculture with world standards.

This standard specifies for the first time that biological assets and agricultural products in the process of collection are recognized as separate units of account.

Therefore, the standard has its own characteristics, and its implementation requires the formation of deep knowledge and practical skills and the study of foreign experience from experts in the field.

Analysis of literature on the topic.

IFRS is modern about the economy of the economic entity is a synthesis of knowledge, summarizes global business experience. They were developed by various economic experts, so it is a symbiosis of management and reporting information. IFRS are not strictly defined guidelines, although they are generally accepted, their priority in the preparation and disclosure of financial statements is not considered mandatory, but rather is focused on voluntary use (Dmitrieva, 2007).

The opinions expressed by V. Getman regarding the coordination of financial reports of economic entities engaged in export and import operations in our republic with the IFRS and their inclusion in the list are fully consistent, including: "The IFRS has a number of advantages: it allows commercial organizations to improve the quality of management information, increase the transparency of financial reports, reduce borrowing costs, facilitate international business, and allow companies to get listed" (Getman, 2012).

Research methodology

In order to study the theoretical and practical problems of the international standards of financial reporting in the field of agriculture, economic-statistical, analysis and synthesis, comparison methods were used.

Analysis and results

The goal of the "Agriculture" standard, developed by the International Financial Reporting Standards Committee, is to define the accounting approach and disclosures related to agricultural activities.

These standard rules apply to land related to agricultural activities (IAS 16 It does not apply to "Fixed assets" and No. 40 IAS "Investment property") and intangible assets related to agricultural activities (No. 38 IAS "Intangible assets"). Therefore, although processing processes are a logical and natural extension of agricultural activities (seed cluster), the processes taking place cannot be included in the scope of agricultural activities of this standard, regardless of the fact that they have some similarities in terms of biological transformation.

If we turn to national practice, the concept of biological assets is interpreted differently in accounting legislation and national standards: among others, in BHMS No. 21 (Instructions for the application of the plan of accounts of financial and economic activities of economic entities, Section 1, Clause 2) "Working and productive animals", "Perennial plants" and "Accounting animals in cultivation and feeding are considered under the name "accounts":

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 animals used as a means of transport) and animals that produce products (offspring, milk, wool, etc.) - cows, heifers, sheep, goats, etc. are taken into account. "Perennial plants" account includes landscaping, decoration, fruit trees and plants, green walls, etc. Accounts for breeding and rearing animals"

Young animals belonging to the enterprise;

adult animals in pasture;

poultry; wild animals; rabbits;

families of bees; unfit for sale from the main herd (without being fed);

summarization of information on the presence and movement of cattle received from the population for sale is carried out in the following accounts: "Animals in cultivation" and "Animals in the paddock".

So, biological in our national accounting standards the concept of "live animals" in relation to "plant" in the composition of assets is more widely expressed. Also, in "vegetation" emphasis is placed on perennial plants.

One-year crops included in the agricultural harvest (cotton, grain, etc.) are not taken into account.

"Agriculture" No. 41 IAS refers to aspects related to biological assets, agricultural harvest and products obtained as a result of post-harvest processing. 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.

Determining financial results is important in agriculture.

Based on the principle of reciprocity of income and expenses:

First, the profit or loss resulting from the initial recognition of biological assets at fair value less costs of sale and the change in fair value less costs of sale is required to be included in the profit or loss of the period in which it occurred. A loss may occur on initial recognition of a biological asset because costs to sell are deducted in determining the biological asset's fair value less costs to sell.

Another feature of this calculation is that a profit may arise on the initial recognition of a biological asset, for example, a profit is recognized when a calf is born from a purchased cow.

Second, the cost of selling agricultural produce is deducted

The profit or loss resulting from initial recognition at fair value is included in the profit or loss of the period in which it occurred. In this case, the profit or loss in the initial recognition of the agricultural harvest may arise as a result of their collection.

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Conclusions and suggestions

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.

Based on the study and analysis of the provisions cited in the International Standard of Financial Reporting "Agriculture" No. 41, which is currently the only one and specifically related to the agricultural sector, the following conclusions and proposals were made: firstly, based on international experience, it is appropriate to establish a modification system of financial reporting in our republic based on international standards (International Accounting Standards Board (IASB)) (Modified International Standards).

Secondly, on the basis of the modified system, it is envisaged to develop "Agrarian sector accounting" or a similar modified standard for agricultural subjects of our republic on the basis of BHHS No. 41 entitled "Agriculture".

This makes it possible to apply this standard in entities directly engaged in agricultural activities.

Thirdly, the introduction of the changed (modified) standard, created on the basis of international standards, will be an important stage in the international listing (registration from the stock exchanges) for agricultural entities carrying out export and import operations in foreign trade.

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