

## BIOLOGICAL ASSETS ACCOUNTING OF AGRICULTURAL ENTERPRISES

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**Keywords:** biological assets, fair value, international financial accountability standards.

The article deals with urgent questions of agricultural production accountability in accordance with international financial accountability standards. The method of its fair value detection is suggested.

Serious changes, that have been taken take place in our country for the last decade, require the revision of many principles and, first of all, the principles of economic subjects management. Management goals demand new information types that are generated by accounting and financial subsystem of every enterprise. The quality of basic data analytical treatment, the quality of concrete management decisions, the success of economic subject functioning and the level of goals achievement determined by its owners depend on the system's efficiency and on the level of data exchange qualification.

The business accounting revision predetermines its progressive and harmonic development in accordance with universally recognized principles, assumptions and regulations formed by International Financial Reporting Standards (IAS).

For the recent years this trend has undergone serious changes, the reason which lies in the Program of business accounting reforming in terms of IAS, approved by the order of the RF Government on March 6<sup>th</sup> 1998 № 238. The following reforming trend is supported by the Conception of business accounting development in RF for medium-term perspective approved by the order of RF Treasury Department on July 1<sup>st</sup> 2004 № 180.

According to the conception, information utility of business and financial accounting is achieved by direct usage of IAS or their employment as a basement for building the national business accounting system.

In this respect the questions of practical application of IAS 41 items, that view "Agriculture" not only in the sphere of financial accounting but also in the system of management accounts for taking scientifically-based economic decisions on the development strategy of agricultural enterprises' activities, take on special significance. Here the substance of the estimation principle of biological assets based on fair value introduced by IAS 41 should be stressed.

Pursuant to IAS 41 "Agriculture", fair value treats as a sum of monetary funds sufficient for

asset acquisition and fulfillment of an obligation during settlement of transaction between well-informed independent parties.

IAS 41 points out that the best conditions for fair value assets estimation are created by the active market presence, where regular bargains with homogeneous goods are made, distributors and customers ready for a bargain can be found at any time, prices information is available for anyone. The lack of active market hampers the determination of fair value. IAS 41 accepts the employment of some alternative fair value calculation methods. Therein, the following price alternatives as intraeconomic transfer price adjusted for inflation and object's profitability; replacement cost; fair value; original cost; customer transaction; actual and standard cost adjusted for inflation index; capitalized value can be employed in the capacity of fair cost as well as market cost.

Agricultural production, collected from biological assets, should be estimated according to fair cost fixed on the moment of harvest gathering and production acquisition. When IAS 2 "Resourses" come into operation, agricultural production is estimated according to its first cost. The following IAS 41 regulation can be used while estimating finished agricultural product.

Fair value is believed to be equal to the difference between market cost of 1 centner of finished product and presupposed natural discharges per 1 centner of finished product.

The problems, connected with fair cost usage in account, are not investigated on the proper level and not enough methodically developed. Hence, the following conclusion can be made: such an account system is to be created that will allow to make resource potential more reasonable and will of great support to effective management of financial and economic agricultural enterprises' activities.

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