METHODOLOGICAL APPROACHES TO THE CLASSIFICATION OF BIOLOGICAL ASSETS

Akhmetova Salima Seytovna
Researcher of Tashkent State University of Economics

Abstract. The article examines methodological approaches to the classification of biological assets. The definition and opinions expressed regarding the concept of classification were considered. A methodological approach to the classification of biological assets was proposed and conclusions were made.

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

Introduction. Classification of biological assets is one of the important issues. The International Accounting Standard (IAS) No. 41 "Agriculture" [1] provides a classification of biological assets. However, it does not provide a complete classification, and the classification features are not specified.

The division of all assets into current and non-current assets, which is accepted in the practice of our republic, is not clearly specified in IAS 41. Financial statements prepared in the format of IAS 41 provide for the division of biological assets into groups according to their biological properties. In the process of changing accounting and financial reporting in agricultural enterprises to the format of IAS 41, it is possible to solve this problem by additional systematization and classification of information on biological assets.

Literature review. According to Wikipedia, the free encyclopedia, "Classification or classification is the division of a certain thing into groups according to certain classification sections, based on certain characteristics and views arising from the general purpose of the study" [2].

According to foreign economist L.V. Todorova, "The term "classification" comes from the Latin "classis" - category and classification. Classification is a system of subordinate concepts of any knowledge or human activity, used as a means of establishing relationships between concepts or classes of objects" [3].

Research methods. Theoretical and empirical research methods were used to study methodological approaches to the classification of biological assets. In particular, theoretical research methods such as generalization and evidence collection were used. Empirical research methods were also used to study scientific literature, documents, and activity results.

Analysis and results. In economics, classification is interpreted as a systematic distribution of economic phenomena and objects into certain groups, classes and categories according to their similarity (homogeneity) and difference. The basis of classification is a qualitative sign [4]. In our opinion, a quantitative sign can also be used in the classification of biological assets. For example, the classification of animals or perennial plants by age.

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 15 Issue: 02 in February-2025
https://www.gejournal.net/index.php/IJSSIR

Therefore, we recommend classifying the biological assets of an enterprise according to the following grouping criteria:

1) the useful life of the assets or their preparation for intended use;

2) maturity;

3) the possibility of obtaining economic benefits several times (agricultural products, additional biological assets, provision of services).

It is recommended to classify biological assets as follows (figure).

If we proceed from the classification of biological assets according to the first grouping sign, then it is, in our opinion, the main one: firstly, such a classification is necessary to take into account the existence and movement of biological assets; secondly, it determines the methods of assessing biological assets upon initial recognition and during their use (when presenting data in financial statements) depending on the groups being formed; thirdly, it allows obtaining information about the value of biological assets reflected in financial statements, taking into account the level of liquidity of the enterprise. Based on this information, it is possible to calculate the necessary indicators characterizing different levels of asset liquidity.

In our opinion, the liquidity of assets should be understood as their ability to be converted into cash at a certain point in time. If liquidity is considered to be the availability of assets to pay off the obligations of the enterprise, then it should be understood as solvency.

Biological assets are divided into: long-term and current biological assets according to their useful life or duration of preparation for use. It is appropriate to call long-term biological assets those that can be used for more than one year (can be transferred to the farm or to others) or that require a long period of preparation for use for their intended purpose. In turn, based on the possibility of obtaining economic benefits, long-term biological assets can be divided into: 1) used (operational) biological assets; 2) biological assets at the stage of preparation for intended use.

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 15 Issue: 02 in February-2025
https://www.gejournal.net/index.php/IJSSIR

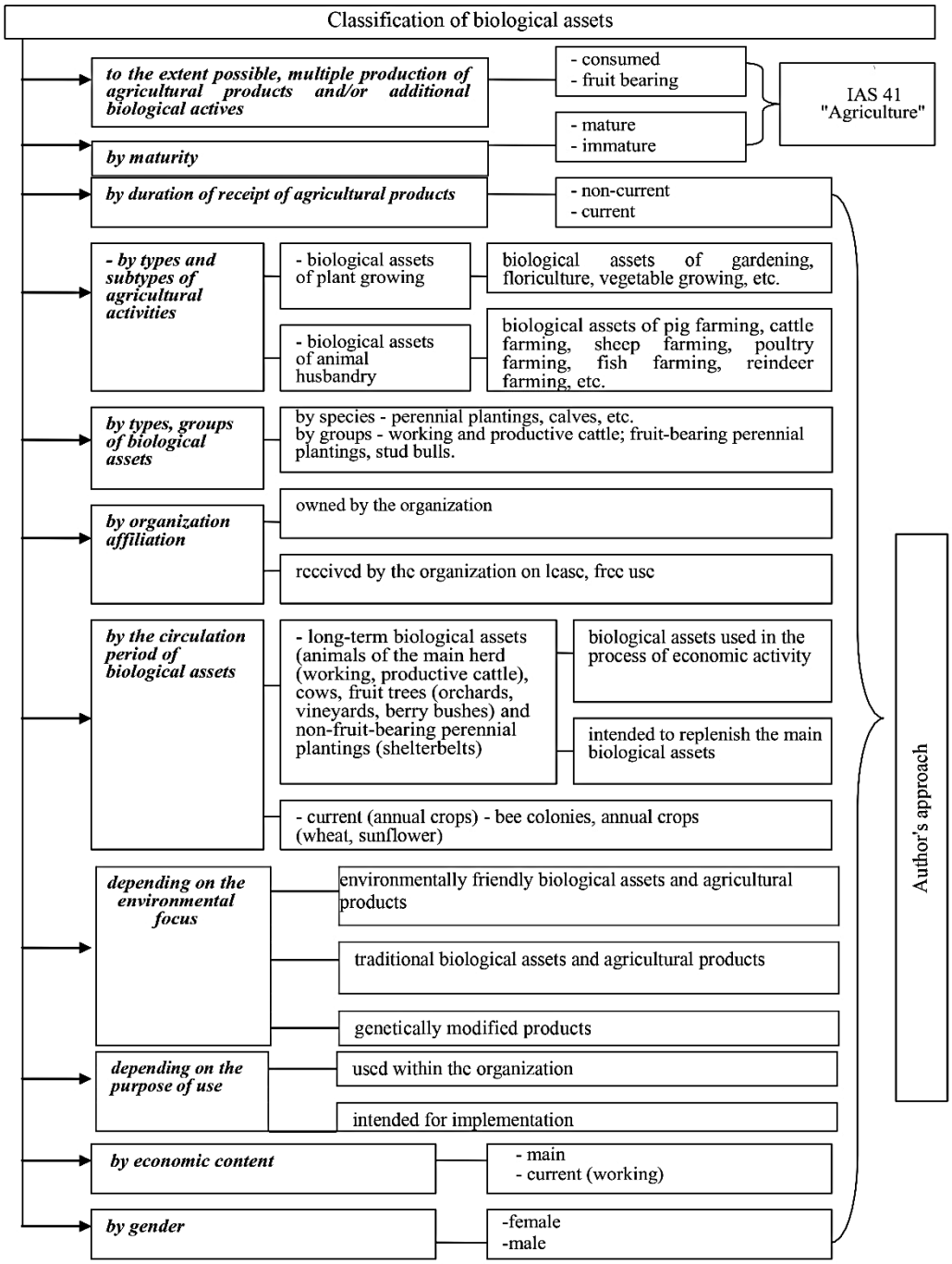

Figure 1. Classification as a methodological basis for the recognition and reflection of biological assets in the accounting and reporting of agricultural enterprises

"The following should be considered as long-term biological assets in use (operational): - in plant growing: orchards, vineyards, fruit bushes and berries (vineyards, strawberries, raspberries, roses, rose hips, strawberries, etc.), perennial flowers (tulips, hydrangeas, daffodils, etc.). It is appropriate to include in this group perennial grasses such

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 15 Issue: 02 in February-2025
https://www.gejournal.net/index.php/IJSSIR

as forage: alfalfa, perennial vegetable crops - sorrel, asparagus, etc. Forest plantations should also be included in the list of long-term exploitative biological assets" [3].

According to the method of origin, in our opinion, the following should be distinguished: natural forest plantations; artificial (created by human labor) forest plantations. In livestock farming: a) productive animals from which agricultural products and/or additional biological assets can currently be obtained: dairy herds of bulls and cows; sheep and rams; goats and heifers; b) working animals serving the economic activities of the enterprise and/or being an additional biological asset: working oxen, horses, donkeys; c) breeding breeds of fur animals (coypu, muskrat, fox); d) adult population of rabbits; d) adults of all types of poultry (chickens and roosters, ducks, geese, turkeys); e) the number of adult service dogs and pedigree dogs; d) adult populations of aquatic animals (fish, crayfish, shrimp, etc.).

The second group of long-term biological assets (at the stage of preparation for intended use) includes plants and animals that require long-term preparation for use, in particular: a) in crop production: young orchards and vineyards, fruit bushes and berries; b) in livestock production: young animals raised to replenish the main herd of working and productive cattle and animals.

Economically, in accordance with the requirements of IAS 41, biological assets intended for reproduction, obtaining agricultural products or servicing the main activities of the enterprise require a certain period of cultivation and maintenance. For example, bulls raised for transfer to working or productive cattle require care for 20-24 months, while heifers perform the function of productive animals only after the birth of offspring (20-24 months or more), from the moment of birth until they are transferred.

In our opinion, the long-term preparation of young animals and poultry for use as productive animals is a natural process. If this requirement is strictly observed, the costs of raising young animals and poultry, bringing them to a certain state so that they can perform the functions of the adult herd, should be considered as the costs of preparing them for transfer to the main herd of adult livestock.

Current assets are biological assets that are grown for sale for a period of one year or more or are consumed for one-time production of agricultural products.

Thus, short-term biological assets include:

1) in crop production: a) planting of annual field crops: sowing of grain and leguminous field crops (wheat, rye, barley, oats, corn, buckwheat, millet, peas, beans); b) annual technical crops (sunflower, soybean, sugar beet, tobacco, etc.); c) potato and vegetable crops (potatoes, cabbage, beets, carrots, onions, corn); d) melon crops (watermelon, melon, pumpkin); e) seed plants of vegetable crops; j) annual forage crops (fodder beet, annual grasses, hayfields and pastures); z) mushrooms; k) annual floriculture crops;

2) in animal husbandry: a) cattle breeding (young cattle intended for breeding, breeding bulls for breeding, as well as working cattle separated from the main herd and transferred for breeding); b) sheep breeding (lambs before weaning, test rams, sheep for

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 15 Issue: 02 in February-2025
https://www.gejournal.net/index.php/IJSSIR

breeding and feeding); c) poultry breeding (young poultry during the breeding period, young poultry after incubation); d) horse breeding (young animals for feeding); e) rabbit breeding (young animals of all ages); j) fur farming (young animals of all ages); z) fish farming (shrimp, smolts, smolts, substitutes); k) beekeeping (bee colonies); m) sericulture (silkworm cocoons).

This classification of biological assets is based on the quantitative and qualitative changes (transformations) inherent in them. This includes the period of birth, creation, cultivation for sale, obtaining agricultural products, and preparation of biological assets for transfer to mature status, taking into account the characteristics of plant and animal husbandry.

Accounting for biological assets should be based on this classification, as it allows for more accurate information about the value of the existence and movement of long-term and current assets. Such information serves as input data for more accurate calculation of asset liquidity indicators.

According to the grouping criterion, biological assets are divided into mature and immature according to the "maturity" criterion.

According to the definition of the Guide to Interpretations of IFRS 41, "mature biological assets are those that have reached the required state of collection (for consumable assets) or are periodically collected (for renewable assets)" [1].

This definition, in our opinion, does not adequately capture the results of the intended use of biological assets in general. It should be recognized that in many countries a part of the biological assets managed by the enterprise are used as livestock. Therefore, such assets contribute to the receipt of economic benefits mainly in the form of services rendered.

In addition, if biological assets are mature, they should be used for their intended purpose, that is, to obtain products and / or additional biological assets or to provide services. Taking this into account, the definition under consideration can be formulated as follows: mature biological assets are biological assets that have fully reached their development and are ready for use for their intended purpose.

Mature biological assets include: 1. In crop production: a) operational long-term biological assets: orchards and vineyards; fruit bushes and berries, perennial flower crops; perennial grasses; perennial vegetable crops; natural and artificial forest plantations; b) current biological assets ready for harvest: annual field and vegetable crops; annual flower crops;

2. In livestock production: a) biological assets used for long-term use: cattle, sheep, goats, rabbits, fur animals for agricultural products (breeding) and obtaining additional biological assets; working animals for agricultural work; adults of all types of poultry (chickens, geese, ducks, turkeys and other poultry); breeding stock of aquatic animals (fish, crustaceans, etc.); adult population of dogs for the provision of services or breeding; b) current biological assets used for specified purposes: young cattle, sheep, goats that meet the requirements of fatness categories, have reached a certain age, have reached a live

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 15 Issue: 02 in February-2025
https://www.gejournal.net/index.php/IJSSIR

weight and are intended for sale, slaughter or transfer to the main herd; adult livestock of working and productive cattle removed from the main herd; rabbits, young rabbits, fur animals raised for sale or slaughter; bee colonies from which honey, propolis, wax, new families, etc. are obtained; young birds for feeding and breeding; young fish and other aquatic animals raised for sale or intended use; grown cocoons.

Immature biological assets include: 1) in crop production: orchards, vineyards, fruit bushes and berries from the moment they are planted until they begin to bear fruit; plantations of planted forests; all field and vegetable crops from germination to maturity; annual flower crops to flowering; mushrooms in the growth stage.

2) in livestock farming: all young cattle, sheep, goats, horses, fur animals, rabbits and dogs from the moment they are recognized and during the period of their feeding and preparation for intended use, that is, until the maturity stage; cattle transferred from the main herd for feeding; all types of young poultry for feeding; young fish and other aquatic animals for breeding; silkworm cocoons in the growth stage.

When dividing current biological assets in livestock farming into mature and immature, in our opinion, it is difficult to draw a clear line between them. For example, lamb, fish, young rabbits, etc. are sold or slaughtered before reaching the necessary conditions for meat (product). Chickens can usually be sold at the age of one day, that is, before reaching maturity. It is clear that the decisive factor in obtaining agricultural products from current biological assets can be their intended use. In other words, agricultural products can be obtained from immature biological assets.

In animal husbandry, it is absolutely unacceptable to disrupt the biological processes for the preparation of current biological assets in order to obtain additional biological assets. The latter cannot be obtained from immature biological assets. These assets must reach the stage of maturity, be physiologically developed and ready for use.

The classification of biological assets according to their term is not fully applicable when accounting for them. For example, in crop and livestock farming, long-term biological assets can be accounted for by type, place of use, division, breed, etc., while current biological assets can be partially or fully accounted for by their maturity level. In particular, it is impossible and unreasonable to account for annual field and vegetable crops by maturity level. The accounting of young rabbits and fur animals is also not carried out according to the level of maturity. This classification is necessary to provide information in solving the necessary problems of users of financial statements, as well as to calculate possible cash flows, the expected volume of agricultural products, biological assets and services.

Conclusion. The classification we have considered is relative in nature due to the characteristics inherent in biological assets. For example, all types of perennial seedlings that are not suitable for use are included in the category of consumers, since they can be sold at any time, regardless of the degree of readiness for their intended use. And vice versa, perennial seedlings and animals that are suitable for use are classified as biological assets - producers, since agricultural products and / or additional biological assets are repeatedly

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 15 Issue: 02 in February-2025
https://www.gejournal.net/index.php/IJSSIR

obtained from them. This criterion is given priority, although these biological assets can be sold at any time.

We believe that this classification should be used in preparing accounting records for the recognition and movement of biological assets. It also provides users of financial statements with the necessary information about expected future cash flows (the estimated volume of agricultural products and additional biological assets and, based on them, - to determine cash flows).

The specified classification features allow for more efficient accounting due to the ability to determine the amount and cost of growth in the valuation of individual biological assets at historical cost, and their combination into groups by type of biological assets helps to determine the fair value in an active market.

It is advisable to classify biological assets into the listed groups. For accounting, reporting and determining fair value, it is necessary to supplement the classification of biological assets into homogeneous groups established in IAS 41 with the following elements: “By economic substance” and “By age and sex”. The element of classification of biological assets “according to their economic substance” includes fixed and circulating (current) biological assets. Fixed biological assets can produce agricultural products during an operating cycle of no more than 12 months.

Conclusion. On the contrary, current biological assets imply the ability to produce agricultural products during an operating cycle of no less than 12 months. In livestock and poultry farming, a homogeneous group for biological transformation consists of animals of a certain quantitative ratio in terms of sex composition (for example, in poultry farming - chickens and roosters). The need to separate the element “by sex” is associated with the difference in the volume and cost of breeding groups of animals and poultry. Thus, the classification of biological assets serves as the basis for their reflection in accounting and reporting and allows grouping information for the needs of enterprise management.

List of references

1. IAS No. 41 "Agriculture". https://www.ifrs.org/issued-standards/list-of-standards/ias-41-agriculture/

2. Wikipedia, the free encyclopedia. https://uz.wikipedia.org/wiki/Classification

3. L.V. Todorova. Classification of biologic assets and prospects of foreign trade in MSBU 41 "Selskoe hozyaystvo". https://magazine.faaf.org.ua/klassifikaciya-biologicheskih-aktivov

4. Statisticheskiy slovar / Glavnyy ed. M.A. Korolev. – [izdanie 2-e, pererab. i dop.]. - M.: Finance and statistics. - 623 p.

ISSN 2277-3630 (online), Published by International journal of Social Sciences & Interdisciplinary Research., under Volume: 15 Issue: 02 in February-2025
https://www.gejournal.net/index.php/IJSSIR