

IMPROVING THE ACCOUNTING AND VALUATION OF BIOLOGICAL ASSETS: THEORETICAL, METHODOLOGICAL AND REGULATORY APPROACHES

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Abstract

This article comprehensively analyzes the theoretical foundations, methodological, and regulatory aspects of accounting and valuation of biological assets. Modern approaches to accounting for biological assets are studied based on international practices, particularly the requirements of International Accounting Standard IAS 41 “Agriculture.” The research findings demonstrate that the fair value approach plays a dominant role in the valuation of biological assets, and scientific-practical recommendations aimed at improving the accounting system have been developed.

Keywords: biological assets, accounting, fair value, international standards, agricultural sector, financial reporting.

Introduction

The agricultural sector holds strategic importance in the economy of Uzbekistan, where biological assets serve as one of the key production factors. Therefore, the proper organization of their accounting and valuation processes plays a crucial role in ensuring the accuracy and reliability of financial reporting.

Currently, the acceleration of the transition to International Financial Reporting Standards requires reconsideration and improvement of biological asset accounting. At the same time, the insufficient clarification of the concept of biological assets in the existing national system and their incomplete formation as independent accounting objects create certain problems in this area.

Literature Review

Issues related to the accounting and valuation of biological assets have been widely discussed in economic literature, leading to the formation of various

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scientific approaches. In international practice, biological assets are considered living organisms, and fair value is used as the primary measurement basis.

Research results indicate that the valuation of biological assets is a complex process influenced by multiple factors. In particular, the absence of an active market leads to uncertainties in valuation. Additionally, significant differences exist between national accounting systems and international standards, necessitating their harmonization.

Some scholars also emphasize the importance of considering the biotransformation process when accounting for biological assets.

Research Methodology

In this study, various scientific approaches were employed to deeply examine the theoretical and practical issues related to the accounting and valuation of biological assets. In particular, a systematic and comprehensive analysis was used to study the interrelationships among the components of biological asset accounting.

Moreover, a comparative method was applied to identify and evaluate differences between national and international standards. During the research, scientific literature, regulatory documents, and advanced foreign experiences were analyzed. Logical generalization methods were used to summarize the final results and formulate scientifically grounded conclusions.

Results and Analysis

The conducted research shows that organizing biological asset accounting based on international standards allows for a more accurate reflection of their economic substance. However, in the current national accounting system, biological assets are not sufficiently separated, which hinders the full reflection of their movement and value changes.

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Table 1. Main Directions for Improving the Accounting and Valuation System of Biological Assets

№	Direction	Current State	Problems	Proposed Solutions
1	Concept of biological assets	Not fully formed in the national system	Unclear definition and classification	Define biological assets as a separate accounting category
2	Accounting system	Reflected within general assets	No separate accounting	Introduce synthetic and analytical accounts
3	Valuation method	Mainly based on historical cost	Does not reflect real value	Expand application of fair value concept
4	Market data	Lack of active market	Uncertainty in valuation	Use expert valuation and discounting methods
5	Regulatory framework	Not fully developed	Not aligned with IAS 41	Develop a national standard “Biological Assets”
6	Primary documents	Insufficiently developed	Lack of information	Develop specialized document forms
7	Information quality	Not complete or reliable	Difficult decision-making	Improve accounting information quality
8	Management accounting	Poorly implemented	Limited analytical capability	Introduce in-depth cost and performance analysis systems

The analysis shows that improving biological asset accounting requires recording them in separate accounts, systematically tracking changes in value, and developing a comprehensive system of primary documentation. Additionally, it is necessary to establish documentation systems that fully reflect the movement of biological assets to enhance the reliability of accounting information.

The fair value approach is considered an effective tool in the valuation of biological assets. However, in practice, the absence of active markets, price uncertainties, and the dynamic nature of biological processes complicate its application. Therefore, economic, biological, and environmental factors should be considered simultaneously during valuation.

Furthermore, it is substantiated that developing a special national standard for biological assets is necessary to reduce differences between national and international standards.

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Conclusion

The research findings indicate that improving the accounting and valuation system of biological assets plays a significant role in enhancing the quality of financial information in agricultural enterprises. In particular, recognizing and measuring biological assets based on International Financial Reporting Standards, especially IAS 41 "Agriculture," allows for a more accurate reflection of their real economic substance.

The study reveals that in the current national accounting system, biological assets are not sufficiently formed as independent accounting objects, and their classification, valuation criteria, and accounting procedures are not fully developed, leading to several issues. At the same time, the underdevelopment of fair value-based valuation practices negatively affects the accurate representation of asset values in financial reports.

To address these problems, it is necessary to develop and implement a separate national standard regulating biological asset accounting, establish specialized synthetic and analytical accounts, expand the application of fair value measurement, improve primary accounting documents, and introduce elements of management accounting.

Overall, improving biological asset accounting contributes to enhancing the quality of the accounting system, increasing the investment attractiveness of agricultural enterprises, improving financial management efficiency, and deepening integration with international financial markets.

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