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Characteristic features of the formation of accounting policies of agricultural enterprises

Abstract. The issue of the relevance of the formation of accounting policies of agricultural enterprises remains an important topic, since agriculture is a key branch of activities of various countries, ensuring food security and economic development. However, changes occurring in global trends, such as climate change, constant and unpredictable competition, technological progress and regulatory requirements, require a constant adaptive approach to accounting policies of agricultural enterprises. The purpose of the study was to understand and improve accounting processes, the characteristic features of the formation of financial statements and to manage the finances of a business entity in the context of agricultural enterprises. The main goals of the study include the understanding of needs and characteristic features of agricultural enterprises, aimed at studying the specifics of the industry, including production features, market conditions, and legal requirements for accounting and reporting. The study is aimed at increasing the competitiveness of agricultural enterprises by implementing effective accounting policies, which will allow the enterprise to adapt to market conditions and ensure sustainable development. Internal and external factors affecting the determination of accounting policies of an agricultural enterprise have been analysed, as well as the basic elements of accounting policies of agricultural enterprises, which must be included in order on accounting policies to optimise financial management and ensure sustainable development of the enterprise, have been described. The elements of accounting policies for the assessment of biological assets and agricultural products according to national and international accounting standards have been considered and detailed, taking into account their classification features, assessment and accounting methodology. Practical value of obtained results consists in the development of various options of accounting policy elements for agricultural enterprises depending on agricultural sector, methods of assessment and accounting of biological assets and agricultural products

Keywords: biological assets; agricultural products; crop production accounting; livestock production accounting; taxation of agricultural enterprises

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Introduction

Accounting policies are developed by every enterprise independently, taking into account the characteristic features of its activities. Agricultural production has specific technological, organisational and legal aspects of activities that significantly affect the construction of financial accounting. Competently and effectively developed accounting policies affect the methodology for generating income, expenses and the amount of the enterprise's financial result, and accordingly, the amount of taxes paid by the enterprise. Therefore, it is relevant to study the methodology for developing the main elements of accounting policies of agricultural enterprises, which will allow the enterprise to increase its competitiveness and ensure sustainable development.

The process of accounting of economic activities of an agricultural enterprise is subject to the norms established in legislative acts and accounting regulatory documents. Such norms include national and international accounting standards and bylaws. However, since the sphere of activities of business entities is very diverse, in certain cases the standards define not one, but several possible accounting methods and options as well as procedures that can be used by agricultural enterprises for accounting and financial reporting. It is the choice of these variable provisions that a business entity records in its accounting policies.

The issues of methodological and methodical direction for organising accounting policies of agricultural enterprises have been considered by leading economists. Problematic aspects of accounting policies of agricultural enterprises according to international accounting standards have been studied by L. Shkulipa (2020a), who notes the complexity and multi-variability of accounting of this industry. Namely, if biological processes of transformation that change the substance of biological assets are accounted for, it is necessary to use International Accounting Standard (IAS) 41 (n.d.), and after the completion of the process of transformation of biological processes, in particular, cutting down of trees, slaughtering of animals, harvesting of fruits or grains, the action of IAS 41 is discontinued and other international standards are used. In another study, L. Shkulipa (2020b) has summarised the methodology for biological assets accounting according to IAS and IFRS (International Financial Reporting Standards).

V. Zhuk *et al.* (2019) have conducted a study of accounting policies of land assets of agricultural enterprises according to IFRS and note the increased attention to agricultural lands in financial reporting. It is noted that the definition of accounting rules for land valuation is a unique and important contribution of the accounting profession to the solution of ecological and climatic problems and ensuring of sustainable development of mankind. O. Levchenko (2019) has considered the main factors affecting accounting policies of agricultural enterprises. The author notes that accounting policies as a component of accounting organisation highlight only methodical aspects of accounting at the enterprise. This will ensure maximum compliance with the principle of consistency, i.e. constant

(from year to year) application of the chosen accounting policies by the enterprise, since organisational issues that are subject to periodic changes will no longer affect the change of accounting policies at the enterprise.

S. Syrtseva & T. Izvoshchyk (2020) have determined the factors influencing accounting policies of agricultural enterprises and proposed their structural listing and grouping. They also have submitted proposals for constructing an effective system for the formation of accounting process in the conditions of transition to international accounting principles. O. Kravchenko & Ya. Pasternak (2020) consider accounting policies as one of the elements of accounting and have studied accounting policies in the part of inventory accounting organisation. L. Vasilieva (2019) notes that accounting policies, which are the implementation of the same accounting method, are not the same in different enterprises. The possibility to choose specific methods of assessment, calculation, composition and procedure for keeping accounts, characteristic features of their use constitutes the degree of freedom of the enterprise in the formation of accounting policies. The author singles out the factors affecting her choice for enterprises of all forms of ownership and agricultural enterprises.

It should be noted that few studies have been devoted to characteristic features of branch accounting of agricultural enterprises, however, this problem has scientific and practical value, since agriculture is the leading field of activities that provides food and products for processing industry. The purpose of this study was to analyse and substantiate the stages and methodology of the formation of accounting policies of agricultural enterprises. In the course of the research, the following tasks have been solved to achieve the goal: characteristic features of accounting policies of agricultural enterprises have been singled out, a study of the stages of the formation of accounting policies of agricultural enterprises has been carried out. Clearly defined and structured elements for accounting of biological assets and agricultural products, taking into account their assessment and accounting methodology according to national or international standards, have become the result of the study.

Materials and Methods

Fundamental provisions of economic theory, national and international accounting standards, characteristic features of agricultural activities, the works of economists, and the experience of practicing accountants of agricultural enterprises and practicing auditors have been theoretical and methodological basis for the research. In the course of the study of theoretical and practical aspects of accounting policies of agricultural enterprises, the methods of induction and deduction have been used to determine general directions of the development of accounting policies. The use of methods of theoretical generalisation and comparison has made it possible to reveal the essence and content of accounting policies of agricultural enterprises.

When conducting the research, general scientific and specific methods have been used, namely: when studying the current mechanism of accounting and taxation of agricultural enterprises, analysis and synthesis have been used. In particular, the analysis of actual financial statements of agricultural enterprises using various accounting estimates has been carried out. It has been found out that for enterprises subject to the general taxation system, it is important to follow the principles and rules of accounting policies, which are specified in the administrative document of the agricultural enterprise (order, decree or regulation on accounting policies), since the amount of income tax depends on the amount of income and expenses.

When considering methodological approaches to accounting and taxation of agricultural enterprises and developing recommendations for the formation of the order on accounting policies, an abstract logical method has been used. The specifics of accounting and application of general and simplified system of branch taxation has been studied by means of a comparative analysis of accounting policies of large, small, medium and microenterprises. The method of cause-and-effect relationship has been used to establish the relationship and highlight the objects and elements of accounting policies, improve their classification and relationship. To form conclusions and proposals, the abstract logical method has been used. The application of this method makes it possible to systematise the elements of accounting policies of agricultural enterprises according to production branches (crop and livestock production), the degree of maturity (mature and immature ones), evaluation methods (fair value or cost of production). Possible options of accounting policies regarding the accounting of biological assets by various elements in accordance with national accounting regulations (standards) and international accounting standards have been summarised.

Results

According to Article 8 (clause 5) of the Law of Ukraine No. 996-XIV (2024), business entities are required to decide on accounting policies of the enterprise, taking into account characteristic features of their activities, the volume of accounting work, the level of automation, the availability of computing equipment and others. According to the above-mentioned law, accounting policies are formed as a set of principles, methods and procedures used by the enterprise for the formation and submission of financial, statistical and other reports. The norms of accounting policies are fixed in the internal document of the enterprise – the order on accounting policies. The agricultural enterprise determines and develops these provisions independently. As a rule, these provisions are developed by the chief accountant of the enterprise, with the involvement of accounting specialists. In the absence of the chief accountant in the staff of the agricultural enterprise, these tasks are entrusted to the management of the enterprise or the help of engaged specialists of consulting (auditing) companies is used.

It is expedient to entrust this responsible line of work to a commission, which, in addition to the chief accountant, will include representatives of economic and financial departments of the enterprise. For certain positions, agricultural and technical specialists, sales and supply specialists and others (if necessary) should be involved. A systematic approach will not only allow to optimise and adapt accounting principles in accordance with legislative requirements necessary for the formation of financial statements, but also will be able to ensure management reporting requirements, which will contribute to the adoption of effective management decisions. Accounting policies of the agricultural enterprise is developed taking into account two main factors: legislative acts and regulatory documents on accounting and tax accounting; internal factors of agricultural enterprise activities.

Regarding legislative acts used to develop accounting policies of agricultural enterprises, the Law of Ukraine No. 996-XIV (2024), National Accounting Regulations (Standards) or IFRS (n.d.) are used. It is worth considering Order of the Ministry of Finance of Ukraine No. 635 (2022) on the formation of accounting policies. These recommendations are not mandatory for enterprises to apply, but they are a guideline for determining the basic elements that should be contained in the administrative document, in particular the order on accounting policies. However, in approved Methodological recommendations, the list of the main elements of accounting policies does not specify biological assets that every agricultural enterprise has. However, the specificity of the work of agricultural enterprises is related precisely to biological assets, and the approval of accounting principles and methods of assessment and accounting for objects of biological assets is the determining factor for such enterprises.

Agricultural enterprises that prepare financial statements according to international standards (by independent decision or according to Ukrainian legislation in a mandatory manner) must be guided by IFRS (n.d.). A decisive influence on the determination of accounting policies is made by internal factors of the agricultural enterprise, in particular the following:

- ◆ form of ownership of the enterprise and its organisational and legal form (public joint-stock partnership, private joint-stock partnership, limited liability company, private enterprise, etc.);
- ◆ type of activities of the enterprise (crop and livestock production, hunting, forestry or fish farming, etc.);
- ◆ organisational structure of the enterprise, availability of branches or other organisational divisions of the enterprise, business segments;
- ◆ number of employees and production volumes;
- ◆ level of computerisation and availability of software and IT specialists;
- ◆ strategy of the enterprise's activities, system of material responsibility for the work performed and material interest in the efficiency of the enterprise;
- ◆ taxation system, tax legislation and possibility of their change.

For the purpose of high-quality formation of accounting data, it is also important to follow the sequence of defined accounting policies and allow changes only in connection with changes in legislative norms. Provisions that will ensure rational accounting of the agricultural enterprise, taking into account the conditions of economic activities and the norms of legislative and legal acts should be the result of defined and selected accounting policies. The formation of an accounting system based on uniform principles and rules, which are necessary for preparing financial statements according to the principles and quality characteristics set forth in clauses 1-6 of Chapter III of Order of the Ministry of Finance of Ukraine No. 73 (2024), is the main goal of developing accounting policies of the agricultural

enterprise. Thus, users of accounting information who have familiarised themselves with accounting policies of the agricultural enterprise will have the opportunity to correctly understand and interpret the indicators of the enterprise's financial statements and determine the directions for making reasonable management decisions. When developing accounting policies, one must take into account the taxation system according to which the agricultural enterprise pays taxes. Since the amount of income tax paid to the budget according to the norms of Tax Code of Ukraine (2024) depends on the amount of income and expenses determined in the accounting system, it is necessary to consider in more detail what should or should not be included in the order on accounting policies of the agricultural enterprise (Table 1).

Table 1. Elements that will supplement the order on accounting policies of the agricultural enterprise

Expedient	Not expedient
one of several legally defined options, principles, methods or procedures of accounting (for example, the chosen depreciation method, the method for determining the value of biological assets, the method for writing off inventories, etc.)	single-variant procedures and methods of accounting defined in the legislation
establishment of preliminary criteria – estimates used by the agricultural enterprise for the purpose of allocating expenses by reporting periods, if according to the legislation the enterprise can establish them (for example, the value criterion for classifying assets as fixed assets, low-value perishable items, other non-current assets)	accounting provisions that do not correspond to organisational structure of the agricultural enterprise and the requirements for its activities (in the absence of branches, it is not advisable to provide a description, whether they are allocated to a separate balance sheet or not)
-	accounting elements and procedures that do not relate to the activities of the agricultural enterprise (for example, it is not expedient for the agricultural enterprise that is not engaged in construction to recognise income and expenses when performing a construction contract)
-	basic accounting provisions relating to assets or liabilities that are not available at the enterprise and are not planned to be acquired by the enterprise (for example, if the agricultural enterprise does not have real estate that is provided for operating lease, then it is not necessary to describe the accounting elements of investment real estate)

Source: developed by the authors taking into account the provisions of clause 6, the fourth section of Order of the Ministry of Finance of Ukraine No. 73 (2024) and sub-clause 1.3 of Order of the Ministry of Finance of Ukraine No. 635 (2022)

It is worth remembering that any enterprise cannot develop methods and ways of financial accounting that do not meet legal and regulatory requirements or principles of accounting. The goal of accounting policies is to form the enterprise's accounting system according to uniform rules and principles for the purpose of preparing financial statements in accordance with quality characteristics set forth in Order of the Ministry of Finance of Ukraine No. 73 (2024). This will allow users, mainly external users, in particular – creditors and investors, after considering accounting policies of the agricultural enterprise, to have the opportunity to correctly interpret the financial statements and, on this basis, make effective management decisions. That is, accounting policies are a method by which it is possible to manage and influence the processes of economic activities and their final financial results (for example, the amount of income tax).

The amount of income tax that is calculated and paid to the budget depends on the amount of accounting

income and expenses of enterprises that are on the general taxation system (sub-clause 134.1.1 of Tax Code of Ukraine (2024)). And the amount of accounting income and expenses is formed in accordance with the selected elements of accounting policies (in particular, such as the procedure for accrual of reserves and provisions, the selected method of accrual of depreciation, the method of writing off inventories upon disposal, etc.). Therefore, the enterprise must necessarily have the order on accounting policies or another administrative document, which records the chosen methods and procedures, according to which the components of the final financial results are accounted for. In the absence of such a document, regulatory bodies will have the opportunity and legitimacy to dispute the process of cost formation. And with well-developed accounting policies, it will be possible to substantiate the value of production costs, the amount of accrued depreciation, confirm the reasonableness of the expenses incurred and prove their legality to any regulatory body.

A competent scientific and practical approach to accounting policies allows:

- ◆ to save labour costs for the implementation of accounting functions, in particular, with maximum convergence of tax and financial accounting;
- ◆ to ensure a uniform approach of employees of all divisions of the agricultural enterprise to accounting procedures and methods;
- ◆ to minimise the adaptation of new employees of the accounting department and to prevent violations in the accounting when changing the financial management of the enterprise according to a clearly defined accounting policies. This will provide a uniform approach to the accounting of the parent company and separate divisions;
- ◆ to optimise tax burden on the enterprise, which consists in choosing the optimal size and method of formation of expenses and income for the agricultural enterprise and, accordingly, the income tax base.

According to sub-clause 1.3 of Order of the Ministry of Finance of Ukraine No. 635 (2022) it has been established that the document used to establish the rules of accounting policies is an administrative document. An order, regulation or provision can be an example of such a document. Therefore, the agricultural enterprise must independently determine the form of this document. As a rule, the order on accounting policies, which is periodically changed (when legislative acts – National Accounting Regulations (Standards), Tax Code of Ukraine (2024), IFRS (n.d.) – are changed) or revised (when statutory requirements are changed or if recommended changes will provide a greater opportunity to obtain reliable information), is most often developed and approved. Often, agricultural enterprises also develop a regulation on accounting policies, which must be approved by the order of the head of the business entity.

The document on accounting policies is approved in accordance with Part 5 of Article 8 of Law of Ukraine No. 996-XIV (2024) and sub-clause 1.2 of Order of the Ministry of Finance of Ukraine No. 635 (2022), that is, in agreement with the owner (owners) or a body (official) authorised by him in accordance with founding documents. In cases where in founding documents (for example, in the charter or in the founding agreement) of the agricultural enterprise, the authority to sign administrative or organi-

sational documents is assigned:

- ◆ to the manager (director), then accounting policies are approved by the director, without agreement with the owner;
- ◆ to the owner or to the owners, then the document is signed by the owner or approved at the General Meeting.

All responsible persons responsible for compliance with the rules of accounting policies (for example, the chief accountant, financial director, etc.) must familiarise themselves with the regulations of the administrative document under their signature. When creating an enterprise, it is necessary to develop and use accounting policies from the moment of carrying out economic and other activities of the enterprise. After the end of the accounting year, there is no need to reissue the order on accounting policies annually. It is accepted for the entire period of activities of the agricultural enterprise, the order may be subject to changes as specified in sub-clauses 3.1-3.4 of Order of the Ministry of Finance of Ukraine No. 635 (2022).

The main provisions of accounting policies of the agricultural enterprise and introduced changes are noted in the notes to the annual financial statements. One can add a copy of the administrative document to the report or provide it in the form of a description. If there is a need for changes to accounting policies, as a rule, the changes must be implemented from the beginning of the financial year. But there is no direct ban on making changes in the legislation. Therefore, if there is a reasonable need, these changes can be introduced from another date. In the case when the order on accounting policies changes significantly, it should be presented in a new version.

According to the norms of National Accounting Regulations (Standards), a change in the following principles: events or operations that haven't occurred before in the activities of the agricultural enterprise; events that are significantly different in content from previous operations, is not equated to changes in accounting policies. That is, it is about additions to accounting policies, and not their change. And accordingly, such changes should be introduced from any date, namely from the date when the start of new operations has taken place. Table 2 summarises the structure of the order on accounting policies of the agricultural enterprise, in which it is recommended to distinguish two main sections.

Table 2. Structure of the order on accounting policies of the agricultural enterprise

Organisational and technical section	Methodological section
The form of accounting organisation. There can be the following options: <ul style="list-style-type: none"> ◆ accountant or a separate department headed by a financial director or chief accountant; ◆ specialist in accounting or centralised accounting department (for budgetary institutions); ◆ commercial firm engaged in accounting and/or auditing; ◆ owner or manager of an enterprise (this option is not allowed for business entities that are obliged to publish reports). 	The standards according to which financial accounting is kept are indicated – these can be national or international standards.
The list of designated responsible persons responsible for high-quality and timely formation and submission of financial, tax, statistical and other reports (as a rule, this is the chief accountant or financial director).	The periodicity of financial reporting is indicated if the agricultural enterprise considers it appropriate to prepare financial reporting not quarterly, but with a different periodicity.

Continued Table 2.

Organisational and technical section	Methodological section
The form of accounting (memorial-order, journal-order, simple or simplified) with an indication of the method of accounting information processing - manual or automated one (it is necessary to specify the computer programme used).	The basic provisions regarding the accounting of fixed assets, low-value non-current assets, intangible assets, inventories, financial assets and biological assets are given.
A working plan of accounts, indicating the used accounts with sub-accounts and additional sub-accounts of analytical accounting.	If the agricultural enterprise is engaged in crop or livestock production and has biological assets on the balance sheet, accounting policies should also include: <ul style="list-style-type: none"> ◆ list and composition of items that form the production cost of products or services; ◆ list and composition of variable and fixed general production costs; ◆ procedure for accounting and distribution of costs of a general production nature, distribution of costs between the reporting year and the following year; ◆ calculation units and production calculation methods; ◆ procedure for accounting for manufactured products at original and fair value in accordance with branch accounting standards.
Application of classes of accounts for accounting of costs of the agricultural enterprise (the use of class 9 or simultaneous use of classes 8 and 9).	-
List of primary documents used by the enterprise (standard or independently developed forms).	-
The timetable of document circulation and the list of officials authorised to sign original documents.	-
The procedure for carrying out an inventory of the agricultural enterprise: <ul style="list-style-type: none"> ◆ composition of the permanent inventory committee and the procedure for the formation of inventory working committees; ◆ list of inventory committee objects; ◆ procedure for carrying out planned and unplanned inventories; ◆ periodicity and duration of planned inventories. 	-
Accounting procedure in separate divisions (branches), if they exist.	-
The main provisions on the secondment of employees and the amount of their per diem (may be different for different categories of employees).	-

Source: developed by the authors

Assessment of biological assets, according to Order of the Ministry of Finance of Ukraine No. 790 (2022) is shown in Figure 1. If the enterprise accounts for biological assets

according to International Accounting Standard 41 (n.d.), then their assessment is carried out according to the requirements shown in Figure 2.

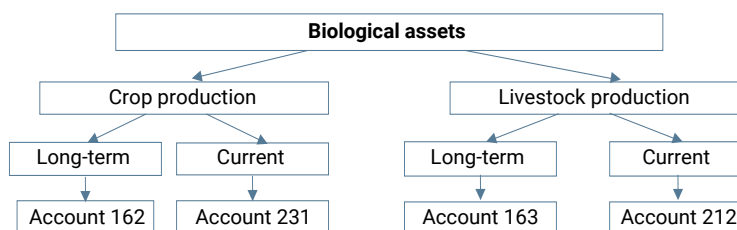


Figure 1. Elements of accounting policies for the assessment of a biological asset according to National Accounting Regulations (Standards) 30

Source: developed by the authors based on Order of the Ministry of Finance of Ukraine No. 1315 (2022)

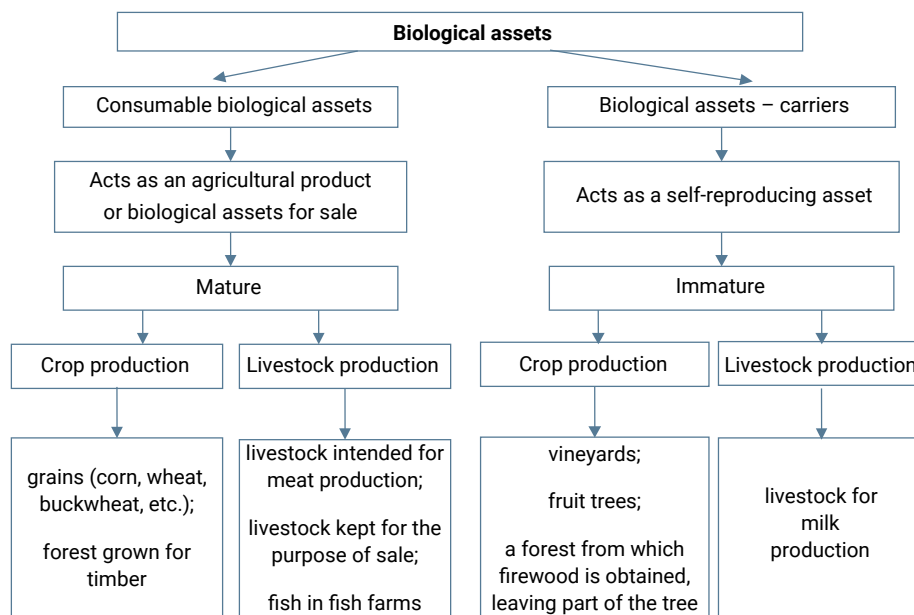


Figure 2. Elements of accounting policies for the assessment of a biological asset according to IAS 41

Source: developed by the authors

In accounting policies, it is recommended to determine the classification of not only biological assets, but also agricultural products, with an indication of accounts in accounting (Fig. 3).

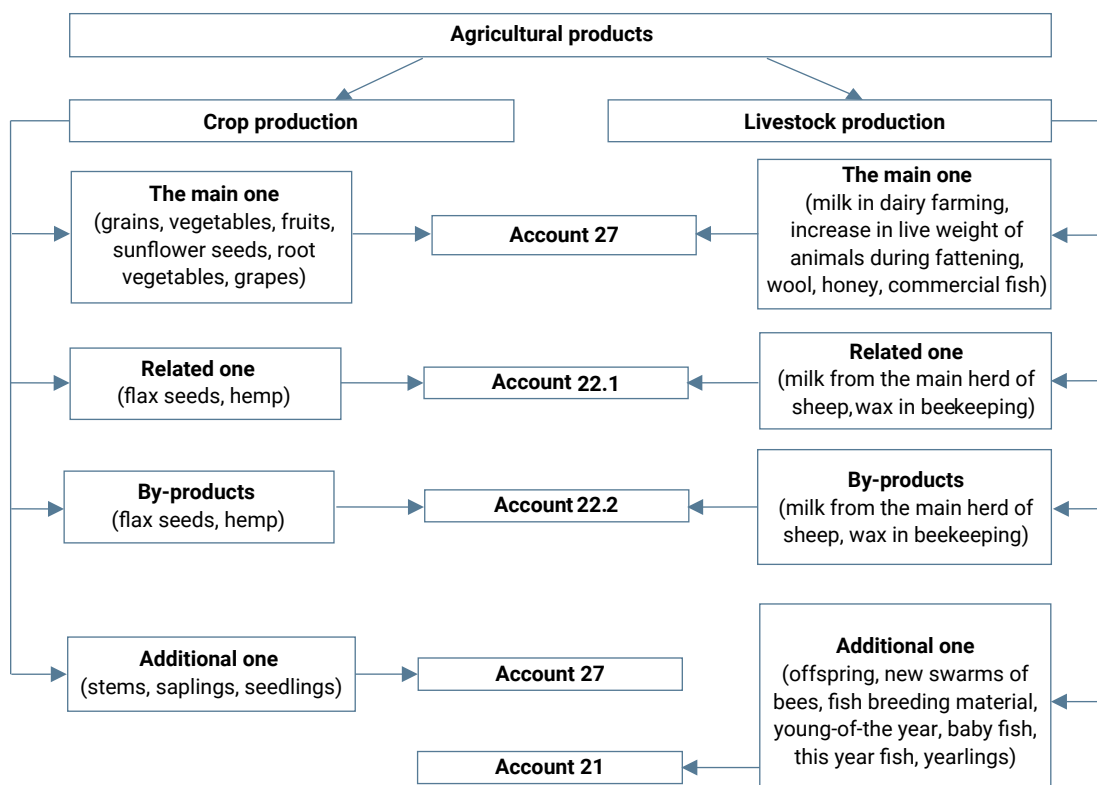


Figure 3. Classification of agricultural products by purpose

Source: developed by the authors based on Order of the Ministry of Finance of Ukraine No. 790 (2022) and Order of the Ministry of Finance of Ukraine No. 1315 (2022)

Tax authorities, in accordance with sub-clause 20.1.44 of Article 20 of Tax Code of Ukraine (2024), are given the right to check the correctness and completeness of the calculation of the taxable financial result based on accounting data, which is carried out on the basis of National Accounting Regulations (Standards) or IFRS. The income and expenses of the agricultural enterprise are the main components of the financial result. That is why the interest of regulatory authorities in the rules and procedures of accounting policies is growing.

The main inaccuracies and errors of accounting policies made by agricultural enterprises are the following:

- ◆ use of a “standard” order on accounting policies, which does not take into account the specifics of the agricultural enterprise’s activities;

- ◆ limitation of sources of information about economic transactions only to paper documents, while electronic ones are not taken into account;

- ◆ lack of calculation of liquidation value of fixed assets. It is often equated to zero in depreciation calculations. In such cases, regulatory bodies can calculate it independently, and have the opportunity to recalculate the depreciation in case of its overestimation;

- ◆ too succinctly stated accounting policies in administrative documents. It is necessary to provide a description in cases where the standards provide an alternative to choose, and it is also necessary to specify characteristic features of accounting for biological assets. Accounting policy options for accounting of biological assets are given in Table 3.

Table 3. Accounting policy options for accounting of biological assets (BAs)

Accounting policy element	Regulatory act	Disclosure option	
		Crop production	Livestock production
Unit of accounting for long-term and current BAs	clause 6 of Order of the Ministry of Finance of Ukraine No. 790 (2022)	1. A certain type of BAs 2. Group of BAs	
	sub-clauses 3.3-3.4 of Order of the Ministry of Finance of Ukraine No. 1315 (2022)	1. Certain types of agricultural plants (grain, fodder, oil, essential oil, technical, spinning, vegetable, medicinal, flower, fruit and berry plants, grapes, potatoes, etc.) 2. Homogeneous groups of BAs, which consist of subspecies of agricultural plants (winter and spring grains, stone, grain, nut-bearing plants, etc.) or individual crops (barley, beets, corn, etc.)	1. Species of animals (pigs, poultry, sheep, cattle, bee families, fur animals) 2. Homogeneous groups of BAs, which are formed from certain sex-age (technological) groups (animals for breeding and fattening, cows and bulls – breeders of the main herd, pigs and boars – breeders of the main herd, etc.)
Unit of accounting for immature long-term BAs	sub-clause 3.5 of Order of the Ministry of Finance of Ukraine No. 790 (2022)	Types of perennial crops	-
Assessment of additional BAs at initial recognition	clause 9 of Order of the Ministry of Finance of Ukraine No. 790 (2022)	1. At fair value, reduced by the expected costs at the point of sale 2. At the production cost, in accordance with National Accounting Regulations (Standards) 16	
Assessment of long-term BAs as of the balance sheet date	clauses 10-11 of Order of the Ministry of Finance of Ukraine No. 790 (2022)	1. At fair value, reduced by the expected costs at the point of sale 2. At original cost, taking into account the amount of their wear and tear and losses due to the decrease in usefulness	
Methods of determining the fair value of BAs	clauses 13-15 of Order of the Ministry of Finance of Ukraine No. 790 (2022)	1. Based on active market prices 2. At the last market price of transactions with such assets 3. At market prices for similar assets 4. With the use of other indicators that determine the price level for BAs and agricultural products 5. At the present value of future net income from the asset	
The useful life of long-term BAs	Instruction of the Ministry of Finance of Ukraine No. 291 (2024)	It is set by the enterprise independently, however, in order to bring accounting and tax accounting closer together, it is worth using the deadlines given in Tax Code of Ukraine	
Depreciation methods of long-term BAs	Instruction of the Ministry of Finance of Ukraine No. 291 (2024) and clause 11 of Order of the Ministry of Finance of Ukraine No. 790 (2022)	1. Rectilinear 2. Reduction of residual value 3. Accelerated reduction of residual value 4. Cumulative 5. Production	

Source: developed by the authors on the basis of regulations applicable in each specific case

Summarising, it can be affirmed that the systematic approach and arrangement of accounting policy elements regarding biological assets have theoretical and practical value and will significantly improve the process of forming high-quality accounting information in financial reports of agricultural enterprises.

Discussion

The conducted research confirms the complexity and importance of developing accounting policies of an agricultural enterprise. The paper presents the basic factors (internal and external ones) that affect the process of their formation and development. Organisational and technological features of agricultural enterprises have a significant impact on the construction of accounting. These features are so important that national and international standards establish separate accounting objects - biological assets. The methodology of valuation of biological assets at fair value causes many discussions, and in practice it is not fully implemented by agricultural enterprises due to the difficulties of valuation. For this purpose, the work has developed schemes with specific examples of displaying biological assets in the accounting system separately according to the norms of national and international accounting standards. The manual of V. Kulyk & Z. Levchenko (2019) summarises the methodology of accounting for biological assets in accordance with international accounting standards. The conceptual foundations of financial reporting are complemented by practical developments of this study according to the norms of international and national standards with the direction of systematisation of specifically practical aspects.

Accounting policies have been studied by scientists in dissertation research. T. Baranovska (2005) has clarified the concept of accounting policies of the enterprise, which makes it possible to deepen their essence as an element, due to which acceptable organisational and economic conditions of activities for the enterprise are created. The author has demarcated and separated the concepts of “object of accounting policies” (any position of the enterprise in terms of organisation and accounting, to which there are alternative options) and “element of accounting policies” (possible methods and procedures chosen by the enterprise independently, taking into account characteristic features of activities). As a result of the above, the authors have conducted a study of the elements of accounting policies of agricultural enterprises, namely biological assets, and determined options for their accounting according to national accounting standards and international accounting standards.

I. Sysoieva (2012) interprets the concept of “accounting policies” as models of organisation and methods of accounting and obtaining information that corresponds to characteristic features of the enterprise and the interests of its owners, in contrast to existing interpretations of accounting policies. She has improved the classification of factors influencing accounting policies and developed

a model of accounting policies for small, large and medium-sized enterprises. In the study described above, based on the analysis of organisational and technological features of the activities of agricultural enterprises, options for accounting policies regarding the accounting of biological assets in crop and livestock production have been developed and given (Table 3).

The size of the enterprise also has a significant impact on the formation of accounting policies of the business entity. This is noted in the work of V. Yurchyk (2012), in which the impact of accounting policies on the activities of small enterprises and their taxation has been investigated. And the study of M. Yunatskyi (2016) has been conducted on the organisation and methodology of forming accounting policies of corporate enterprises and their impact on enterprise management. But in these works, there is no study of accounting policies of agricultural enterprises, which have significant accounting differences and specific accounting objects – biological assets, agricultural products, land and water resources.

A comparative analysis of the reporting of agricultural enterprises confirms the problem of underestimating the value of assets in financial reporting, which is also noted by Yu. Bezdushna *et al.* (2022). According to the results of the above research, the authors support the proposals regarding conceptual approaches to the formation of accounting policies and the procedures for identifying the capitalisation of the potential of agricultural business entities.

I. Hrabchuk *et al.* (2021) have investigated accounting policies of the enterprise in the conditions of digitalisation and revealed the features of their implementation using the BAS Accounting programme. They have summarised and specified the basic elements of accounting policies in the BAS Accounting programme and provided a description of their implementation in this software complex. However, in the above study accounting elements for biological assets are not given. The problems of implementation and features of the application of international financial reporting standards in the accounting system of Ukraine have also been considered by L. Sas *et al.* (2023). The authors point out the need to implement IFRS by Ukrainian enterprises and necessary conditions for integration into the European Union. The authors share this opinion, which is confirmed by the above classification of the accounting policy elements.

As a result of the full-scale war, Ukrainian enterprises, in particular agricultural ones, have suffered significant damages and losses – the seizure and destruction of production facilities and real estate objects, the theft of equipment, vehicles and raw materials. S. Ostapchuk & N. Tsaruk (2023) note that because of this there is a need to assess and record the damage caused at the enterprise level. In their work, scientists also note that given the limited number of independent evaluators and forensic experts in Ukraine, a professional accountant is able to participate in the assessment of the consequences of war at the enterprise.

As of 2024, Ukraine is under martial law, so the authors of the study point to the need to ensure economic security measures in the management system for Ukrainian enterprises. V. Zamlynskyi *et al.* (2024) believe that in order to maintain an acceptable level of economic security, it is necessary to be guided by an important management tool – accounting policies. And although the issue of changing accounting policies during the war is complex and requires taking into account numerous risks, the authors have managed to investigate these risks and the difficulties of changing accounting policies of enterprises.

V. Zhuk *et al.* (2022) also emphasise the features of depreciation of assets in wartime. Scientists note the impossibility of substantiating the terms of useful operation of fixed assets in the conditions of martial law and emphasise the considerable risks of property loss. Most of the fixed assets of agricultural enterprises are not insured, so scientists consider it expedient to introduce accelerated depreciation of non-current assets. It should be noted that according to national accounting standards, such a change in accounting policies is possible, and according to international accounting standards, there is no accelerated method of calculating depreciation.

It is worth noting that in the conditions of martial law there is a need to change the enterprise's accounting policies, and all these transformations are related to various accounting aspects of the enterprise's accounting in unpredictable conditions of an undeclared war. That's why the scientists start addressing the state bodies with proposals for amendments to the legislation, which is actively supported by the authors of this article.

Conclusions

The study has considered and systematised the classification of agricultural products by purpose. Both in crop production and in livestock production, the main, related and by-products of agriculture are distinguished. In tabular form, examples of the use of this theoretical classification in the system of practical application of accounting chart

of accounts. with examples of specific crop and livestock products are given. In addition, a comparative analysis of administrative documents regarding accounting policies and financial statements of about 100 business entities has been conducted, the main errors and inaccuracies made by practicing accountants have been identified. Clearly defined and developed accounting policies contribute to the improvement of this situation. Possible options for the assessment of biological assets and agricultural products in accordance with national accounting standards with reference to regulatory acts are considered.

As a conclusion, the study has considered the need to develop accounting policies of the agricultural enterprise and established that for this it is necessary to master the legislative acts and regulatory documents on the regulation of financial accounting and reporting in Ukraine. In addition, it is advisable to necessarily reflect specific technological features of the business entity's activities in accounting policies. Agricultural enterprises that have biological assets on the balance sheet must determine the main elements of accounting for these assets. The Article summarises various options for accounting policies regarding the accounting of biological assets by branches – crop and livestock production. Only by combining the main methodological requirements with a specified method of accounting for economic operations of an agricultural enterprise, which takes into account the specifics of the business entity, it is possible to achieve the development of well-founded provisions and elements of the accounting policy. But the accounting assessment of land assets of agricultural enterprises according to national and international accounting standards remains insufficiently researched, which can serve as prospects for further research.

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Conflict of Interest

None.

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Особливості формування облікової політики аграрних підприємств

Анотація. Питання актуальності формування облікової політики аграрних підприємств залишається важливою темою, так як сільське господарство є ключовою галуззю діяльності різних країн, забезпечуючи продовольчу безпеку та економічний розвиток. Проте, зміни, що відбуваються в глобальних тенденціях, такі як зміна клімату, постійна та непередбачувана конкуренція, технологічний прогрес та регулятивні вимоги, вимагають постійного адаптивного підходу до облікової політики аграрних підприємств. Мета дослідження полягала у розумінні та вдосконаленні процесів обліку, особливостей формування фінансової звітності та управління фінансами суб'єкта господарювання в контексті аграрних підприємств. Основні цілі дослідження включали розуміння потреб і особливостей аграрних підприємств, що спрямовані на вивчення специфіки галузі, включаючи особливості виробництва, ринкові умови та законодавчі вимоги щодо обліку і звітності. Дослідження було спрямоване на підвищення конкурентоспроможності аграрних підприємств шляхом впровадження ефективної облікової політики, що дозволить підприємству адаптуватися до ринкових умов та забезпечити стійкий розвиток. Було проаналізовано внутрішні та зовнішні фактори, що впливають на визначення облікової політики аграрного підприємства, а також описано базові елементи облікової політики аграрних підприємств, які необхідно включити до наказу про облікову політику для оптимізації фінансового управління та забезпечення стійкого розвитку підприємства. Розглянуто та деталізовано елементи облікової політики по оцінці біологічних активів і сільськогосподарської продукції за національними та міжнародними стандартами бухгалтерського обліку, враховуючи їх класифікаційні ознаки, методику оцінки та обліку. Практична цінність отриманих результатів полягає в розробленні різних варіантів елементів облікової політики для аграрних підприємств в залежності від сільськогосподарської галузі, методики оцінки та обліку біологічних активів та сільськогосподарської продукції

Ключові слова: біологічні активи; сільськогосподарська продукція; облік рослинництва; облік тваринництва; оподаткування сільськогосподарських підприємств