

Improving Accounting of Financial Results in Agricultural Enterprises

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Abstract: The article analyzes the current state of agglomeration and analytical calculation of the financial result in agricultural enterprises in detail, makes offers to determine the financial result for each product (work, service), its importance in making managerial decisions on the production of agricultural products is justified.

Keywords: Accounting Scheme, Analytical Accounting, Analytical Scheme, Cost, Income, Profit, Synthetic Accounting, Synthetic Scheme.

JEL classification: M41.

1. INTRODUCTION

The State Program for the Implementing the Development Strategy of the New Uzbekistan for 2022 - 2026 reconsiders the following issues: "Increasing incomes of the population by at least 25% in 2022 through intensive development of agriculture on a scientific basis, reducing production costs by 30-35%, achieving an average yield of 37 centners of cotton per one hectare and 70 centners of grain per one hectare, expansion of areas for growing 8 varieties of cotton and 12 varieties of grain with high yield, early ripening harvest, fiber and grain quality to replace biologically obsolete varieties, the creation of 110 fruit and vegetable cooperatives and 35 grain-growing clusters in the regions is in process of implementation. At the same time, tasks have been identified to increase the production volume of fruits-vegetables and finished products with high added value and increase the share in exports by 2 times and jobs by 3 times." ("On the Development Strategy of New Uzbekistan for 2022-2026", 2022).

As a result of the economic reforms in agriculture, the production volume is increasing year by year. For sure, it is the result of the effective agricultural land use, the planting of quick-ripening and high-yielding crops, the gradual introduction of "rotation" to increase soil fertility, the use of resource-saving technologies on a large scale, the correct selection of agricultural crops and seed production, thoroughbred livestock along with factors such as the increasing

quantity, the use of new techniques and the improvement of the service quality, all these thanks to the introduction of advanced management forms in the farm.

Moreover, other socio-economic factors should be mentioned: wages paid to employees, conditions created for workers also affect the increase in production volume (The decision of the President of the Republic of Uzbekistan, 2022).

All of the factors listed above are related to the economic situation of agricultural enterprises and require a certain amount of financial resources. If the company has more revenue and less expenses, the profit margin is higher and it has more financial resources. In 2022, agricultural enterprises of Samarkand region spent 12 208 005 mln. UZS, 15 975 432 million UZS earned from their sale. The profit is 3 767 427 mln. UZS, 3 111 706 UZS of which were from plant cultivation and 655 721 mln. UZS benefited from the cultivation of livestock products (Sonley, 2019).

In addition to the above factors, increasing income and reducing costs in agricultural enterprises will also depend on the effective organization of accounting and internal control system (Coetsee, 2021).

Accelerated reforms are being carried out in the field of accounting in Uzbekistan. One of them is the study of IFRS and its implementation. Based on this, the task of implementing the international standards of accounting, developing accounting policies according to the International Accounting Standards and maintaining accounting is being set. Therefore, in developing countries, including Uzbekistan, it is necessary to determine the importance of IFRS, its neces-

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sity and opportunities, to create an environment in the socio-economic sphere in the country for the transition to international standards, to ensure the quality of transition to IFRS, as well as to prepare a financial report based on IFRS and to transform the analysis, systematization and, on this basis, making decisions on accounting reform is of great importance.

The introduction of international standards of financial reporting serves as an important tool for introducing foreign investments into the economy of our country, as well as increasing the reliability and objectivity of information in financial reports.

The need for financial reporting to international standards is determined by the fact that companies and organizations are required to prepare financial reports according to the International Financial Reporting Standards in order to enter world markets, increase the export potential of our country, quote on world commodity and currency exchanges, and receive loans from world banks.

Today, the only way to raise financial accounting and reporting in Uzbekistan to the level of world standards is to study international standards of financial reporting and advanced foreign experiences, world literature and documents related to the field, and to introduce them taking into account the characteristics of our country's economy.

Resolution PQ-4611 of the President of the Republic of Uzbekistan of February 24, 2020 "On additional measures for the transition to international standards of financial reporting" was adopted. According to this decision, of January 1, 2021, joint-stock companies, commercial banks, enterprises belonging to the category of large taxpayers will submit financial reports according to the IFRS and align the training of specialists in this field with international standards, certified practicing accountants, professors and teachers working in higher education in accordance with ACCA requirements, and other on important issues and issues were imposed (Vahobov and Malikov, 2010). Taking into account advanced foreign experiences, a "roadmap" was developed for the introduction of modern methods of improving the efficiency of human resources in this field. To carry out the tasks assigned in the decision, to carry out research on the field, to expand the participation of professional organizations, to determine the effective ways of transitioning to IFRS, to radically reform the structure and content of the subjects taught in the field of accounting and auditing in higher education are the issues of discussion.

The characteristics of agricultural enterprises also affect the organization and management of accounting, including the fact that land is the main means of production, seasonality, the long duration of the production process, the development of living organisms - plants and livestock, natural climatic conditions and other characteristics also have a big influence.

For Uzbekistan, which is transitioning to IFRS, in the conditions of digital economy, the conceptual issues of the accounting of final financial results in agricultural enterprises are of great importance, and it is the demand of the time to illuminate it on a new conceptual basis, to enrich its content with IFRS, the content of GAAP in the United States, and advanced foreign experiences.

What are the problems facing the accounting of final financial results in agricultural enterprises? These include:

- improvement of the accounting procedure and the system of charts according to international experiences, implementation of the transformation balance sheet procedure;

- issues of improving the recognition, evaluation accounting and reporting of fixed assets, intangible assets, reserves, biological assets during the sale according to international standards;

- improvement of the account of long-term and current assets intended for sale in accordance with international standards;

- improvement of recognition and assessment of financial assets, including trade and non-trade receivables, investments, cash and other financial assets based on international standards;

- the concept of obligations, their classification and evaluation, recognition, assessment, accounting and reporting of financial obligations, recognition, evaluation, accounting and reporting of assessed obligations, contingent liabilities and contingent assets, contribution instruments;

- the issues of compliance with international standards of accounting and reporting of private capital in limited liability companies and joint-stock companies.

Therefore, the analysis of the conducted studies shows that there are problems in the organization of cost and income accounting, transformation of accounting to international standards, profit accounting and its distribution in agricultural enterprises. In this case, it is appropriate to carry out expenses and incomes according to responsibility and cost centers, to determine the financial result for each type of product in synthetic and analytical accounts, and to improve their reflection in accounting charts ().

2. MATERIALS AND METHODOLOGY

As a result of the rapid development of the economy in our country, the volume of production in agriculture is steadily increasing (Table 1).

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As it can be seen from Table 1, the cultivated area in Uzbekistan in 2021 compared to 2017 decreased by 213,8 thousand hectares or 6,2%. Despite the fact that the cultivated area decreased during these years, the cultivation of agricultural products grew steadily. However, there was a significant change in the composition of agricultural products, in 2017, 43,8% of the total product was livestock products, and in 2021, it was 49,9%.

The regulatory and legal documents adopted in recent years in our country on the development of agriculture, the scientific works of the economists of the field, the land area assigned to the operating agricultural enterprises, including the cultivated area, the productivity of agricultural crops and the productivity of livestock, the costs of agricultural enterprises in the Samarkand region and statistics reflecting their incomes were used. Also, regulatory legal documents for accounting and preparation of financial statements in agricul-

Table 1. Dynamics of Agricultural Production in the Republic of Uzbekistan in 2017-2021.

№	Title	Years					Change in 2021 Compared to 2017	
		2017	2018	2019	2020	2021	absolute	relative, %
1	Agricultural crops cultivated area, thousand ha.	3474,5	3396,0	3309,4	3396,1	3260,7	-213,8	-6,2
	Change compared to last year	-6,3	-2,3	-2,6	2,6	-1,4	-	-
2	Agricultural product, trln. UZS	148,2	187,4	216,3	250,3	303,4	155,2	204,7
	Growth rate compared to last year, in %	101,0	100,2	103,3	102,7	103,9	-	-
	including:							
3	Farming	83,3	98,4	111,9	123,9	152,1	68,8	182,6
	Growth rate compared to last year, in %	98,2	95,8	104,8	103,2	104,3	-	-
4	Animal husbandry	64,9	89,0	104,4	126,4	151,3	86,4	233,1
	Growth rate compared to last year, in %	104,1	105,7	101,6	102,1	103,5	-	-

Source: <https://stat.uz/uz/rasmiy-statistika/agriculture-2>. Author's calculation based on annual statistics.

tural enterprises were used, including preliminary and cumulative documents on the calculation of financial results in accounting, account registers and materials of scientific research results.

During the preparation of this article, observation, grouping, comparison, analysis and other scientific research methods used in conducting scientific research work were used.

3. RESULTS

The financial result is considered as an economic term, and the definitions of expenses and income are also related to this term, and it is widely covered and discussed in the normative and legal documents on accounting and reporting, in the scientific and methodological works of economists and scientists (Pasko et al., 2022).

“Income is an increase in economic value in the form of the arrival or improvement in the quality of assets or a decrease in the amount of liabilities during the reporting period, which results in an increase in the private capital of the organization, which is not related to the contribution of the claimants.

In the international conceptual framework of financial reporting, income is divided into main income, i.e. income, and other non-main income, i.e. profits.

I. Receipts

Revenues arise during the normal course of business

1. Revenue from sales;
2. Incentives for services;
3. Interest;
4. Dividends;
5. Royalty interest;
6. Rental income.

II. Other Income

Non-core incomes are profits, other items that meet the description (definition) of incomes and may or may not arise as a result of the normal activity of the enterprise. Such a profit leads to an increase in economic value and does not differ from income in this respect. Therefore, they are not considered as a separate element of the concept. These include:

1. Profit from disposal of non-current assets;
2. Gains from the revaluation of marketable securities;
3. Profit resulting from the increase in the balance sheet value of long-term assets;
3. Exchange rate difference;
4. Profits from writing off accounts payable;
5. Non-refundable financial assistance;
6. Received fines, fines and fines,
7. Revenues of previous periods determined during the reporting period;
8. Other benefits can be included.

When other income is recognized in the statement of profit and loss, they are usually shown separately, because information about them is useful in making economic decisions. For each item of profit, the amount after deducting the expenses corresponding to this income is reflected” (Michael et al., 2014; Orazov and Polatov, 2020).

A group of foreign scholars (Huifa Chen et al., 2010) studied the impact of the standard rules on income on the increase in accounting quality and noted that compliance with the rules is the basis for the formation of quality information on income.

“Expenses of an economic entity mean a decrease in economic profit as a result of disposal of assets and (or) assump-

tion of liabilities, which leads to a decrease in the capital of this entity. In accounting, normal operating expenses and other expenses (operational, extraordinary) are separated. For tax accounting purposes, costs are divided into production and sales costs and non-operating costs.

Income in accounting depends on five conditions:

- the right to receive this income
- the amount of income has to be determined precisely
- as a result of the operation, an increase in the economic profit of the enterprise was observed
- ownership of the product or service is transferred from the organization to the customer (if the service is provided or the work is accepted by the customer)
- costs associated with this operation can also be determined.

If at least one of these conditions is not met, income is recognized in accounting as accounts payable" (Statistical data of the agricultural department of Samarkand region at the end of 2022).

The Regulation on the structure of production and sales costs of products (works, services) and the procedure for the formation of financial results states that "The financial results of the activity of an economic entity are characterized by the following indicators of profit" (Resolution No.54 of the Cabinet of Ministers of the Republic of Uzbekistan, 1999), and five indicators of the financial result are given.

The financial result in the literature of "Economic theory" is more focused on its reflection in the form of profit or loss, but as cash receipts. According to professors T.S.Malikov and A.V.Vahobov: "Income will be divided into several funds that will ensure the financing of expenses and the continuation of the expanded reproduction process" (Vahobov and Malikov, 2010).

Professor Sh.Shodmonov: "When evaluating the activity of enterprises, the concepts of the volume of sold products, expenses and profits are widely used. Funds received from the sale of goods and services in enterprises are called their cash receipts or monetary financial results. After deducting all expenses from the financial results of the enterprise, the remaining part is kept as profit. When goods and services are sold, their total value turns into monetary financial results, and the added value turns into profit (Pasko et al., 2021) describes it.

According to a group of economists, "Indicators of financial results represent economic results obtained as a result of enterprise activity" (Ryzhikova et al., 2021). Therefore, in order to achieve economic efficiency in an economic entity, an important task in its development is the acquisition by the management methods of effective management of income and expenses in the operational, financial and investment activities of the enterprise. "Effective management of profit formation involves establishing an organizational and methodological system of the management process, knowing the main mechanisms of profit formation, using modern methods in its analysis and control" (Avlokhlov, 2016).

Speaking about the final financial result, Pasko O. noted the following: "The final financial result of the enterprise's economic activity is formed in the form of profit or loss and is defined as the difference between the company's income and production costs" (Pasko et al., 2020). In general, it is correctly interpreted, but it fails to indicate the principles of accounting and reporting of expenses and income.

Orazov K.B. and Polatov M.E. stated: "Financial results mean the profit or loss of the enterprise during the reporting period. Indicators of financial results of enterprises in the Republic of Uzbekistan, their formation and accounting "Regulation on the composition of production and sale costs of products (work, services) and the procedure for formation of financial results", as well as NSA No. 3 "Report on financial results" and 21 - No. NSA is regulated by "Accounting scheme plan and instructions on its application" (Orazov, 2020).

As can be seen from the analysis of the above literature, to determine the financial result, the entity's income and expenses in a certain period are compared to the principles of accounting and reporting.

In economic entities, including agricultural enterprises, when determining the financial result, expenses and income for a certain period are compared with each other.

In 2022, the final financial result of the main agricultural products of the agricultural industry in Samarkand region was as follows (Table 2).

Table 1 shows that in 2022, the financial result of all major crop products sold in the region ended with profit.

This accounting profit is the gross profit from product sales, which is the first indicator in determining the accounting profit, and the final financial result is determined by the remaining four indicators of the financial result.

The financial result of enterprises is not determined by each manufactured product or performed work, service, but is determined on the basis of general information on the enterprise and is reflected in the "Financial Results Report". The indicators of this report are general and do not allow to determine a separate financial result by type of product (work, service).

This, in turn, made it impossible to determine the financial result of each product produced in enterprises, to make management decisions on how much of each product to produce in the future, to increase or decrease production.

And in the management account, which is an indicator of the financial result for each product (work, service), it allows to determine the financial result of sales, that is, the gross profit from sales. A management decision based only on this information will not be effective. In this case, the costs related to the sale of the product are considered as part of the costs of a separate period and are covered by the income of the main activity.

In determining the financial result, along with the income from the sale of the product, the cost of the sold product is also important. Because of the cost, today cost accounting is being formed as a separate branch of management accounting. Economist N.B. Abdusalomova assesses that "cost ac-

Table 2. The final financial result of the main products of crop production in agricultural enterprises of Samarkand region.

№	Name of Products	Total cultivated area, ha.	Productivity, s/ha.	Gross yield, tons.	Total cost, mln. UZS	Total income, mln. UZS	Profit, million UZS (+,-)
1	Grain	94 130	70,7	665 847	1 671 032	2 333 664	662 631
2	Cotton	72 951	35,4	258 098	1 829 336	2 276 798	447 462
3	Potatoes	14 086	213,7	301 005	803 861	1 095 086	291 225
4	Vegetable	34 156	295,6	1 009 489	2 276 704	3 234 276	957 572
5	Police	4 010	231,1	92 655	178 957	244 825	65 868
6	Oily	11 127	11,0	12 207	90 018	106 064	16 046
7	Legumes	2 084	21,0	4 383	33 984	49 448	15 464
8	Fruit	15 939	121,8	194 150	553 831	779 000	225 169
9	Grapes	24 756	155,2	384 297	1 048 362	1 478 630	430 268
Total		273 239	x	x	8 486 085	11 597 791	3 111 706

Source: Statistical data of the agricultural department of Samarkand region at the end of 2022.

counting is a new trend in accounting in developing countries" (Abdusalomova, 2017).

In our country, based on the results of comparing the composition of costs in the "Regulation on the composition of costs of production and sale of products (works, services) and the procedure for forming financial results" and the standards of NSA "Reserves" No. 2, it can be concluded that the current "Regulation on the composition of costs" needs to be improved is available. First, in this Regulation, costs should be divided into two categories: direct material costs and processing costs. Processing costs, in turn, should be classified into two groups:

- direct labour costs and production overhead costs;
- costs of substance development.

Business operations related to sales in agriculture are reflected in the accounting charts as follows:

1. When agricultural products are shipped (sold) to buyers and customers (at the selling price):

Debit 4010 – "Accounts receivable from customers and customers".

Credit 9010 - "Revenues from the sale of finished products".

2. When deducting the cost of agricultural products sent (sold) to buyers and customers:

Debit 9110- "Cost of finished goods sold".

Credit 2810- "Finished goods in warehouse".

3. When the income from the sale of agricultural products is transferred to the final financial result.

Debit 9010 - "Revenues from the sale of finished products".

Credit 9910 - "Final financial result".

4. When the cost of sold agricultural products is transferred to the final financial result:

Debit 9910 - "Final financial result".

Credit 9110 - "Cost of finished goods sold".

Reflecting expenses related to the sale of products (work, services) in the accounting charts:

1. Costs related to the sale of products (work, services) were reflected in the accounting charts:

Debit 9410 – "Sales expenses"

Credit 2310 - "Auxiliary productions" - when using own transport in the course of sales.

Credit 6710 - "Calculations with employees on wages" - when wages are calculated for employees who participated in the sales process.

Credit 6410 - "Debt for payments to the budget (by types)" - when a single social payment is considered for the calculated wage.

Credit 1060- "Dishes and crockery materials" - for the value of crockery and crockery materials used in the sale of products.

2. When sales costs are brought to the final financial result:

Debit 9910 - "Final financial result".

Credit 9410 – "Sales expenses".

In the above order, the final financial result (account 9910) in agricultural enterprises includes not only sales results and sales costs, but also period expenses (9420 and 9430) and financial activity expenses (account 9600) and income (account 9500), extraordinary loss (account 9720) or profit (account 9710), taxes paid on profit (account 9800) are also transferred with appropriate accounting records, and the final financial result is determined by comparing the debit and credit turnovers of the 9910- "Final financial result" chart.

4. CONCLUSION

In agricultural enterprises, it is appropriate to determine the financial result for each type of product (work, service), in

which the cost of the sold product should also include the expenses related to its sale. Neither in the currently valid regulatory documents nor in the international standards of accounting, the costs related to the sale of products (work, services) are not included in the cost of the sold products. However, providing managers with reliable information on the cost and income of each product (work, service) in agricultural enterprises leads to ensuring the effectiveness of management decisions.

Therefore, as a result of the research, we offer the following:

- to open analytical charts for separate consideration of the costs of selling each product (work, service) in the management account;
- distribution of total costs of sales by product (work, service) types;
- establishing a procedure for determining the final financial result for each product (work, service).

The practical application of our offers will help to make effective management decisions on production in agricultural enterprises and increase production efficiency.

CONFLICT OF INTEREST STATEMENT

The authors declare that they have no conflict of interest

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