



IMPROVING THE ACCOUNTING OF INCOME AND EXPENSES AT AGRICULTURAL SERVICE ENTERPRISES

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Abstract

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The research paper discusses the effectiveness of the organization of internal control of the agricultural industry, which is dependent on a reasonable delineation of powers, existing and introduced services, as well as the separation of incompatible functions between them, which include direct access to assets, permission to carry out operations with assets, permission to carry out operations with assets, direct implementation of transactions, reflection of business transactions in accounting. Thus, compliance with the principles will improve the quality of the implemented internal control system at an agricultural enterprise and, as a result, will ensure the quality and reliability of accounting data for income, expenses and financial results.

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INTRODUCTION

Sustainable development in the future of the agro-food sector of the Republic of Uzbekistan requires the implementation of state policy in the field based on new approaches. The Strategy for the Development of Agriculture of the Republic of Uzbekistan for 2020 - 2030 serves as the basis for the implementation of these tasks.

An important factor in ensuring the competitiveness of agriculture is the development of value chains. The high costs of collecting, transporting, storing, processing, packaging and certifying products from the field to end consumers reduce the profits generated by agricultural producers.

The low level of development of the food industry limits the possibilities for increasing the volume of production of products with high added value.

Attracting investment in infrastructure development requires strong financial markets, a supportive business climate, and measures to support producers and promote value chains.

Limited opportunities for processing and packaging products in dekhkan farms that produce the bulk of exported fruits and vegetables, leads to significant losses. However, seasonal price fluctuations and volatility in market conditions also negatively affect their activities.

In recent years, small producers have been actively investing in modern storage facilities and processing equipment through various sources of financing, including credit lines from international financial institutions. Despite this, they remain largely isolated from the processing industry and exporting organizations.

Due to the underdevelopment of effective mechanisms for uniting small agricultural



producers, their activities remain unorganized. This impedes the achievement of high economic performance, and also limits the possibilities of combining in value chains.

It should be noted that the share of cooperatives in the markets of developed countries (European Union, USA, Canada) exceeds 40 percent, and in Uzbekistan this direction is only developing.

There is a shortage of laboratories, wholesale markets and logistics centers that meet international standards and quality requirements, as well as equipment at customs and border points for phytosanitary control of horticultural products.

This, in turn, prevents an increase in the volume of manufactured and sold products, an increase in added value and diversification of types of products and geography of exports.

It is necessary to ensure the safety and quality of agricultural and food products by bringing the national legal framework for sanitary and phytosanitary control in line with the requirements of the World Trade Organization and the standards of target international markets.

In addition, partnerships between procurement, processing enterprises and exporters with dekhkan farms and owners of household plots, which account for more than 70 percent of gross agricultural output, are underdeveloped.

The main goal of this strategic priority is to increase the export potential of the agricultural sector, increase the volume of value-added products, widespread introduction of a certification system based on international standards and the development of cooperation mechanisms.

RESEARCH METHODOLOGY

The farming movement in the country will be able to become a major producer of agricultural products and take responsibility for the further development of the agricultural sector and other related industries and industries, as well as for improving the living standards and quality of life of the population, is becoming a powerful socio-political force.

In our country, agriculture has rightfully become the leading link in agricultural production, the main form of its organization. Currently, the farming movement unites more than 80 thousand farms. More than 90% of all arable land in the country, the bulk of agricultural production falls on farmers.

The livestock sector meets the demand of the population for milk, meat and other food products, and industry for raw materials. In recent years, the development of farms specializing in animal husbandry, including dairy, has allowed to increase production, increase labor productivity, improve product quality and reduce costs.

Livestock is an important branch of agriculture along with crop production, which includes dairy, and meat cattle, sheep, pigs, horses, poultry, beekeeping, rabbits, silkworms, fisheries and so on. In turn, each of these industries includes certain industries that specialize in the cultivation of certain types of products: cattle breeding - dairy farming and beef, poultry - eggs and diet meat.

Accordingly, the costs of livestock vary by industry and type of production. This should be reflected in the accounting.

As in other industries, livestock production costs are different. These include various material costs (food, biopreparations, medicines, various materials, etc.), labor expended, depreciation of fixed assets, and more. This means that accounting should ensure that livestock costs are strictly accounted for by type.

The circular flow of funds in animal husbandry has more important differences and features than in agriculture. The technological processes here are characterized by the



uniformity of operations, such as feeding and care of livestock, the release of the product. Moreover, all these operations are not strictly limited in terms of time, as in the case of crop production, because the technological process of production in the livestock sector is characterized by a fairly uniformity and uniformity of transactions. All of these features, of course, affect the organization of cost accounting.

In dairy farming, as long as there are no long interruptions in expenditure and output periods, all costs for the current year will be attributable to production in that calendar year. This means that in accounting, there is no need to differentiate the costs of dairy and meat farming over the same years as they are accepted in agriculture. All costs in the livestock sector are reflected in the accounts for the current year's output.

There is no difference between the work done in animal husbandry and the work done in agriculture. At the same time, the technological process of production is characterized by the uniformity of the work performed (feeding of livestock and production). All this work is usually continuous and not limited in time. Hence, there is no need to divide the expenses in the accounting into sections according to these characteristics.

Finally, in livestock production, the production process is usually concentrated. For example, milk production in dairy complexes, etc. Therefore, there is no need to account for costs in individual production units.

Thus, there is no need to divide costs in animal husbandry on a number of important criteria: by the years of production, by type of work, and sometimes by production units. Cost differentiation and relevant final data should generally be provided in two ways:

- by main types of production and groups of livestock;
- by main types of expenses.

When production is divided, costs vary by farm.

Differentiation of costs on the first criterion is provided by the correct organization of the objects of analytical accounting. Objects of analytical accounting of expenses are opened on the main branches of animal husbandry, and within the branch - on each type of production or on a group of livestock.

The distinction between the second characters is made possible by the proper compilation of account registers. Cost accounting is performed in multi-column registers with a separate column for each cost sector.

Production costs occur mainly in the production process, which links the supply and sales processes. The emergence of the procurement process leads to production costs. Based on this and the production costs, the financial results of the enterprise are determined. Low farm production costs increase profits. Therefore, production costs are primarily necessary to determine the financial results of the enterprise. This can be summarized as follows:

Revenue from product sales - costs = profit

Cost information is especially important in calculating corporate income tax. From the point of view of the enterprise and its management, it is necessary to collect information on the total cost, effective and inefficient costs of individual production units, etc.

From the point of view of farms and their management, it is necessary to collect information on the total amount of costs, efficient and unproductive costs of individual production units, and so on. On this basis, the following tasks are faced in the calculation of costs:

- timely and complete accounting of all costs associated with the activities of farms;
- provide reliable information sufficient to accurately reflect expenditure information in



separate accounts and reporting forms and to calculate taxes.

To perform these tasks, it is sufficient to account for costs on the basis of financial accounting principles, in particular double-entry bookkeeping. The most important feature of a management account is that its data is useful for management. In particular, the management account should provide detailed information about costs so that it can be used to make the most appropriate management decisions. Based on international experience in this field, the company should compile cost accounting information in the following cases:

- accounting for expenses by their place of origin;
- organization of cost accounting by responsibility centers;
- aggregation of costs by objects of their origin or their carriers, ie by specific types of products.

There are various costs for the production of livestock products: wages, fodder, depreciation of livestock fixed assets, medicines, insurance premiums, work and services, and other costs. These costs are divided into fixed and variable costs:

Fixed costs include costs that do not change with the volume of production or changes in output;

These include depreciation of property, plant and equipment, insurance premiums, rent and other expenses;

These remain the same as the volume of production changes;

Variable costs include costs that change as output increases.

Examples include wages, feed, labor and services, and similar expenses. These increase as production increases, and vice versa.

In addition, the costs of the livestock sector are divided into direct and indirect costs. Such a division is a division based on the addition to the cost of the product, and direct costs include costs incurred directly on the cost objects. These include proper wages, fodder, work and services, and other expenses.

Indirect costs are included in the total production costs of livestock, which are first recorded in the account 2510 "General production costs" and then distributed at the end of the year by the objects of livestock costs.

There is no need to use different methods of accounting for costs in the livestock sector. All the necessary information is obtained through the usual creation of analytical accounts and accounting registers.

The main tasks of cost accounting in the livestock sector are:

- cost-effective allocation of costs by type of production and groups of livestock;
- clear separation of all costs, which form the cost of production, by economic elements and industries of the same type;
- timely accurate and complete coverage of livestock milk and meat production;
- clearly reflect the costs by business units;
- economic calculation of the cost of main, secondary and ancillary products.

Complete and timely accounting of production costs and products on farms, as well as the reliability of accounting data, largely depends on the organization and maintenance of the initial account. Initial accounting is one of the features of accounting, which is directly related to the processing of documents. The initial calculation consists of the following three elements:

1. Preliminary accounting documents.
2. Income book of the materially liable person.
3. Report of the materially responsible person.



Proper and timely documentation of production costs ensures the effective operation of management accounting on the farm. At the same time, the possibility of planning production activities on the basis of accounting data will increase. According to table 1 ,we have the following results:

Table 1

Key targets and indicators favorable agribusiness climate and value chains

No	Indicator names	Basis2021	Target for 2022	Target for 2023
1	Share of exports of products produced through partnerships of agricultural enterprises and associations	15 %	23 %	30 %
2	Introduction and promotion of the brand of agricultural products in Uzbekistan	Coverageof 5 additionalproducts	Coverageof 20 additionalproducts	Coverageof 40 additionalproducts
3	Improvement of Uzbekistan's position in the World Bank's ranking of the Global Logistics Performance Index	96th place	89th place	79th place
4	Increase in the share of processed products in total exports	30 %	35 %	40 %
5	The share of people employed in the food and light industries (as a percentage of the total number of jobs in agriculture)	10 %	15 %	20 %

Farms independently formulate accounting policies based on the needs of their business activities. Accounting is carried out by farms in accordance with a single methodological framework and procedures established by law. In this case, the farm can independently adapt the existing accounting registers to the characteristics of its activities, subject to the following requirements:

- single methodological basis (two-sided writing principle);
- interrelation of analytical and synthetic accounting data;
- comprehensive recording of all business transactions in the accounting registers on the basis of primary documents;

- collection and systematization of primary document data on farm management, control and analysis of economic activity, as well as indicators required for the preparation of financial statements.

The basis for the accounting of economic operations on farms are the primary accounting documents, which record the fact that the operations were actually carried out and issue orders for their implementation. On farms, initial accounting documents are prepared at the time of business operations or immediately (without delay).

At the end of the year, the real cost of agricultural products is determined. In the livestock sector, as in the crop sector, the actual cost of basic and related products is determined, while the real cost of additional products is not determined.

At the end of the year, before calculating the cost of livestock products, the accounting data on the "Livestock Production" scheme is carefully checked. The total cost for each type (group) of livestock and the total amount of products produced during the year are determined. In this case, the correct distribution of costs by objects of accounting, the correct accounting of man-hours, feed-days and feed units, not born in certain sectors of animal husbandry (poultry, fisheries, beekeeping, camels) it is necessary to pay attention to the correct determination of the volume of production, the correct reflection of the amount and value of the main, related and additional products received.

In the livestock sector, the main product is the type of product, the main purpose of which is to obtain a specialized branch of animal husbandry. For example, the main products in cattle breeding are milk, meat, calves and overweight.

In animal husbandry, by-products are products that are obtained at the same time as the main product, but are secondary in nature, such as manure, feathers, wool, hides, and so on.

Results

Many industries produce several types of interconnected products at the same time. Therefore, the cost objects and the cost objects differ from each other, and as a result, the correct distribution of costs by product type need arises. Livestock by-products include manure, poultry manure, wool, feathers, skin, and moistened meat from dead animals, among others.

The cost of manure is determined based on the normative costs of its collection and bedding under certain conditions, as well as the cost of manure production and storage.

In the livestock sector, the main products include dairy products, main products - milk, related products - calves, by-products - manure, according to the analytical account of the main herd of dairy cattle.

According to the analytical account "Growing and feeding goods", the main products - overweight, additional products - manure. Thus, the real cost of basic and related products in each sector of animal husbandry are determined. Additional products are valued at the planned cost or at a marketable price(fig.1.).

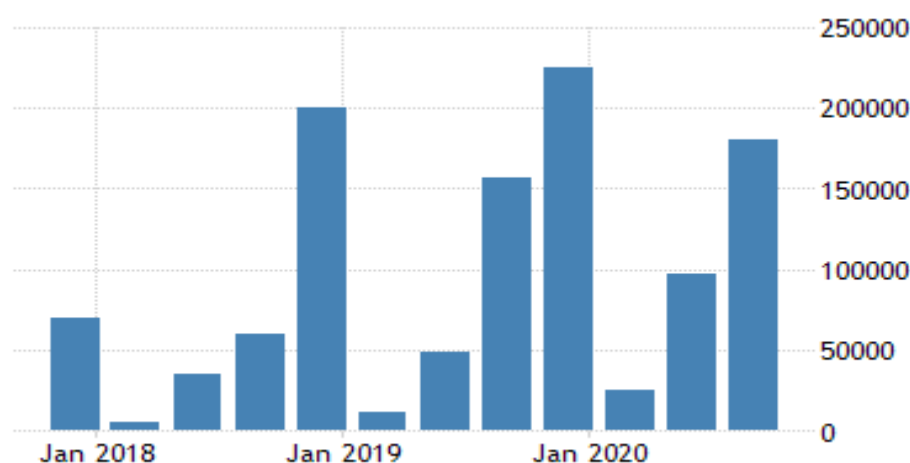


Figure 1. Uzbekistan GDP in Agriculture



The determination of the actual cost has its own characteristics for each sector of the livestock industry, and we will consider the determination of the cost in the field of cattle:

There are the following cost objects for cattle:

a) In dairy cattle:

1. The main herd
2. Young and domesticated animals.

b) In beef cattle:

1. The main herd and calves up to eight months old.
2. Calves older than eight months and dairy cattle.

The procedure for determining the cost of products for these cost objects is as follows:

1) Dairy cattle breeding. This network will have two cost objects (analytical accounts). According to the analytical account of the "main herd", milk and calves are the "object of calculation". Manure is a by-product and is valued based on its collection and field costs. The cost of manure is not calculated.

To calculate the actual cost of milk and calves from the main herd, the cost of manure is deducted from the total cost, and the remaining cost is divided into 90% milk and 10% calf, and the cost of these products is determined.

Agricultural enterprises can be joint stock companies, partnerships, limited liability companies, cooperatives, unitary enterprises (municipal and state), peasant (farmer) enterprises and their associations, this also affects the organization of accounting in agricultural enterprises.

Objects of accounting in agriculture are: 1. property of the enterprise (fixed assets, inventories, intangible assets, financial investments, cash, etc.); 2. equity capital (authorized capital, additional capital, reserve capital, special purpose funds, reserves, retained earnings); 3. debt of other organizations (accounts receivable) and liabilities to third-party organizations and individuals (accounts payable, bank loans, loans); 4. business transactions carried out by enterprises in the course of their activities and causing changes in the composition of property and liabilities.

The agricultural sector is distinguished from other sectors by the presence of a huge number of features that can affect the organization of accounting in the enterprise.

The main features of accounting at agricultural enterprises:

- to obtain finished products in this industry, the availability of natural resources is required;
- the main means of production is land, therefore, accounting of land and financial investments in them is necessary;
- agricultural production involves the use of biological assets (plants, animals) as specific resources;
- the unequal nature of the branches of agriculture and the changes occurring in them;
- seasonal production, which generally depends on climatic and weather fluctuations;
- several types of products are obtained from one culture or one type of livestock
- the need to differentiate costs in accounting;
- differentiation of cost accounting for production cycles that do not coincide with the calendar year due to the length of the agricultural production process;
- the need to reflect in the accounting of the movement of products at all stages of economic turnover, since their own products can be used within this stage;
- formation of an effective system for the allocation of state aid and control over its targeted and rational use;



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- the use of a developed system of specialized industry documentation and a complex calculation system;
 - the use of peasant labor, the placement of which is carried out in rural areas;
 - clear organization of accounting for the availability and operation of various agricultural machinery and mechanisms.

CONCLUSION

Consequently, there are the following main features of accounting in agriculture, affecting the development of accounting for income, expenses and financial results:

1. The main means of production in agriculture is land. In the production process, it is necessary to ensure a clear and reliable accounting of the available land, as well as accounting for investments aimed at: improving the quality and composition of land to increase fertility; for the development and development of new land in order to expand the sowing of agricultural crops. The land is a natural element, therefore, various types of situations may arise that entail unplanned costs (combating the invasion of insects - pests, changing the composition of the soil from poor ecology in the area, etc.).

2. The specificity of the accounting of income, expenses and financial results in agriculture is due to the presence of industries that are different in nature and content (in crop production - sowing, watering, fertilization, harvesting; in animal husbandry - keeping a farm, feeding animals, growth live weight, milk yield, livestock walking, vaccination, slaughter of livestock; fish farming - maintenance of water bodies, sowing fry, fattening, catching, etc.). Thus, the formation of income and expenses has its own specific features, depending on the branch of the subject of agriculture.

3. Seasonality of production is associated with the climatic characteristics of a particular region. So, for example, the volume of crop production depends on the climate, as well as a decrease or increase in costs associated with this (in arid regions, additional costs for irrigation, in areas with weak and infertile soil for fertilization, etc.). In this regard, the accounting of income, expenses and financial results is complicated by the fact that the formation of expenses occurs in one reporting period, and the receipt of income in another reporting period. Moreover, it often happens that the expenses incurred exceed the income received and, as a result, the loss (crop decline, inflation rate, large volume of supply on the market of agricultural crops as a result of a harvest year).

4. Often, several types of products are obtained from one crop or one type of livestock. This requires the differentiation of expenses and incomes for each separate economic process (for example, expenses and incomes associated with: the sale of milk, raising young animals, etc.)

5. Agricultural production is a long process. For some agricultural crops and animals, expenses are carried out in the current reporting year, and products, and accordingly incomes, are received only in the next reporting year (winter crops, fattening of young cattle, etc.). Based on this, cost accounting is differentiated according to production cycles that do not coincide with the calendar year.

6. Part of the products of our own production goes into internal circulation for further processing: in crop production, part of the products goes to seeds, fodder, for further processing; in animal husbandry, part of the production is used for fertilizers in plant growing, fodder for livestock. Therefore, it is important to clearly distinguish between income and expenses associated with each stage of promoting products of our own production.

7. Finished products of animal husbandry and plant growing are partially used at the



enterprise for reproduction. During the year, production should be kept at the planned cost, since the actual cost can be calculated only at the end of the year.

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