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IFRS - IAS 41 «AGRICULTURE»: DIFFICULTIES OF APPLICATION AND POSSIBLE SOLUTIONS

МСФО (IAS) 41 "Сельское хозяйство": трудности применения и возможные решения

Agriculture is one of the most important branches of the national economy of the Republic of Belarus. In 2022, the industry's contribution to the country's GDP was 6.8%, and more than 251 thousand people worked in it.

According to IFRS, accounting, preparation and presentation of financial statements, as well as disclosure of information on agricultural activities are regulated by IAS 41 "Agriculture". It provides for the types of biological assets, methods of assessment and disclosure of information in reporting on these objects, which have significant differences from the Belarusian accounting rules [1].

Methodological aspects of IFRS (IAS) 41 "Agriculture" are quite complex, which causes the existence of some difficulties in its application in the Republic of Belarus. The purpose of this study is to identify possible problems that may be encountered when using IFRS (IAS) 41 "Agriculture" in the preparation of financial statements by agricultural organizations.

In the course of the study, the following problems were identified in the application of theoretical and methodological aspects of IFRS (IAS) 41 "Agriculture":

1) In the Republic of Belarus there is no national accounting and reporting standard similar to IAS 41 "Agriculture".

2) Determining the useful life of animals, their liquidation value and the establishment of depreciation rates are complex tasks and lead to difficulties in calculating the cost of production, as well as in paying income tax.

3) The process of biotransformation is complex and causes the complexity of the hierarchy of business processes, which leads to the need to clarify the classification of biological assets and agricultural products.

4) IFRS assumes the determination of the fair value of biological assets and agricultural products, which is quite a laborious process due to the dynamics of price changes. Extensive experience and professionalism in the field of agricultural accounting is required, as well as an extensive database of market information [2].

The results of the study made it possible to formulate recommendations aimed at eliminating the problems of applying IFRS (IAS) 41 "Agriculture" in Belarus:

1. Development and implementation of full-fledged training and advanced training programs in the field of IFRS at the state level.

2. Gradual introduction of such concepts as "biological asset", "agricultural products", "fair value" and "biotransformation" into the Belarusian legislation.

3. Creation of a detailed classification of biological assets and agricultural products, as well as an accurate database of market information to determine fair value.

4. Formation of permanent commissions at enterprises to determine the fair value of biological assets and agricultural products, as well as the establishment of a clear methodology for the application of asset valuation at fair value.

5. Mandatory application of this standard by all enterprises if their activities are related to the production of agricultural products.

Thus, there are a number of separate problems that complicate the application of IFRS (IAS) 41 "Agriculture" by agricultural organizations of the Republic of Belarus, but recommendations have been proposed to overcome them. The application of the standard would improve the quality and transparency of reporting on the activities of agricultural organizations in the country.

Reference

1. International Financial Reporting Standard (IAS) 41 "Agriculture" as amended on February 17, 2021 [Electronic resource] // Consultant. – Access mode: <https://www.consultant.ru>. – Access date: 18.10.2023.

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CURRENT TRENDS IN THE GLOBAL ECONOMY

Текущие тенденции в мировой экономике

This paper focuses on the characteristic, trends and principles of the world economy. The world economy is constantly evolving, driven by technological progress, social changes, and geopolitical shifts. In this article, we will look at the key trends that have affected the world economy recently.

The aim of the paper is to describe the main principles of modern world economy and try to identify the reasons for the formation of current trends in the global economy, try to analyze current problems in the global economy and highlight the advantages and disadvantages of the basic principles in the development of the modern economy.