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PECULIARITIES OF ACCOUNTING IN FARMS: FOREIGN EXPERIENCE

Farming is a vital global industry. Presently, there is a preference for national and local products. The government remains committed to supporting this industry so that we may produce sufficient resources to feed our population. For this reason, subsidies are often provided to farmers by the government.

These subsidy schemes are subject to regular changes, depending on the greatest in-demand food and resource items in the country. Subsidies support and incentivize farmers to engage in specific types of farming, such as producing beef, cheese, or certain crops.

In the past, immediately upon the announcement of a subsidy, people would rush to participate, resulting in a flood of products and plummeting prices. Nowadays, subsidies are managed more efficiently to mitigate this risk, albeit at a faster pace of change. From an accounting perspective, it is important for potential farmers to stay informed about changes if they wish to reap the benefits.

Specialized accountants can assist in managing subsidies and requirements, potentially resulting in additional funding for eligible farmers. The greater understanding both you and your accounting team have of government subsidies, the more effectively you can strategize and capitalize on them for improved farming outcomes. The greater understanding both you and your accounting team have of government subsidies, the more effectively you can strategize and capitalize on them for improved farming outcomes.

Farmland is extremely valuable and one of the most important assets of farms. When properly managed, land remains productive year after year and does not depreciate in value like other assets. It can even increase in value. However, there are many costs to maintain land and productivity, such as fertiliser, drainage, irrigation, pest control, weed control, soil pH management and much more. All of these must be taken into account in the accounting.

Many farmers now also have to take measures to protect animals and wildlife, and this should also be taken into account. Budgeting for the necessary equipment, planning the varieties of crops to grow and being dependent on the weather is a huge balancing act. But if done correctly and timed right, your cash flow can remain in a healthy position. Periodically, farmers may need to alter the usage of their land for various reasons. This may occur due to market demands or to assist in preserving ecological habitats. For instance, one's farmland may shift from grazing to crop farming, wooded terrain may be cleared for cattle rearing, or an individual may receive remuneration from the government for maintaining a parcel of land in support

of carbon capture. Whatever the reason for the modification, it must be documented in your accounts, even if it affects only a small portion of your land. Consequently, the value of the asset, i.e., land, must be adjusted accordingly.

Fluctuating herds are inevitable when raising cattle. The calving season typically increases the overall number, while losses due to aging and illness may occur at some point. To ensure accurate accounting, all changes in livestock numbers should be promptly recorded in the accounting software. It's crucial to record these changes as each animal carries a value and could impact important figures.

In several countries, taxes can offset the costs of new equipment. Many assets and equipment lose their value over time due to wear and tear, aging, or obsolescence in light of modern technologies. Proper record-keeping of asset depreciation is crucial as it can significantly affect your taxes and bills. It is wise to track every purchase of new equipment and account for depreciation annually in your accounting system.

Cloud accounting and internet usage offer numerous benefits to farmers. Through these tools, farmers gain faster access to real-time account information as well as industry resources to help monitor trends and make informed business decisions about farm management. Additionally, utilizing cloud accounting enables access to information at all times. If you have internet access, accessing it via your smartphone or tablet is a convenient option especially for busy farmers.

To avoid financial ramifications, it is crucial to document the losses in your accounts in case of an event. Experience has shown that weather phenomena can be highly unpredictable.

Farming is susceptible to weather-related risks, which can be precarious. An unseasonably hot summer or flooding can lead to considerable consequences for farmers and their lands. Neglecting to do so could lead to an unreasonably high tax bill. By maintaining meticulous records of your accounts, you will be better prepared to mitigate potential losses. Based on past years' data, you can create an accurate forecast for the upcoming years and adjust your strategy accordingly.

The agriculture industry's staffing needs fluctuate significantly during harvest and lambing seasons due to its seasonal nature. A thorough understanding of your cash flow, provided by your accounting system, will assist you in investing in the right number of workers at the appropriate times. Grants are frequently available for students enrolled in agricultural college or apprentices. By planning sufficiently in advance, farmers can take advantage of these initiatives and decrease their labor expenses. [3]

While it is possible to manage farm accounts on your own, farm accounting is a complex task that may require extensive resources. If you have a small team, you may not have the necessary resources to properly manage your accounts. This is where a specialized agricultural accountant can prove invaluable. Although you will have to incur additional accounting costs, the long-term savings they can generate make it a wise investment. This is because they will aid in the optimal financial operation of your farm business.

As discussed above, farm accounting differs significantly from traditional business accounting practices. Numerous accounting variables can be intricate and not easily understood. When dealing with assets, liabilities, and revenue, farming can become highly intricate. If assistance is required, our team of professional experts is available to assist you. With our extensive expertise in farm accounting and the agriculture industry, we are available to assist you in managing your farm accounts and offer guidance throughout the entire process.

In Ukraine, the main criterion that affects the amount of taxes from the sale of biological assets depends on the size of the enterprise, the amount of land owned or leased, and the number of employees.

The existing system of taxation of rural producers is quite lenient, as in fact one

lenient, since in fact one owner can act as the head of an agricultural company, engaged in the cultivation of apple and pear orchards, as well as medicinal plants, while paying 18% income tax, and at the same time be an individual entrepreneur

an individual entrepreneur in the second group of taxation, paying only a single tax. This will allow to reduce the tax burden on a person without violating the rules of the current legislation [2].

Thus, the analysis of the practical features of accounting and taxation of transactions related to biological assets has shown that there are certain controversial aspects that theorists and practitioners are trying to resolve, mainly related to the valuation of biological assets.

Foreign experience shows that the main document that regulates transactions related to biological assets at agricultural enterprises is IAS 41 "Agriculture" [1]. In general, the foreign accounting system differs little from the domestic one. But, first, we consider it necessary to pay special attention to the problems that foreign scientists emphasize in their own research.

Thus, agricultural production does not essentially differ from country to country, as it is characterized by a country, as it is characterized by the length of the production and technological cycle, its seasonality, availability and use of own production (seeds, fodder), which leave an imprint on the mechanism of formation of financial results of agricultural production.

References:

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