

Accounting treatment of biological assets according to decision 201 of June 1- 2023, case study of Karfa Mohamed farm

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Abstract:

This study aims to highlight the accounting treatment of the agricultural sector as stipulated by the financial accounting system. We have presented various accounting writings related to animal and plant activities. We supported this research paper with an applied study on Karfa Mohamed's farm, specializing in plant activities, including field crops, orchards, and fruits.

In conclusion, we reached several results, the most important of which is the difficulty of implementing the provisions of the financial accounting system in the agricultural sector due to the lack of control and the exemption of the agricultural sector in Algeria from taxes.

Keywords : Biological assets, agricultural sector, financial accounting system, agricultural accounting.

Jel Classification Codes: H83, N2

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1. INTRODUCTION

Agricultural activities are divided into two types, a section related to plant activities and another section related to animal activities, the first section in turn is divided into two branches: the field crops Branch and the gardens and fruit orchards branch, and the difference between them lies in the fact that the first contains various types of vegetables and grains, while the second we find various trees of various kinds, accounting they differ in the variety in which they will be registered, as field crops are considered as stocks because the period of their stay on the farm is less than a year and are recorded in the third class, while garden activities Orchids have a stay on the farm for more than a year, so they are registered as fixations in the second variety.

The second section, animal activities, in turn, is divided into five branches : the fattening animals branch, the work animals branch, the production animals branch, the reproduction animals branch, and the work animals branch, as each of the five classes has its own accounting treatment.

1.1 The problem of research

How is the accounting treatment of biological assets carried out as provided for in Decision No. 201 of June 1, 2023 ?

1.2 Research Questions

- * What is meant by biological assets ?
- * How is the accounting recording of biological assets carried out ?

1.3 Research hypotheses

- * Animal biological assets are accounted for according to the purpose for which the asset was acquired.
- * Karfa Mohammed Farm relies on the active market in determining the fair value of its plant biological assets.

1.4 Research Objectives

- * Familiarity with the various aspects and theoretical literature related to the accounting of the agricultural sector.
- * Identify the most important problems facing accounting in the agricultural sector
- * Showing the accounting treatment of biological assets according to the code issued on June 1, 2023.

1.5 Research Methodology

To answer the problem posed, we used the descriptive analytical approach, as an appropriate or appropriate approach to such topics, where they described biological assets and agricultural activity and we also touched on the accounting registration processes for the various activities carried out by this sector, through the analysis of accounting and the financial accounting system in general.

2. Theoretical rooting of agricultural accounting

Agricultural accounting is a special branch of accounting that focuses on recording and analyzing financial and economic operations related to agricultural activities, as through this axis we will address the various theoretical aspects of agricultural (agricultural) accounting.

2.1 Definitions of agriculture according to IAS 41 "Agriculture": There is no doubt that each accounting standard has its own definitions and terms, and the definitions and terms of this standard are: (IAS 41 "Agriculture", paragraph 5)

2.1.1 Agricultural activity: It is the management of the biological transformation of a biological asset intended for sale into an agricultural product or into an additional biological

asset by the enterprise, the agricultural activity covers a wide range of activities, for example livestock breeding, harvesting annual or perennial crops, horticultural and farm cultivation, flower farming, and aquaculture (including fish farming on farms.)

2.1.2Agricultural products: products harvested from biological assets to become an agricultural crop with the aim of selling or increasing the value of biological assets through growth, fattening or others.

2.1.3Biological asset : It is a living plant or animal.

2.1.4Biological transformation : Processes of growth, reproduction, or reduction of reproduction, and production that lead to qualitative or quantitative changes in a biological asset.

2.1.5Group of biological assets : It is a group of similar living animals or plants.

2.1.6 Harvesting: It is the separation of the harvest of the crop from the biological assets or the cessation of the biological processes of the biological asset (Abu Nacer & Djemaa, 2008, p. 694)

2.1.7 Fruitful plant : It is a living plant : (Djemaa felah, 2019, p. 545)

A. Used in the production or supply of an agricultural product, such as olive trees, citrus trees, etc.

b. is expected to produce fruits (biological product) for more than one period.

c. It is unlikely to be sold as an agricultural product except for occasional scrap sales.

2.2 Accounting problems resulting from biological assets and proposed solutions to overcome them

Agricultural accounting faces several problems due to the characteristics of the agricultural sector Through the table below, the most important characteristics of the agricultural sector, its accounting implications and the proposed accounting solutions will be addressed to overcome them.

Table 1 : Accounting reflection of the characteristics of agricultural activity

Property	Accounting problem	Accounting treatment
Seasonality of agricultural production, where the vast majority of agricultural crops are characterized by seasonality of production depending on climatic and natural conditions.	It is reflected in the volume of accounting work in each season and this characteristic also leads to the seasonality of income and the large value of marketing services.	The need to prepare interim lists to express the reality of agricultural activity.
Agricultural activities are affected by natural factors and climatic conditions such as heat and humidity and environmental factors such as diseases and agricultural pests.	The difficulty of estimating agricultural production in advance, as it is difficult to estimate the amount of agricultural production to prepare planning budgets due to high uncertainty.	Use hedge accounting and financial derivatives.
The nature of assets in agricultural activity, which are plant or animal living assets, which are characterized by reproduction and growth naturally, i.e. increase,	Difficulty in assessing these increases and determining mortality rates naturally and abnormally.	Valuation of these assets at fair value for the purpose of listing them as assets of the company and this value is considered their book value in the coming periods.

mortality and decay.		
The difference between the financial period and the agricultural period as the agricultural period is linked to the production cycle, which may be quarterly, seasonal, while the financial period is linked to the end of the fiscal year	Difficulty determining the outcome of the activity that may not be compatible with the end of the financial period	Opening accounts of crops and agricultural products and using the balances of the first and last period and periodic lists to express the result of the activity.
The time difference between spending on agricultural investment in certain activities and obtaining revenue.	The increase in capital expenditure over revenues and the difficulty of accurately determining the revenue and capital part.	Determine the periods of agricultural activity, construction, growth, production, decay and expenses related to each period

Source: (BENKADDOUR & CHEMAKHI, 2019, pp. 35-36)

2.3 Initial recognition of biological asset

A. The vital asset must be measured from initial recognition and at a later date, at its fair value less estimated selling costs except in the case where fair value cannot be reliably measured, where it must be measured at cost minus the aggregate of depreciation and any losses Accrual value, once the fair value of this asset is reliably measurable, must be measured at fair value minus estimated costs at sale(hamad, 2017, p. 379)

B. The agricultural yield (harvested) of the vital assets of the enterprise must be measured at its fair cost minus the estimated point of sale costs at the time of harvest, after this measurement the institution applies IAS II "Inventory" or another applicable IAS as IFRS 41 does not address the processing of the agricultural crop after harvest, (e.g. the processing of fruits cut into juices by the juice merchant who planted the fruits), and the costs of the point of sale include: Commissions of brokers and dealers, taxes for legislative bodies, commodity exchanges, transfer taxes and fees... These costs do not include transportation expenses and other costs necessary to bring assets to market. (ALLAOUI, 2012, p. 229)

C. The fair value of an asset or biological product is determined by an active market, and the price taken from an active market is the best way to determine the fair value, biological assets or biological products can be grouped into categories according to some common qualities such as quality or age, and the value contained in futures contracts for the sale of biological product is not necessarily considered the fair value as the fair value is determined by the date of preparation of the financial statements and not by the date of the implementation of the futures contract later. (Djemaa felah, 2019, p. 548)

2.4 Problems of valuation of biological assets according to the fair value model

According to the International Accounting Standards Board (IASB), fair value is more appropriate and reliable in measuring biological assets and agricultural crops, but it has a set of constraints and problems : (AL-SABARI & EL-ADLI, 2019, p. 147)

✱ The difficulty of applying this measure in the absence of active markets characterized by the movement of circulation between sellers and buyers, especially in the case of fruit gardens, flower orchards, or forests, and the attempt to measure biological assets separately from associated assets, such as cultivated land.

✱ The difficulty of evaluating seasonal crops such as wheat, sugar and cotton according to fair value, due to the fluctuation of crop values according to market conditions in the short term on the one hand, and the quantity of supply and demand and the quality of the crop on the other.

✱ The multiplicity of measurement alternatives allowed to determine fair value under IAS 41 leads to inconsistency and consistency in measurement in companies within the same country, which affects the comparison process.

✱ The most controversial point in IAS 41 Recognition of fair value differences for biological assets reduced by selling costs as revenues or expenses in income statements leading to unrealistic expectations of dividends distributable among shareholders, creating pressure on companies when advertising or distributing dividends to shareholders as revenue recognition before verification increases profit volatility, income volatility raising concerns about taxes.

2.5 Problems of valuation of biological assets according to the historical cost

model The historical value is one of the values adopted in the valuation of biological assets and agricultural crops, especially in the absence of an active market, that is, it cannot be measured at fair value, but it has many problems, represented in : (AL-SABARI & EL-ADLI, 2019, p. 144)

✱ Historical cost neglects the fact that the market value of biological assets changes rapidly due to economic and climate influences, pests and diseases.

✱ Users of financial statements need information to help them correctly assess the performance of farm or field management and the information available from the financial reporting system based on the historical cost is insufficient for proper evaluation.

✱ Historical cost is unable to adequately for the natural biological transformation processes of biological assets, and it has failed to independently calculate the cost of births.

✱ Enables producers or companies to influence income by reclassifying biological assets, if the goal is to reduce taxable income, livestock held for the purpose of production is recognized as acquired for sale.

✱ Income cannot be recognized during the growth stages because it is not realized, which leads to a long postponement of revenue recognition for some types of biological assets, pine forests need 30 years to start production.

2.6 Characteristics of agricultural sector accounting

Agricultural accounting, like other branches of financial accounting, consists of a set of characteristics and features, which we will present as follows (CHAOUADI, 2022, pp. 196-197)

✱ Agriculture is actually a special industry, the farm produces grain... However, the most important element in the cost price of most products is labor, hence it became clear to us that agricultural accounting is more complex than industrial accounting and the fact that agricultural accounting in theory is industrial accounting, but it is more in need of accuracy and care because of the importance of the labor element and expenses and the lack of importance of first materials that are easier to determine the cost price.

✱ Some assets cover several products such as cow, buffalo and (calves, dairy, meat, fertilizer), wheat (grains, hay), livestock (wool, dairy, meat, and production by reproduction), some products are consumed within the farm such as grain, meat, vegetables and others, this consumption must be monitored to settle various accounts.

✱ It is difficult to determine the exact value of products consumed in this quantity.

✱ Sometimes the workers' reward is paid in kind without paying money, for example, agricultural crops are given to them, land is given to them to cultivate in exchange for their

wages or food is given to them, and it is very difficult to distribute them in some proportion accurately.

2.7 Benefits of accounting in the agricultural sector for the farmer

Agricultural accounting has a set of benefits, which we will address below by : (DINOURI, 2015, p. 197)

- ✱ The farmer can determine his financial position at any time he wants to know the amount of his capital.
- ✱ Records show complete detailed information about creditors and debtors and give protective information so that it can detect embezzlement and manipulation.
- ✱ Can compare the results of agricultural periods and make useful statistics in various sections of expenses and income to benefit from them in organizing agricultural affairs and getting rid of extravagance and waste.
- ✱ The farmer's records help in estimating income tax, as it is inferred from them whether the tax is fair or not to claim his rights in the event of injustice.
- ✱ The farmer can know the result of his work and walk on knowledge and knowledge.
- ✱ The records show the amount of fertilizer expenses, the value of seeds and the amounts spent on real estate repairs, so the records perform the greatest service to the tenant

2.8 Duration of use and age of commencement of production of animal and plant asset

Through the following table we will show the duration of depreciation of various animal and plant biological assets.

Table 2: Duration of depreciation of biological assets

Animal asset	Usufruct Term	Age of start of production	Plant asset	The age of the beginning of fruiting	Utilitarian duration
Cows	10 years	18 months	Citrus fruits	7 Years	60 to 100 years
Sheep	06 years	09 months	Chrome	3 to 5 years	30 to 40 years
Goat	06 Years	09 Months	Olive	7Years	60 to 100 years
Camels	15 years	18 months	Trees with cores	3 years to 5 years	10 to 15 years

3. Accounting treatment of animal biological assets in accordance with Decision 201 of June 1, 2023

In this section, the accounting treatment of animal biological assets will be addressed, as we will show the various expenses that are included in the cost of the asset, the conditions for its introduction, and when the asset is registered as a Fixations or Stock

3.1 Animal biological assets acquired for fattening (resale)

Agricultural investors may acquire animals for breeding, fattening and then selling, in which case they are considered current assets, Accounted for as stocks are processed Thus, these animals are purchased for the purpose of selling them alive or after slaughter, these biological assets are recorded upon acquisition as purchases and treated as stocks in the third category, and the expenses related to these purchases include: care expenses such as veterinary fees, treatment expenses, the cost of feed or hay, medicines and veterinary materials.

It is recorded according to its nature in the sixth class when consumed, but at the end of the year and as stipulated in IAS 41 and the procedures of the financial accounting system, animal assets must appear in the financial statements at their fair value minus the costs of sale and marketing, but if this is not possible, they are evaluated at their historical cost in addition

to fattening expenses, it should be noted that animals acquired for fattening for the purpose of sale may result in some Complete products such as milk and eggs that can be sold as they are without adding Anything, except packaging materials or the expenses of transporting or distributing them are treated as finished products. (DJEMA, 2014, p. 73)

Fattening animals are registered when purchased according to the following restriction:

380	401	Animals acquired for sale stocks suppliers Bill of sale number...	xxxxxx	xxxxxx
30	380	Stocks of animals acquired for sale Animals acquired for sale Voucher insertion number...	xxxxxx	xxxxxx

3.2 Accounting treatment of animals acquired in order to obtain their products.

The Foundation may obtain animals to be used as an investment, but these animals have not yet adult and are not yet ready for production It is recorded in account 2410 Fixations.

At the end of the fiscal year, all expenses spent on animals are merged into the account of 23 animals in progress in application of the principle of matching revenues for expenses and independence of cycles, when animals become adults and capable of production, they are transferred to account 241 animal biological assets, in the event of the death of any animal biological asset on the farm, the institution bears the value of the deceased animal by registering it in the expense accounts.

You record the following entries :

✱ Registration of animals acquired as an investment, but not yet adult according to decision 201 as follows ;

2410	401	Animal biological Assets are not adult Bioasset suppliers	xxxxxx	xxxxxx
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✱ Recording expenses spent on investments that have not yet adult :

601		Hay fodder...	xxxxxx	
602		Veterinary drugs	xxxxxx	
622		veterinary	xxxxxx	
	31	Consumption of hay, fodder...		xxxxxx
	32	Consumption of veterinary medicines		xxxxxx
	421	Users		xxxxxx

✱ At the end of the year, in the event that the animal has not yet adult, we consolidate all the expenses incurred on it (purchase price, medicines, veterinarian...) and register the following acompte :

2410	734	animal assets not yet adult	xxxxxx	xxxxxx
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✱ Reaching the animal biological asset and entering the production stage, at this stage the x241 account is credited so that the value of the animal appears with all the expenses that were spent on it, and starting from this date, depreciation is calculated :

241x	2410	Animal biological asset Animal biological assets being completed	xxxxxx	xxxxxx
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✱ In case of death of an animal biological asset :

657		Exceptional burdens	xxxxxx	
284		Depreciation of biological assets	xxxxxx	
294		Loss of values	xxxxxx	
	241x	Animal biological asset		xxxxxx

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	752	Exceptional products from the management process		xxxxxxx
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✱ Animals assessed in real terms as per decision 201 do not perish and do not depreciate in value.

✱ Account 757 appears in case if the amount paid by the insurance is greater than the value of the asset and appears in the value of the difference.

✱ In the case of giving up or slaughtering the animal and benefiting from its meat in special circumstances, obtaining and selling products, we record the following restrictions:

462		Fixations assignment rights	xxxxxxx	
284		Depreciation of biological assets	xxxxxxx	
294		Loss of values over biological assets	xxxxxxx	
652		Value deficiencies	xxxxxxx	
	241X	Animal biological assets		xxxxxxx
	752	Surplus value over animal assets		xxxxxxx

✱ In case of conversion of an animal biological asset registered as a non-current asset to a current asset :

284		Depreciation of animal production animals	xxxxxxx	
294		Loss of value of animal production animals	xxxxxxx	
36		Investments converted into stocks	xxxxxxx	
	241x	Animal biological assets		xxxxxxx

✱ In case of conversion of an animal biological asset registered as a current asset to a non-current asset :

241x		Animal biological asset	xxxxxxx	
	30	Animals acquired for sale		xxxxxxx

✱ Acquiring products and selling them :

3522		Animal Products	xxxxxxx	
	726	Change in stocks of products		xxxxxxx
		Obtaining animal products		
411		Customers	xxxxxxx	
	701	Sales of products		xxxxxxx
		Bill of sale number....		
724		Change in stocks of products	xxxxxxx	
	3522	Animal Products		xxxxxxx

3.3 Accounting treatment of animals acquired with the intention of obtaining new breeds

When producing a new strain, we make the following restriction :

✱ If it is intended for fattening, we record the following :

3522		Animal Products	xxxxxxx	
	726	Change in stocks of products		xxxxxxx

✱ If it is directed to production, to the production of new breeds or to work, we record the following :

2410		Animal biological assets being completed	xxxxxxx	
	734			xxxxxxx

✱ Upon adult these animals, the following are recorded :

241x		Animal biological asset	xxxxxxx	
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	2410	Animal biological assets being completed		xxxxxxx
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3.4 Accounting treatment of animals acquired for work

Some agricultural projects may acquire horses, oxen, camels and other animals in order to use them in agricultural work such as plowing, harvesting and transportation, although the relative importance of that activity has decreased with the emergence of modern agricultural machinery, however, animals in that case are considered fixed assets while the expenses of recognition are considered periodic expenses, taking into account that these animals have by-products such as manure. (DJEMA, 2014, p. 213)

4 . Accounting treatment of plant activities "a case study of Karfa Mohammed farm"

The social headquarters of the model farm of Karfa Mohamed is located in the municipality of BOURKIKI the State Ahmer El Aïn, Tipaza Governorate, of an economic, commercial and agricultural nature, known by the acronym EPE (Entreprises publique économique).

Where it began its activity on May 07, 2000 under the concession right of the private property of the State under Order 66-102 of 06-05-1966 was numbered in the Land Registry under the first numbering table publicized in the Real Estate Governorate of Tipaza, a public economic institution with the legal form of a joint stock company, for a period of 99 years.

Karfa Mohammed farm is interested in the activities of various agricultural products, so it produces various types of agricultural products such as field crop products such as wheat and barley, and these products result in some by-products, such as hay, and field crops are considered accounting as stocks and are recorded in the third class, and Karfa Mohammed farm contains various types of fruit trees, such as citrus fruits of various kinds, in addition to olive trees and vines, and these trees are considered as Fixations recorded in the second class .

As it is known that the accounting cycle in the agricultural sector is different from the regular accounting cycle, there is what is grown in the summer and is harvested in the fall or in another season and the same thing for fruits, each fruit and its season, and the problem facing accounting in the agricultural sector is in how to load expenses and the corresponding revenue, and what we noticed through this applied study that Karfa Mohammed farm depends on the regular accounting cycle that starts from 1/1 until 31/12.

4.1 Accounting treatment of seedlings

In our study, we took the vine tree as a sample for the study, so that its useful life was determined by 30 years, while the age of its production began was determined at 3 years, and the vine tree goes through three stages, which are as follows :

4.1.1Planting stage : At this stage, the land is prepared, plowed and fertilized, followed by the process of planting seedlings, the latter either purchased from the supplier or produced on the farm, while the accounting treatment for it is as follows :

✱ If the farm buys it, in this case the following purchase is recorded :

381		Vine seedlings	xxxxxxx	
	401	stock Supplier		xxxxxxx

✱ When entering the storage

31		Stocked seedlings	xxxxxxx	
	381	Vine seedlings		xxxxxxx

✱ In the case of using seedlings produced on the farm, which are the product of the previous accounting cycle and are considered as stored stocks and recorded according to the following :

72		Production of pantry « Vine seedlings »	xxxxxxx	
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	35	Stocks of products		xxxxxx
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✱ After the purchase process, the planting stage comes and this process is according to the following restriction :

601	31	Consumable materials and supplies « Vine seedlings » Materials and supplies « Vine seedlings »	xxxxxx	xxxxxx
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✱ The expenses spent on seedlings in the sixth variety are recorded according to their nature, but at the end of the year if the seedlings do not bear fruit yet, these expenses are collected and recorded in the following entry:

23	734		xxxxxx	xxxxxx
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Note :According to decision 201, 2470 is registered instead of 23

✱ when the vine seedlings start to fruit In this case, the accountant reconciliation account 232 according to the following entry :

214	23	Plant biological asset "vines trees"	xxxxxx	xxxxxx
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Note : According to decision 201, the account is recorded 247x instead of 214

4.1.2 Fruiting stage: After the three years of planting Vineyards, the latter enters the flowering stage, at this stage the farm spends a set of expenses and these expenses are borne by the fruits and not the seedlings, including pruning expenses, pesticide expenses, irrigation and fumigation expenses, distribution and sale expenses... It is recorded in the sixth class according to its nature, and these expenses are considered periodic because they maintain investment and do not increase its productive capacity, and it is not capital, unlike its predecessor.

✱ When harvesting fruits, the following entry is recorded :

355	724	Whole plant products "grapes" Change stocks of products	xxxxxx	xxxxxx
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In this case, the value of the fruits is equal to the sum of the costs spent on them.

Note : According to decision 201, 2470 is registered instead of 3523,and account 726 instead of account 724.

✱ After harvesting these fruits, they are sold according to the following restriction :

411	701 4457	Customers Sales of finished products "grapes" TVA on sales Bill of sale number	xxxxxx	xxxxxx
724	355	Change stocks of products Whole plant products "grapes"		

The sale is shown at the cost of the fruits plus the profit margin, the profit margin is determined by the parent company, while the entry of taking out of the Stock is at the cost price

✱ At the end of each year (after the seedlings enter the fruiting stage), the accountant records the depreciation entry as follows :

681	2814	Depreciation allowances "Vineyards" Depreciation of "vines trees"	xxxxxx	xxxxxx
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Note : According to decision 201, 2814 is registered instead of 2847

4.1.3 Decay stage: This stage knows a decrease in the yield of grapes due to the aging of trees, and at this stage there are two points of view on when depreciation is recorded: the first trend stipulates that it is recorded at the end of each year as soon as the trees enter the fruiting stage, while the second opinion provides for the registration of depreciation as soon as the trees age and a decrease in yield, only the Karfa Muhammad farm registers it according to what is stipulated in the first opinion, which is the closest opinion to reality, in accordance with the principle of matching revenue with expenses.

✱ At the end of the depreciation period, that is, after the expiration of the thirty years of planting the seedlings, they are uprooted, we are here in front of two cases, the first is, as we mentioned earlier, the end of the useful life of the vine tree, and the second is the uprooting of trees due to natural or abnormal conditions.

✱ In the event of the end of the useful life of the vine tree, we record the following entry :

2814	214	Accumulated depreciation of trees vines trees Vines	xxxxxx	xxxxxx
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✱ If the uprooting of these trees is due to a circumstance, whether natural or unnatural, the following entry shall be recorded :

2814 657	214	Accumulated depreciation of trees vines Exceptional burdens trees Vines	xxxxxx	xxxxxx
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Karfa Mohammed Farm receives a financial subsidy from the State and its accounting treatment is as follows :

✱ Collection of subsidy

512	131	Bank Subsidie	xxxxxx	xxxxxx
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✱ The following entry is recorded in the event that the farm purchases Equipment with this subsidy (tractor, harvester)

131	754	subsidie Investment subsidy premiums transferred to the result of the fiscal year	xxxxxx	xxxxxx
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✱ At the end of the year, the depreciation recorded

681	281	Provisions for depreciation Depreciation of in-kind fixations	xxxxxx	xxxxxx
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If this subsidy is directed to the purchase of investments under construction (seedlings), in this case, the subsidy collection entry is recorded and recorded at the end of the year until the biological asset enters the fruiting stage, so that you balancing account 131 with account 754 and record the depreciation record, and the depreciation premium is calculated.

The farm also contains the second type of plants, represented in field crops such as wheat and various types of vegetables and grains, and the accounting treatment for the purchase of seeds does not differ from the accounting treatment for the purchase of seedlings so that they are considered raw materials, and cannot be counted as fixed assets for the farm, because their life cycle or the cycle of their stay in the field does not exceed a year, some of these crops are a few months old and do not exceed four months and others eight months, and in any case does not exceed a year for that These crops are a current asset of the farm.

The registration of planting seeds is also recorded with the same entry as we registered the planting of seedlings, and the registration and acquisition of the crop and its sale are also recorded with the same record of obtaining and selling fruits (knowing that the value of the

crop is equal to the value of buying seeds plus the expenses spent on it, and field crops are not depreciated because they are considered as stocks).

✱ At the end of the year, in the event that there are crops that have not yet been harvested, the following entry is recorded in all expenses :

331		Products in progress	xxxxxx	
	732			xxxxxx

5. CONCLUSION

At the end of this study, we reached a solution to the problem of our research, which is "How are biological assets treated as stipulated in the financial accounting system and decision 201?" and to verify the validity or denial of hypotheses, and we also reached a number of results, and recommendations, and we presented them as follows:

5.1 Hypothesis testing

✱ **The first hypothesis** : which stated : "Animal biological assets are recorded accounting according to the purpose for which the asset was acquired" Through the theoretical study, we find the validity of this hypothesis, so that the farm acquires five types of animals, which are:

- Class I: fattening animals so that they are accounted for as stocks.
- Class II: Production animals so that they are accounted for as fixtions that can be recorded in account 247.
- Class III: Reproduction animals so that they are accounted for as fixtions and who can be recorded in account 247x.
- Class IV: Work animals, so that they are also considered as fixations and are recorded in account 247x .
- Class V: non-adult animals and recorded in account 2470.

✱ **The second hypothesis** : which was that "the farm of Karfa Mohamed depends on the active market to evaluate its various biological assets" Through the applied study in this farm, we deny this hypothesis because the farm of Karfa Mohamed does not depend at all on the active market to evaluate its biological assets, and this is because Algeria does not have this market and the fair value is determined from the total burden.

This study concluded with many results, including: The agricultural sector has several characteristics that have several accounting implications, which increases the need for an accounting system that is compatible with these many characteristics, and one of the most prominent problems faced by the farmer in preparing his financial statements is the long period he waits in order to obtain products with many risks such as drought and fires, biological assets are evaluated and recorded in the initial assessment when acquired, and biological assets are evaluated and recorded by post-evaluation when included in the lists The lack of an information system for agricultural analytical accounting makes it difficult to determine the costs of various products, which increases the likelihood of losses.

Finally, recommendations can be made : To prepare consolidated financial statements in agricultural establishments, we propose to the accounting bodies in Algeria to enact laws imposed on agricultural establishments by applying the provisions of International Accounting Standard No. 41 or by issuing a special Algerian standard, to adapt to the various accounting implications caused by the various characteristics of agricultural activity, we propose to develop an accounting information system adapted to these characteristics and is flexible, to pay attention to accounting in the agricultural sector We propose to impose some taxes on various products Since one of the purposes of preparing financial statements is to be able to estimate taxes., We recommend that universities should include a scale on agricultural

cost accounting and agricultural financial accounting in order to link universities to the agricultural sector, we recommend the need to prepare an Algerian accounting standard on the agricultural sector in which evaluation methods are shown in the absence of an active market in Algeria.

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