

## **Improving the Accounting and Categorization of Tools of Agriculture in the Conditions of Economic Modernization**

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***Abstract.*** *The integration of a country into the global economy necessitates the production of products that conform to international standards. Achieving this requires the modernization of production processes, the introduction of new technologies, and the re-equipment of facilities. The data presented reveals that during the period of 2019-2023, JSC “Galla-Alteg” incurred significant expenses due to the write-off of fixed assets that were rendered unusable, which amounted to 25% of the total fixed assets. The joint-stock company also accumulated unused capital assets, which exceeded 1% of the total fixed assets. To address this issue, the company invested 74% of its main equipment budget to purchase and lease new equipment, replacing outdated machinery. Notably, in 2022, the company acquired a new grain processing technology, worth 9,770,353 thousand sums, resulting in increased production of high-quality, cost-effective products. This modernization has proven to be a wise investment, leading to a reduction of production costs by 15%.*

### **Introduction**

The integration of a country into the global economy necessitates the production of products that conform to international standards. Achieving this requires the modernization of production processes, the introduction of new technologies, and the re-equipment of facilities. President Sh. Mirziyoev has emphasized the importance of this issue, stating that the modernization of networks and regions, as well as the development of export potential, must be prioritized through the attraction of foreign investments, advanced technologies, and information and communication systems [1-5]. The aim is to increase the gross domestic product of the country by over 2 times by 2030. To achieve this, the technical and technological re-equipment of agriculture, the leading branch of the economy and the primary task of production, is crucial [5-7].

Within the “Ozdonmakshulot” JSC system, JSC “Galla-Alteg” is a joint-stock company involved in grain products re-production. In the past five years, the re-production of grain products has exceeded 30,000 tons, with 140.7 tons produced in 2022, up from 110.1 thousand tons in 2018. The main products in 2022 were 30,200 tons of feed products and 71,800 tons of flour and flour products [6-9]. In the same year, 37,300 tons of fodder and fodder products and 94,400 tons of flour and flour products were re-produced.

However, the main costs of production of these products relate to the maintenance and operation of production equipment and grain storage buildings. Despite the significance of this issue, recent years have seen a lack of scientific research on improving the accounting and auditing of fixed assets in the context of modernizing the economy. Therefore, the selected dissertation work is extremely relevant [1-4]. The aim is to accelerate the implementation of accepted network programs for modernizing grain and grain processing networks, technical and technological re-equipment, and transition to international quality standards.

According to former President I. Karimov, modernizing the leading sectors of the economy, such as agriculture and industry, along with technical and technological renewal works in all production sectors,

is crucial for securing a stable position in both foreign and domestic markets. In any business activity, capital is essential, and assets hold the dominant position within total capital under any circumstances [9-10]. Effective asset utilization leads to reduced production costs, increased profits, and higher profitability. However, this issue depends on how assets are formed and utilized within a business. Improving accounting and auditing in this area is equally important in any economic system, as it allows for correct and accurate decisions on asset management based on their condition and composition. This, in turn, enables the implementation of reliable measures to increase capital movement's continuity, continuity, and efficiency [1-7, 9]. Under current conditions, enterprises can revise the accounting of existing fixed assets, improve their audit, implement modernization processes, and create conditions for producing exportable products that meet world standards. Thus, organizing the state, movement, and audit of fixed assets based on international standards of financial reporting and auditing is a crucial issue for the industry's development.

## **Materials and methods**

Numerous scientific research studies are being conducted worldwide, particularly in the USA, Great Britain, and Canada, to enhance the accounting of fixed assets and align it with the BHXS No. 16 "Fixed Assets" standard. These studies cover various aspects such as depreciation, revaluation, and determination of replacement values based on US GAAP and UK GAAP standards. Despite the ongoing research, there are still numerous issues to be resolved, necessitating further investigation in this field [5-7].

In this context, it is vital to evaluate a company's assets, particularly its primary tools, to determine their condition accurately and make sound decisions regarding asset management based on their composition [6-8]. It is necessary to conduct scientific and practical research aimed at auditing social equipment and enhancing its effectiveness, including the audit of fixed assets.

Modernizing primary tools and employing them effectively in enterprises is essential. To this end, Uzbekistan has developed a development strategy for 2022-2026, consisting of seven priority directions, with significant tasks identified in terms of implementing a robust investment policy focused on modernization, transport-communication, and social infrastructure projects. Proper accounting for social assets and improving their audit is critical in achieving these objectives [1-7].

Assessing enterprise assets, particularly fixed assets, is crucial in making accurate and informed decisions on asset management based on their condition and composition. This enables reliable measures to enhance the continuity, rapid turnover, and efficiency of capital movement. Therefore, integration into the global economy necessitates adherence to the IAS 16 standard for fixed assets, including correctly factoring in depreciation in the cost of products, works, and services [8-10]. Incorporating this standard into Uzbekistan's accounting system would facilitate updating and re-equipping primary assets, auditing their indicators, and ensuring accurate accounting practices.

## **Results and discussion**

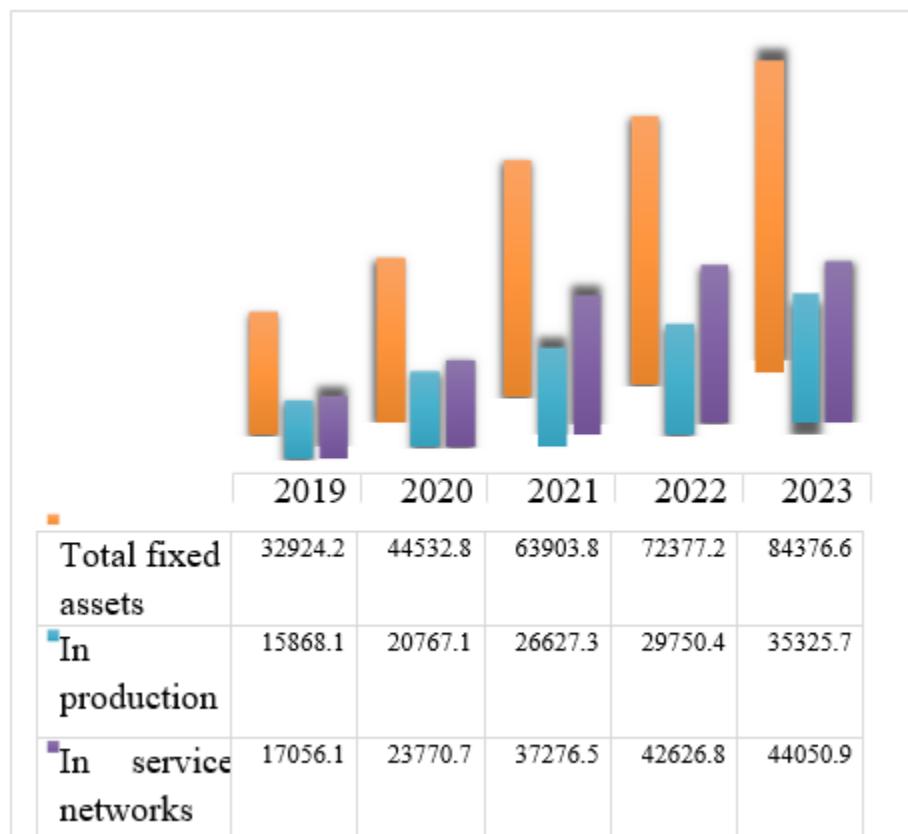
The data presented reveals that during the period of 2019-2023, JSC "Galla-Alteg" incurred significant expenses due to the write-off of fixed assets that were rendered unusable, which amounted to 25% of the total fixed assets. The joint-stock company also accumulated unused capital assets, which exceeded 1% of the total fixed assets. To address this issue, the company invested 74% of its main equipment budget to purchase and lease new equipment, replacing outdated machinery. Notably, in 2022, the company acquired a new grain processing technology, worth 9,770,353 thousand UZS, resulting in increased production of high-quality, cost-effective products. This modernization has proven to be a wise investment, leading to a reduction of production costs by 15% (Fig. 1). Therefore, timely replacement of outdated fixed assets with new ones is essential to meet the urgent requirement of modernization. By doing so, our country's economic indicators are expected to grow positively.



**Fig. 1.** Diagram of movement of fixed assets in JSC “Galla-Alteg”.

Numerous reforms have been implemented in Uzbekistan to enhance the effectiveness and reliability of accounting. The adoption of the Law No. 279-1 “On Accounting” in August 1996, supplemented by Law No. O'RQ-404 in April 2016, has necessitated the proper maintenance of accounting records and accurate auditing during the modernization of the economy. This law mandates new requirements for accounting standards that align with market conditions and outlines the fundamental principles underlying the accounting system in Uzbekistan. It stipulates the rights, responsibilities, and obligations of economic entities with respect to accounting, as well as the requirements for the presentation and publication of their financial statements. Fixed assets are included in the assets of economic entities, and their assessment is carried out uniformly throughout the country (Fig. 2).

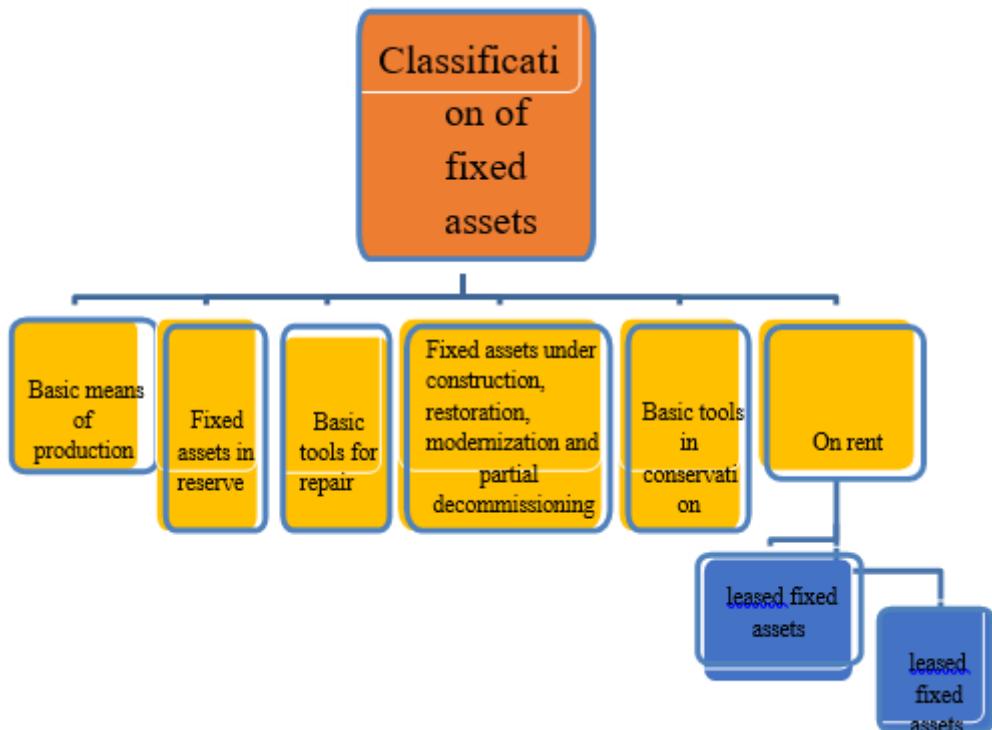
Amid the ongoing economic modernization, the effective utilization of fixed assets and their condition is a crucial aspect that requires due attention. To evaluate the efficiency of using fixed assets, determine whether to renew or replace obsolete ones, make appropriate decisions on the disposal of unnecessary fixed assets, and calculate their obsolescence, objects are categorized based on their utilization levels. Given the significant role of financial institutions in the financial and economic activities of economic entities, fixed assets occupy a central position in their production processes. These assets form the foundation of production equipment that sustains the entire enterprise and serves as the basis for evaluating its production capacity. The accompanying table illustrates the use of basic tools across various industries in Uzbekistan.



**Fig.2.** Content of basic tools by networks (million UZS)

The table data indicates that the service sector offers more employment opportunities than the production sector, comprising 59.7% of the total in 2022. Over the same period, the production sector has seen substantial growth, with an increase of 14,779.1 million cubic meters in the production area and a rise of 43,181.8 million cubic meters in raw materials from 2018. Additionally, the service sector has experienced a significant increase in basic tools, rising to 28,402.7 million cubic meters, or 2.665 times compared to 2018, although it also shows a noticeable trend towards obsolescence over the years.

Based on the observations derived from the problem-solving process, the author suggests the categorization of main tools into the following types: 1) Main production equipment; 2) Fixed assets in reserve; 3) Basic repair tools; 3) Fixed assets under construction, restoration, modernization, and partial decommissioning; 4) Basic conservation equipment; 5) Equipment on rent: a) Leased fixed assets and b) Fixed assets leased (Fig. 3).



**Fig. 3.** Classification of raw materials in the enterprises of the “Ozdonmakhsulot” JSC system.

In analyzing the first quarter of 2021, “Galla-Alteg” JSC identified that they have no fixed assets in reserve, for repair, or for conservation. They reported fixed assets under construction amounting to 1,022,200 thousand UZS and leased fixed assets totaling 135,897 thousand UZS. The majority of their fixed assets, valued at 7,422,185 thousand UZS, are utilized in production. Therefore, the proper categorization and accounting of these assets are crucial for their efficient and effective use.

To enhance economic performance, “Galla-Alteg” JSC has focused on replacing outdated equipment with modernized tools, which has resulted in a decrease in production costs by 30%. Continuing this trend of modernization and timely replacement of worn-out facilities is essential. Such efforts are expected to positively influence the country's economic indicators, emphasizing the urgent need for modernization in today's economy.

## Conclusions

Noteworthy, the service sector offers more employment opportunities compared to the production sector. The production area has seen an increase in both raw materials and production area. The service network has experienced a significant increase in basic tools, but it has also shown a tendency towards extinction year by year. In terms of the joint-stock company, it had accumulated unused capital assets exceeding 1% of the total fixed assets. The company invested a significant portion of its main equipment budget to purchase and lease new equipment, resulting in the replacement of outdated machinery. The company's investment in new grain processing technology in 2022 has led

to increased production of high-quality and cost-effective products, with a subsequent reduction of production costs by 15%. Overall, the company's investment in modernization has proven to be a wise decision, leading to increased productivity and decreased costs.

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