

Summary of the doctoral dissertation written under the guidance of prof. zw. dr hab.

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“Directions and conditions of accounting standardization of agricultural enterprises”

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Changes in the economic system in the last 20 years, Poland’s accession to the European Union, the development of capital market, as well as globalization have given important stimulus to improve the principle of economic record in agriculture and adapt them to systems of mutual information exchange between countries. That, in turn, has contributed to appearance of new challenges for the Polish legislation in the field of adjusting law regulations, accounting to the specificity of agricultural activity. This specificity concerns possession of various livestock and plant assets (biological assets), seasonality, dependence on nature, high level of risk associated with agricultural production, dominance of small family farms and frequent use of government grants.

Challenges for the Polish legislation are connected with the lack of included issues related to agriculture in accounting and tax regulations, also in a quite narrow scope in National Accounting Standard and International Financial Reporting Standard.

General accounting principles do not differ between agricultural enterprises and other business entities. On the other hand, national guidelines are usually fragmentary and insufficient in reference to diversity of agriculture and complex economic events occurring in agricultural enterprises. They cause difficulties in complete showing of their essence by means of accounting and data provided by it. Issues connected with agriculture in the Polish legislation are raised in the Act on collection and use of accounting data from agribusiness which concerns records of economic events occurring in agribusiness for the purposes on FADN (Farm Accountancy Date Network) and in National Accounting Standard 12 *Agricultural activity*. NAS 12 shows mainly the valuation, support for agricultural activity, presentation and elicitation in the financial statement. Regulations of the Accounting Act do not emphasize issues specific to agriculture. In international regulation the specificity of agriculture is included is IAS 41 *Agriculture*. This standard does not include comprehensive accounting solution and its substantive scope is quiet conceptually hermetic (mostly it relates to valuation and government grants).

The subjective research has allowed to compare and broaden the current state of knowledge about accounting standardization in agricultural units. This knowledge has facilitated the question about what determinants and to what extent impact accounting of

standardization in agricultural enterprises in Poland. The available materials about issues being the subject of this works lack of in-depth and comprehensive analysis of accounting standardization in agribusiness in Polish conditions. Research findings have allowed to present the directions of changes and conditions influencing the accounting standardization in agricultural enterprises in Poland.

Given the progressing development of agribusiness, it is deliberate to publicize knowledge in this field, especially since Poland regulation are exceptionally minor in this matter.

The following research hypotheses were verified in the dissertation:

1. Legal regulations concerning agricultural activity determine the formation of accounting standards depending on the organizational and legal form of an agricultural enterprise in Poland.
2. The applied methods of valuation of assets related to agricultural activity affect the bottom line of an agriculture enterprise.
3. The identification and allocation of biological assets to particular groups of assets effects the presentation of these assets in the financial statement, thereby assessment of property and financial situation of agricultural enterprise.

The main aim of the dissertation is to indicate directions and conditions of accounting standardization of agricultural enterprise in Poland.

For the purposes of the main objective the following specific objectives were formulated:

1. Identification of similarities and differences in accounting standardizations and financial reporting on the basis of a comparison of Polish and international legal regulations relating to agricultural enterprise.
2. Indication of variances between different methods of biological assets valuation – livestock and plant assets in agricultural enterprises.
3. Formulation of valuation model of biological assets that takes into account the risk in agricultural activities.
4. Indication of the advisability of adaption IAS/IFRS by enterprises conducting agricultural activity in Poland.

The subject of research in the dissertation are agricultural enterprise function in Poland and preparing financial statements according to Poland or international accounting standards.

For the main objective and auxiliary objectives the construction of dissertation was subordinated. It consists of five main chapters, preceded by an introduction and summarized by

the end. The final part of the dissertation includes bibliography, list of tables, figures, drawings, diagrams and annexes.

The first chapter concerns the characteristics of agricultural activity. At the beginning, the uniqueness of agricultural and agricultural market has been discussed. Next, the definition and agricultural enterprises has been presented, their specificity and legal conditions. The last part describes agribusiness and agricultural enterprises. Their definition has been characterized as well as classification depending on legal form in Poland and formation.

The second chapter describes the directions of development of accounting in agribusiness and agricultural enterprises in Poland. At the beginning the term of accounting has been presented, its objective subject and subjective scope. On this basic, the historical outline of accounting and the consequence of the accounting standardizations process in agribusiness have been described. Further part focuses on balance sheet valuation in accounting theory. The processes, concepts and valuation models, with the valuation model characterized by two different valuation bases, i.e. historical cost and fair value and their advantages and disadvantages have been elaborated. The last part concerns the classification of assets connected with agribusiness according to diverse accounting regulations the classification. Proper classification influences the choice an appropriate method of valuation of these assets as well as their presentation in the financial statement in agricultural entity.

The third chapter presents to the valuation of biological assets (livestock and plant assets) and agricultural products since this group of assets is a key assets of an agricultural enterprise. At the beginning the principles for the valuation of biological assets have been described. They were proposed already in 1880s by Juliusz Au and in a high degree they cover with modern regulations. The following part determines the problem of biological assets valuation according to the current accounting regulations. The essence and principles of valuation of livestock and plant assets on the basic of the Accounting Act, NAR 12 Agricultural activity, IAS 41, IAS/IFRS, IFRS for SMEs and FADN system have been presented. On the basis of the considerations a personal solution has been developed. It is the form of a model for the valuation of biological assets, which is called the sector benchmark of biological assets. The last part compares the principles of valuation of agricultural products contained in Polish and international balance sheet law and FADN system.

The fourth chapter includes a comparative analysis of Polish and international regulations in the terms of government grants and financial reporting. The first part of the chapter describes government grants, because they are important tools to support the development of an agricultural enterprise. Definitions and impact of support in agricultural enterprises have been

characterized. There are also considered the classification, presentation and disclosure on government grants in the financial statement according to various regulations. The further part of chapter focuses on financial statement accounting to the Accounting Act, National Accounting Standard 12 Agricultural activity and IAS/IFRS. The last part of the chapter concerns “FADN reporting” within the FADN system.

The fifth chapter presents the empirically identification of the methods used in practice for the valuation of biological assets and presentation and disclosure about the specificity of agricultural activity in financial statements of agricultural enterprise. The first part shows objective, scope and research toll and characterizes the research sample. The research subject consists of 52 companies listed and unlisted on the Warsaw Stock Exchange and the research objective is their financial statement. In the following part the methods of the valuation of assets related with agriculture activity by agricultural entities were included both under the Accounting Act and IAS/IFRS have been described. The last part of the chapter presents how agricultural entities present and disclose the information about the specificity of agricultural activity, depending on whether they apply national or international regulations.

The end of the dissertation includes the summary of the conducted literature and empirical research, considerations and conclusions. There has been made an attempt to present, in a synthetic way, the achieved research objectives and confirm the research hypotheses of dissertation. It has been also indicated own contribution of author of this dissertation in current state of knowledge in the field of valuation of biological assets as well as the directions for further research have been outlined.