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## **GROWTH OF FUNCTIONAL IMPORTANCE OF BIOLOGICAL ASSETS**

*The functions of biological assets caused by their biological diversity and their use are discussed in the article. It has been determined that the scale of biofuels production increases the importance of biological assets lies in rethinking agricultural activities' role for social and nature-environmental factors in the development of humanity.*

**Keywords:** *biofuels, biological assets, agriculture, live economy.*

**Introduction.** The increase of biofuels using amount in the world happens quite fast, due to the increasing of understanding by the international community needs to replace the natural fuels by alternative ones to minimize harmful effects on the environment and climate change problem solving.

Large-scale biofuels production is the driving force for agriculture development that has the following most important distinctive features: the major tools of production are presented by living organisms (plants, animals).

The continuity of agricultural production process is provided by biological assets, which are divided into separate groups according to certain criteria. In this regard, there is a need to define their functions, that is important for economic-element analysis, accounting and decision-making. Therefore, the purpose of this article is to research and substantiate the functional significance of biological assets.

**Materials and research methods.** The theoretical and methodological basis of the research is generally scientific and specific methods of cognitions (such as statistical methods, description and comparison, modeling). Research papers of domestic and foreign scholars on agricultural activities accounting, international and

domestic normative documents, reference and informational publications, financial and statistical reports of agricultural enterprises in Vinnytsia region are the informational base of our study.

**Research results.** The importance of biological assets lies in the following: they represent the main part of agricultural enterprises' production for which it is the main source of resources income. The situation and effectiveness of their use is one of the conditions for successful functioning of an enterprise.

So, first, we should distinguish the primary function of biological assets, namely:

1) The economic growth function.

Today Ukraine has got a powerful natural biological potential, which allows converting the agriculture sector into the most attractive investment sector of the economy, because Ukraine is ranked as the third in the overall territory of Central Europe and owns almost 40 % of global black soils – the most fertile soils of the land.

Due to the climatic and other features of the country, its significant potential opportunities in agriculture development (the sugar beet sector, the grain and potato production, the horticulture and the livestock) Ukraine could produce agricultural products in large amounts in future. There are tasks of further innovative development of our agriculture defined according to the Ministry of Agrarian Policy and Food of Ukraine and the National Academy of Agrarian Sciences of Ukraine which allow increasing the total production of crops, namely grain - 71 million tons, oilseeds – 15 million tons; vegetables - 10 million tons, potatoes - 21 million tons, fruits and berries - 2.5 million tons to 2015.

The livestock industry also takes an important place in Ukraine. Primarily, it is the providing population with the foodstuffs, jobs, food and processing industries - raw materials, crop - organic fertilizers.

It should be noted that the increase in biological assets indicates a huge potential of the country in the agricultural sector and the economy as a whole,

because biological assets play an important role in global issues of material wealth, raising living standards, which is the foundation of economic growth.

The main factor of successful socio-economic development of the country is its appropriate food security. Therefore, we consider significant to provide the following biological assets function:

2) The social and food security function.

As an important part of public policy, food safety associated with diverse aspects of the life of the individual, village, city, region and country as a whole. Food safety is achieved by providing of the physical and economic access to food. Thus, food safety includes: physical and economic accessibility of groceries and nutrition safety. Physical accessibility means the possibility to obtain food products which are available in the country in sufficient quantity and variety, and their receipts to the consumer are uninterrupted.

Ukraine has a significant potential in the agribusiness sector, which can be used to reduce the global food deficit. Agricultural production has been and will always be liquid commodity, as it is the basis of the country's food security.

Biological assets provide citizens with food. They also are raw materials for manufacturing, bio-energy. And not to cause a competition between energy and food crops, we consider that there is a need to allocate some land for the energy resources production to avoid a problematic situation with food and do not harm the environment.

The issue to guarantee food safety is particularly important for Ukraine because during the social and economic transformation years of agricultural production and food have decreased, and food security of the population has fallen to critically dangerous limits [3].

One of the major distinguishing features of the agriculture is that the main capital goods are presented by living organisms (plants, animals). Biological assets provide continuity of the process of agricultural production through biological transformations, in which the enterprise receives agricultural products and / or additional biological assets. So we determine the following functions:

### 3) Function of production and integration interaction.

A characteristic feature of biological assets is that they are living organisms (animals and plants) that materialize in some form. The main purpose of this asset is to generate economic benefits considered as a factor of production (economic resource) [4].

Every living organism performs a specific biological function that either starts a process, or serves for it as an intermediary, or completes it. Such agreed and interrelated activity of living organisms is in a close contact with the environment.

G.G. Kireytsev states that features of the reproduction processes in the agriculture are caused by the action of biological laws. “The agriculture production - the author mentions - has a different purpose. One part of it is realized for industrial processing, the other is left to continue the process of biological reproduction. Some of the agricultural products used for farm production and non-production (except the biological processes of reproduction)”.

Human burdensome exploits natural resources with a view to obtain economic benefits from the sale of manufactured products in agriculture. A landmark in this regard is the concept of the physiocrats who pointed out the source of wealth and prosperity of the nation exclusively in agricultural development.

As the only productive labor has been recognized that work, which promote the appearance of “pure product”. Pure product is created exclusively in the agriculture – it is an annual produced wealth, which forms society income and represent the excess of benefits derived after deducting the cost of their production.

It is obvious that increase in production is not demonstrated anywhere as clearly as in the agriculture. Pure product is seen as a gift of nature, which stimulates the development of “natural order” or a rule of natural economics over the laws. Development and reproduction of pure product largely depends on ensuring of optimal conditions for the implementation of quality and biological transformations of natural resources.

The main purpose of biological assets in agriculture - is the creation of living organisms. Even during the Ancient Ages philosophers could not see another source

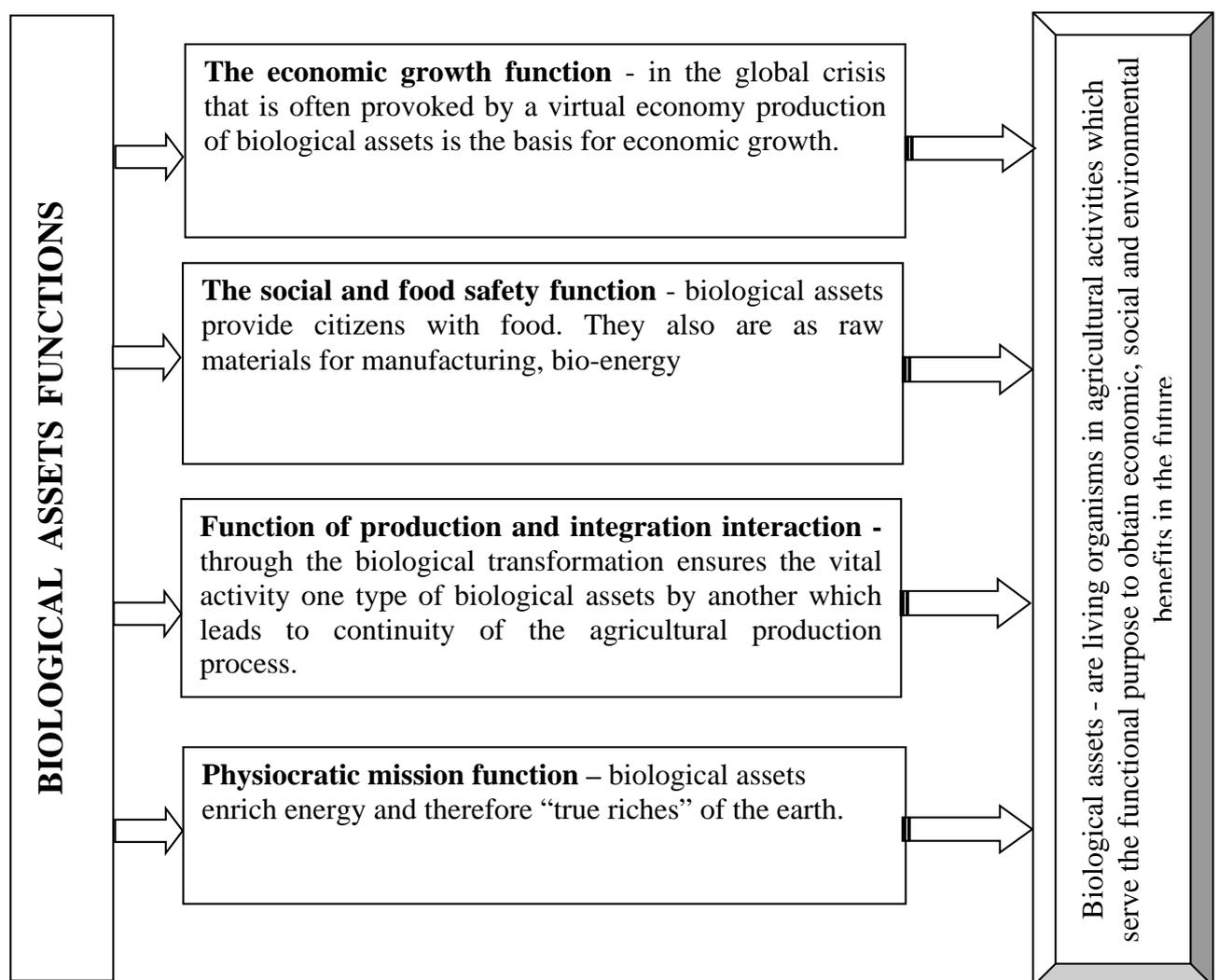
of “natural wealth” besides farming. Unquestionable merit of the physiocrats is defending their theory of the origin (source) in the production of wealth, rather than the exchange [1].

But with the adoption of PAS 30 “Biological assets” the discussions about the availability of accounting specialized features for agricultural activity have not been solved, than the need for accounting recording and reporting of biological and natural resources - physical capital – “live” economy has been recognized [1].

Therefore, we consider a mandatory feature of biological assets as the fourth function:

4) Physiocratic mission function.

We present the functions of biological assets and the new definition formed by us in figure 1.



**Figure 1. The substantiation of biological assets functional significance**

Biological assets are living organisms which are primary point for economic development, which, unlike the industry do not destroy, and enrich the true wealth on earth (V.I. Vernadskyi). Agriculture as an area of “live” economy should be recognized as priority not only in government circles, including businesses, but also as priority in the development of scientific and theoretical basis of economic development. The working out of concept of “live” economy by Vernadskyi and its priority among entropy and virtual spheres of human activity is an objective basis, not only during its construction of some specialized accounting, but also the need to develop its new paradigm [1].

**Conclusions.** Searching of alternative sources for biofuels production leads us to rethink the role of agriculture today.

Therefore, in biological assets accounting should be regarded as living organisms in agricultural activities which serve as the functional purpose to obtain not only economic but also the social and environmental benefits in future.

The most important objects are account objects so-called “live” economy, the importance of which is crucial not only for the farms, but also for Ukraine - in its mission in the globalized world.

In contrast to other sectors of the economy, agricultural economy is antientropic, renewable by the natural characteristics. In the nearest future the agricultural sector will implement the mission of food and energy security in the world.

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### ***Анотація***

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#### ***Зростання функціональної значимості біологічних активів***

*У статті розглядаються функції біологічних активів, що зумовлені їх біологічною різноманітністю і, відповідно, використанням. Встановлено, що масштабність виробництва біопалива посилює значимість біологічних активів, що лежить у площині переосмислення ролі сільськогосподарської діяльності для соціальних та природо-екологічних чинників розвитку людства.*

***Ключові слова:*** біопаливо, біологічні активи, сільське господарство, жива економіка.

### ***Аннотация***

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#### ***Повышение функциональной значимости биологических активов***

*В статье рассматривается роль и функции биологических активов что предопределено их биологической разнородностью и, соответственно, использованием. Установлено, что масштабность производства биотоплива усиливает значительность биологических активов, которая лежит в плоскости переосмысления роли сельскохозяйственной деятельности для социальных и природо-экологических факторов развития человечества.*

***Ключевые слова:*** биотопливо, биологические активы, сельское хозяйство, живая экономика.