Accounting support for justification of hop production costs under government granting

E A Ivanov1,*, L Yu Malinina1, N N Pushkarenko2 and A V Korotkov3

1Department of Accounting, Analysis and Audit, Chuvash State Agricultural Academy, 29 K. Marx Street, 428003, Cheboksary, Russian Federation
2Department of Transport and Technological Machines and Complexes, Chuvash State Agricultural Academy, 29 K. Marx Street, 428003, Cheboksary, Russian Federation
3Head of Scientific and Practical Center for Research in Hop Production, Chuvash State Agricultural Academy, 29 K. Marx street, 428003,Cheboksary, Russian Federation

*E-mail: ivanoveacoop@edu.academy21.ru, https://orcid.org/0000-0002-4818-2646

Abstract. As one of the leading segments of modern agriculture in the Russian Federation, the hop production is currently on the rise and upscales its activities every year. This is largely facilitated by strong financial government support. The purpose of this study is to examine the main theoretical and methodological aspects of organizing the appropriate production accounting to provide the common approaches to cost justification while filing of applications by hop farms for grants. To reveal the main scientific provisions, such techniques and methods as observation, induction and deduction, analysis and synthesis, observation, comparison and other were used. The findings of the study point to the fact that no updated regulatory framework for accounting of costs in hop farms is available, and the issue of the structure and content of the incurred cost information carrier has not been completely elaborated within the government grant issuing mechanism. A small number of international and Russian studies to determine the essential characteristics of hops as a biological asset has a negative impact on the arrangement of the accounting process. The article suggests the methodology for organizing cost accounting by the main agro-technological stages of hop management and cultivation.

1. Introduction

The monitoring of the structure of hop suppliers shows that the main share in its production belongs to European countries – 51.8%, the USA – 41.8%, China – 4.8% and other countries, including the Russian Federation – 1.3% [1].

The aggregate global hop yield in 2020 brings us to the conclusion that the Southern Hemisphere features a favourable situation for hop production, even regardless of the forest fires in Australia, and, when compared to 2019, an increase has been observed. The European countries feature the stability in production volumes as well, therefore, in general, the final results match the expectations. The figures of the Northern Hemisphere differ greatly. Hop producers in major US states, where most of the hop plantations is concentrated (Washington, Idaho, and Oregon), suffered from drought, high temperatures, heavy smoke and gale in the middle of harvesting. This hurricane caused significant damage to the hop crop and especially in the Yakima Valley. As a result, the production output in the United States in 2020 amounted to 47.6 million kilograms of hops against 50.8 million kilograms in
2019. It should also be noted that the volumetric indicators of hop production were in part adversely affected by global pandemic COVID-2019.

In this regard, the issue of government support for the hop production industry is extremely relevant, which would make it possible to mitigate the effects of natural and climatic disasters, the global economic performance, the presence of unemployment, possible infections and more. The importance of this issue for agricultural commodity producers has been realized by all parts of the world, including the Russian Federation.

Typically, the costs directly associated with the production of hop products serve as the information basis determining the amount of government grant.

A review of international studies in this area led to the conclusion that the issue of accounting management of costs was addressed in terms of agriculture in general and in relation to crop production in particular. Thus, the paper ‘An Assessment of the total external costs of UK agriculture’ gives a general assessment of the costs of UK agriculture [2]. There are similar scientific studies in the concept of full cost accounting in agriculture for other countries of the world.

The article ‘Green accounting: from theory to practice’ gives priority to green accounting and, through its prism, discusses the main accounting problems associated with the costing [3]. A series of publications on this issue, in particular ‘Fair Value Accounting and The Management of The Firm’ [4], bring up an issue of the application of fair value for biological assets and its recognition in the financial statements. The article ‘Comparative Study of Difficulties in Accounting Preparation and Judgement in Agriculture Using Fair Value and Historical Cost for Biological Assets Valuation’ is devoted to the same issue [5].

There are also earlier publications aimed at studying the basic principles for cost assessment, cost calculating for crop production and development of effective management solutions. And as their further development, scientific papers are presented to discuss new calculation techniques based on process simulation in agriculture (‘Application of simulation technique to activity-based costing of agricultural systems: a case study’ [6]), and models of cost management in relation to multiproduct agricultural organizations (‘A model for cost calculation and management in a multiproduct agricultural framework. The case for ornamental plants’ [7]).

The latest scientific research results that the authors managed to find are indicative of a shift in research priorities. The currents trends in the development of agricultural production by farms have got to be addressed in the publications, while highlighting the importance of monitoring the production costs in view of their informational significance for marketing plans. Along with this trend, the article ‘Using cost-benefit analysis to understand adoption of winter cover cropping in California’s specialty crop systems’ [8] contains studies on assessment of long-term economic and agronomic impact on farm profitability as illustrated by winter cropping.

From a methodological point of view, the article of interest is ‘Mental accounting and consumption of self-produced food’ [9] wherein the authors suggest a new term ‘mental accounting’ in the conditions of domestic consumption of self-produced food by agricultural organizations.

Addressing the Russian regulatory system, it may be noted that currently there are no comprehensive scientific research and coherent industry documents regulating the process of collecting, processing and submitting the appropriate forms of reporting financial and production information on hop production preceding the process of obtaining government grants. There are no regulatory documents of a methodological nature approved by the Ministry of Agriculture of the Russian Federation for accounting of costs in hop production and approved standards for the technological steps of hop cultivating.

Therefore, the scientific novelty of this study is to consider basic approaches to substantiating the essential characteristics of such economic categories as biological assets, perennial plantations, fruit crops, fixed assets, capital investments, generalization of the existing Russian accounting practice in hop production. This will enable the development of the main methodological criteria for organizing cost accounting through a comparative assessment of the relevant regulatory support within the framework of international financial reporting standards and national accounting standards of Russia.
The result is the development methodological approaches to keeping records of current and capital costs in hop production.

The scientific originality of this article is determined by the concept, put forward by the authors, on the need to develop industry-specific guidelines for organizing the accounting of current and capital costs in hop production.

The purpose of this article is to develop unified approaches to the regulation and unification of the accounting mechanism involved in the formation of the appropriate evidence base in hop farms, necessary to submit applications for state subsidization of costs.

2. Materials and methods
The fundamental methodological basis of the scientific research was the principles that differ in a systematic approach to the consideration of general scientific problems in the field of hop-growing economics, capable of providing the disclosure of modern ideas in the field of the theory of cost accounting and calculating the cost of hop-growing products.

In the process of monitoring the Russian regulatory framework applicable to accounting for current and capital costs in the hop production industry, its relevance to global accounting trends and current requirements in the field of government grants was assessed.

In the course of comparing the international and Russian accounting standards, the methodological aspects were specified for the development of draft relevant guidance materials.

Inductive and deductive approaches, as well as analysis and synthesis, made it possible to lay down a contemporary view of the essential content of such concepts as a biological asset in relation to hop production.

The informational basis of the study was the scientific works of the classics of accounting and analytical support of management processes in hop-growing farms, the development of domestic and foreign experts in the field of agricultural economics, as well as the developments of research institutions of the Ministry of Agriculture of the Russian Federation.

3. Results and discussion
The current development of the Russian agro-industrial complex is characterized by strong government support for the main branches of agricultural production, including hop production, by way of provision of appropriate grants and various forms of subsidies to economic entities.

The modern hop-growing industry in Russia is one of the main strategic priorities of agriculture. The annual demand of the country for hop products is 9-10 thousands of tons. Meanwhile, the sufficiency in domestic raw materials is merely 2-3%. Monitoring of world hop production indicates that the share of the Russian Federation today is only 0.3%. By contrast, the share of Europe is 51.8%, the United States – 41.8%, China – 4.8% and other countries – 1.3% [1].

Among the regions of the Russian Federation, the Chuvash Republic is the traditional historically developed hop producer. It is supposed to restore the production output and become one of the main regions specializing in hop production. Thus, in 2020, the area of hop gardens in the region was 69.4 hectares. For comparison, in 1990 this figure was 2361 hectares (table 1).

| Indicators       | 1990 | 2016 | 2017 | 2018 | 2019 | 2020 | Rate of change over 5 years (+,-) |
|------------------|------|------|------|------|------|------|-------------------------------|
| Area, hectare    | 2361 | 76.2 | 42.0 | 69.0 | 75.0 | 69.4 | -6.8                          |
| Selling price, RUB/kg | -    | 248  | 307  | 370  | 351  | 410  | 1.6 times                    |

Such a sharp decline is due to the fact that in the last years of the twentieth century the Russian hop producers could not promptly adapt to the changed market conditions of economy management, and the lack of appropriate managerial experience in promoting their hop products led to a decrease in
production output. It should also be noted that the Chuvash Republic retains its leadership in hop production among the regions of Russia. More than 90% of the gross hop yield is accounted for Chuvashia.

In 2020, the area of hop gardens in the region was 105 hectares. The growth was 1.9% compared to 2019. The total hop yield reached 185.1 tons, which made it possible to obtain a positive growth dynamic of 4.6%, and the productivity, respectively, 18.6 c/ha and 9.8%. At the same time, the main hop farms are concentrated in the historically developed traditional hop-producing regions of the republic (figure 1).

Figure 1. The structure of the main regions of the Chuvash Republic by the volume of hop production.

In most agricultural organizations, hops occupy a small proportion of the cultivated area compared to other crops. Even in specialized hop-growing farms with an optimal plantation size (100-150 hectares), the share of plantations is only 5-8% of the arable land area of the farm, and in most farms it is much less. Despite this, hop growing is a profitable agricultural industry, with profitability levels ranging from 60 to 90%. For the marketable products of specialized farms, the share of hops is 40-60% and is the main source of operating income.

Despite innovative approaches to organizing hop production, modern hop-growing is still a labor-intensive and capital-intensive branch of agriculture. For 1 hectare of hop-farm, 600-800 man-days are spent (while for the cultivation of 1 hectare of potatoes – only 36-37, and sugar beets – 29-30).

Currently, most of the technological processes in hop growing are mechanized. Thus, the introduction of mechanized hop pruning made it possible to reduce labour costs from the initial values by 114 man-hours per hectare, or by 81%, and the use of trailed towers for hanging supports – by 138 man-hours, or 69%, respectively.

The peculiarity of hops as vines should also be taken into account. For its cultivation, special structures are needed – trellises on strong, high 8.5-meter pillars, with a system of thick metal wires and strong supports to keep the shoots in an upright position. High performance hop harvesting machines and a powerful drying facility are required. In this regard, it should be noted that in 2019 in the Chuvash Republic, on the basis of the facilities of the Cheboksary enterprise ‘Techmashholding’, the first domestic Russian hop harvester was assembled and tested, and the teachers of the FSBEI HE ‘Chuvash Agrarian University’ created and tested a mobile hop dryer for small farms engaged in growing hops. At present, the hop harvester is successfully operated at Agro Resources LLC in the Urmarsky region of the Chuvash Republic.

It should be noted that favourable conditions for hop production business have been created in Russia. The experience of leading foreign countries in this business demonstrates that credit resources are often serve as the primary facility of governmental assistance to agricultural commodity producers, although there are various types of subsidies.

In the authors’ opinion, despite the effectiveness of credit facilities, where the recoverability and repayment are the most important principles for obtaining thereof, agricultural commodity producers experience a significant cost loading associated with servicing of such facilities.
As for the government support, a production bonus, for example, as a kind of subsidy has been realized within the Common Agricultural Policy (GAP) in most EU member states producing hops since 01/01/2015.

This type of subsidy is not bound to a specific type of product and, if necessary, it allows transition to growing other products in order to obtain a stable income. To take into account regional specific features of production, the EU member states producing hops may decide upon redirecting portion of the production bonus funds (maximum 25%) to be paid directly to the hop producers or producer associations. The latter have the right to spend these funds for transition to new varieties, taking measures to maintain the normal operation of the market, scientific research, sales promotion activities or investing them in new equipment. Further, an article on subsidies for hop producers was introduced into the Regulation (EC) No 1234/2007. Within this document it was established that starting from 01/01/2011 the EU shall pay an annual subsidy in the amount of EUR 2,277 to the hop producers in Germany.

In Russia, in addition to preferential credit schemes, there is a practice of subsidizing the current and capital costs associated with establishment of hop gardens and growing of hops to obtain the finished products - hop cones or granulated hops.

This form of government support does not provide for its return, provided that all parameters of its receipt are met, which, according to the authors, is a good financial support for this agricultural industry.

Therefore, irrespective of the existing relevant regulatory framework, the issues of economic rationale, accounting, control, and assessment of the effectiveness of costs in this sector of agriculture have not been fully addressed. Similar subject matter has not been systematically addressed in the publications by foreign academic economists as well, which give us the right to identify it as a unique one in terms of arrangement of accounting and analytical support for the main production processes in hop production.

The modern process of accounting for costs in crop-growing agricultural organizations is regulated by a significant number of regulatory documents at both the federal and sectoral (intradepartmental) levels. As for the regulatory support of the process of providing state subsidies for the hop-growing industry, it is also well represented in the intradepartmental documents of the Ministries of Agriculture of the Russian Federation and Chuvashia.

In accordance with these documents, grants are provided at a rate determined by the regional branch ministry. Thus, for example, no more than 40% of the actual costs incurred for the construction and (or) reconstruction of hop trellises are subject to reimbursement. Grants for compensation of part of the costs of hop production, subject to its implementation, are calculated according to a special formula based on 1 ton.

In the opinion of the authors, there is a shortcoming in the mechanism of providing these types of government assistance, associated with the determination, respectively, of the rate itself, the grant size for the current accounting period, as well as the possibility of assessing the actual costs incurred under the current legislation and comparing their standards by technological steps. Since the package of documents for receiving the government assistance, which are provided by hop farms, lacks the detailed information on the costs of hop growing, which makes it difficult to assess the material consumption and labour intensity of its cultivation at economic entities of different categories and, accordingly, determine how practicable and adequate the established rate and size of the grant is.

The basis for organizing and maintaining cost accounting in hop-growing are the so-called flow charts. They constitute the industry specific feature of hop production in the economic justification of the current and capital costs produced and in the development of appropriate standards for the types of costs.

In general, it can be concluded that methods for organizing and maintaining accounting of costs in hop farms is greatly influenced by the technological steps of growing and keeping hop gardens. The main steps of cost accounting can be presented in the following form (table 2).
Table 2. Methodology for accounting for costs in hop farms.

| Sector of hop production | Methods for reflection on accounting accounts |
|--------------------------|-----------------------------------------------|
| Establishment of hop gardens | Debit of account 08/8 ‘Investments in Non-Current Assets’ sub-account ‘Establishment and Cultivation of Perennial Plantations’ Credit of cost generating accounts |
| Construction and (or) reconstruction of hop trellises | Debit of account 08/8 ‘Investments in Non-Current Assets’ sub-account ‘Establishment and Cultivation of Perennial Plantations’ Credit of cost generating accounts |
| Care for hop gardens before the start of their commercial bearing | Debit of account 08/8 ‘Investments in Non-Current Assets’ sub-account ‘Establishment and Cultivation of Perennial Plantations’ Credit of cost generating accounts |
| Transfer of hop gardens to fixed assets at the onset of the main stage of commercial bearing | Debit of account 01/5 ‘Fixed assets’ sub-account ‘Perennial plantings’ Credit of account 08/8 ‘Investments in Non-Current Assets’ sub-account ‘Establishment and Cultivation of Perennial Plantations’ |
| Care for hop gardens in the main stage of commercial bearing | Debit of account 20/2 ‘Main Production’ sub-account ‘Plant Growing’ Credit of cost generating accounts |

Economic monitoring of the costs included in the actual cost of hops in the hop farms of the Chuvash Republic made it possible to determine their following structure (table 3).

Table 3. The structure of the cost of hops in the hop farms of the Chuvash Republic in 2018-2020.

| Expenditures, % | 2018 | 2019 | 2020 |
|----------------|------|------|------|
| Wages of hop-growing teams engaged in hop-growing | 34.5 | 33.1 | 31.6 |
| Fuels and lubricants, fuel | 1.8 | 1.7 | 1.8 |
| Planting material | 0.8 | 0.8 | 0.7 |
| Mineral and organic fertilizers, pesticides | 6.5 | 7.0 | 7.6 |
| Depreciation of fixed assets | 19.0 | 19.5 | 20.7 |
| Current repair hop trellis | 4.0 | 4.6 | 5.0 |
| Other direct costs | 17.0 | 17.9 | 18.8 |
| Overheads | 16.4 | 15.4 | 13.8 |

According to the data in the table, wages account for the largest share in the cost of hops. High labor costs are due to the specifics of the cultivation of this very laborious culture. Many specific hop farming practices require careful precision. Such work as pruning queens, framing, planting stems on supports, pinching are possible with a large share of manual labour. The size of the hop-growing team depends on the specific production conditions - hop areas, their placement and other conditions. The area to be fixed can range from 10 to 20 hectares or more. Teams are organized inside the brigade. The team is assigned 4-6 hectares of fruiting hop-farms.

Depreciation deductions for current repairs are increasing, which is natural, since modern hop-growing farms in their arsenal have a significant number of means of production (machinery and equipment) for the mechanization of production processes.

An increase in the share of costs for fertilizers and pesticides is accompanied by an increase in the yield of hops and a decrease in the cost of this crop. A fairly high share in the structure of the cost of hops is occupied by the costs of maintaining a tractor fleet, vehicles, draft animals and other direct costs.

As a rule, overhead costs include general production and general business costs associated with the maintenance of management and service personnel: salaries of foremen, farm specialists, employees
and other employees of administrative and managerial and junior service personnel. Overhead costs also include travel expenses, space heating, electricity, depreciation of buildings and other expenses for their maintenance. Overhead costs, since they are indirectly related to the production of many types of agricultural products, are allocated to all types of products produced in the hop farm in proportion to direct labour costs.

The costs of planting material form the costs of purchasing cuttings of high-yielding and improved varieties of hops. As a rule, the costs associated with the current repair of a hop trellis include the costs of purchasing wire, hooks, repairing and changing poles and other costs.

The cost of hops is the most important economic indicator of production activity. Its calculation allows you to deeply study the economics of hop growing, to reveal the reserves of reducing the costs of producing a particular product, to judge the level of efficiency of management decisions.

In hop farms, the cost of hops is calculated based on the actual costs that are added up during the period of its cultivation, collection, drying and delivery of finished products to the warehouse.

In modern practice of hop growing, the most widespread method of calculating the cost price is one based on the determination of the actual cost of wages based on the prevailing types of agricultural work performed. The calculation of the cost, based on the actual costs for all items of expenditure, including wages, reflects exactly what the hop production costs for the hop farm. This method of calculating the cost is successfully used for on-farm purposes (cost planning and analysis of production activities). However, within the framework of industry-wide monitoring, this method of calculating the cost price cannot be used to compare the levels of the cost of hops from different hop-growing farms, which is very important when developing a regulatory framework for subsidizing their cost part. The level of cost in this method of calculation can fluctuate significantly, which can lead to incorrect conclusions about the amount of costs. Therefore, according to the authors, it is necessary to develop appropriate standard rates for calculating wages, depending on the types of agricultural work performed, as well as appropriate standards for other cost items. This will enable, along with the same volumes of activity, the adequate comparative assessing the results of production activities and comparing the costs associated with the process of hop growing.

Monitoring of the modern regulatory support of the hop production industry points to the fact that the basic industry-specific state standard ‘Hop production. Terms and Definitions’ is still absent is the Russian Federation. This, in turn, significantly complicates the process of setting up the accounting in hop farms in view of existing Russian accounting standards and updating the previously approved industry documents on arrangement of cost accounting for the crop producing industry. For example, questions arise about the correct reflection of hop trellis in the accounting, since there is no unambiguous definition of they mean to be in hop production. By analogy with viticulture, a trellis can be understood as a type of support for hop plantings, allowing for tying the bushes in a vertical, horizontal or inclined plane, in other words, a trellis may in no way be considered an installation, structure and so forth. The same applies to both general terms and selection, nursery, hop reproduction processes, agricultural machinery and its productivity.

A review of international accounting practice, in particular, international financial reporting standards (IAS), indicates that for the purpose of organizing accounting for such a specific object as ‘biological assets’, crop products and government grants to agricultural entities, there is IAS 41 ‘Agriculture’. According to the provision of this standard, a biological asset in terms of crop production means, first of all, a living plant. In this context, hop as a plant will refer to bearing asset and will be a self-repairing item.

Considering the genesis of the development of biological asset category, it initially included perennial plantings in accordance with the standard IAS 41 ‘Agriculture’. Later, biological asset, along with hops, was classified as fixed assets.

Such reclassification of hop is primarily associated with its biological characteristics, which are due to the fact that when it reaches the so-called ‘adult age’ during the period of entering the bearing stage, it stops its biological transformation. Therefore, with regard to organizing and keeping records at
agrarian entities in terms of the value of using this type of asset, the receipt of hop cones as the final
finished product comes to the fore.

In this regard, according to IAS, hop shoots, like all other perennial plantings, are classified as
fixed assets, and their accounting is regarded as part of IAS 16 ‘Property, Plant and Equipment’. Late
amendments to IAS 16 ‘Property, Plant and Equipment’ clause 3 specified the scope of its application.
The point is, first of all, that the objects of accounting are fruit crops, and not the finished products
obtained on them. Noteworthy is that clause 6 of this standard presents the criteria by which a fruit
crop can be attributed to a living plant.

Russian accounting standard (RAS) 26/2020 ‘Capital investments’ contains a specific definition of
capital investments, which in agricultural entities primarily mean a set of costs associated with the
processes of creation, modernization, and the acquisition of fixed assets.

Therefore, the initial cost of the hop garden shall mean the amount of expenses associated with the
purchase of cuttings and expenditures for their tending up to reaching full age. To capitalize these
costs, account 08 ‘Investments in non-current assets’ is used until the plant begins to bear.

In international practice, the so-called ‘capital expenditures’ (CAPEX) are considered to be the
expenditures for purchase of non-current assets, their finishing, further equipping, modification and
upgrade. The accounting process for capital expenditures for hop growing is regulated by IAS 16
‘Property, Plant and Equipment’.

In consideration of the Russian accounting practice, it can be noted that it generally coincides with
IAS. Upon reaching the age when the plant enters the active phase of bearing, it is transferred to fixed
assets on account 01 ‘Fixed assets’. It should be noted here that Russian regulatory documents
determine the depreciation life for hop gardens. Whereas, according to provisions RAS 6/01
‘Accounting for Fixed Assets’, for the purposes of financial accounting, hop farms may set the useful
life of hop gardens at the moment of its entry in accounting records as a fixed asset, then for tax
accounting purposes, the Classification of Fixed Assets Included in Depreciation Groups (approved by
the Decree of the Government of the Russian Federation No. 1 dated January 01, 2020) is used.
According to this Classification, hops fall into the fifth depreciation group 520.00.10.04 ‘Perennial
Plantings of Hops, Essential Oil Crops, Medicinal Cultivated Crops’ (useful use is over 30 years
inclusive).

According to clause 13 of IAS 41 ‘Agriculture’ hop production in the form of hop cones is
reflected in the accounting records in market valuation. However, this estimate does not include the
costs associated with financial and marketing activities immediately at the time of the collection of
hop products. It is recognized as cost when the provisions of IAS 2 ‘Inventories’ become effective.

IAS 41 ‘Agriculture’ specifically stipulates the terms and conditions for accounting of government
grants. Clause 34 of this standard states that a government subsidy should be reflected in the
accounting accounts in the form of a revenue part at the moment when there is every reason to receive
it in accordance with the current regulatory documents. Otherwise, if a biological asset in a hop farm
is valued at its actual cost, then the norms of another accounting standard – IAS 20 (cl. 37) are applied
to obtain government support.

Accounting for government grant, allocated to fruit crops, is regulated by IAS 20 ‘Accounting for
Government Grants and Disclosure of Government Assistance’. According to this standard, a
government grant is understood primarily as government assistance (financial, non-financial) provided
to a hop-growing organization, subject to the latter’s compliance with certain conditions in the
implementation of its operating activities.

Based on the regulations discussed above, the author’s approach is that grants for reimbursing a
part of the costs of hop production, subject to its implementation, are considered in the context of IAS
41 ‘Agriculture’, and reimbursing a part of the costs of construction and (or) reconstruction of hop
trellises – IAS 20 ‘Accounting for Government Grants and Disclosure of Information on Government
Assistance’.

Russian regulatory support for accounting for finished products is limited by the following
framework. Hop products are recorded in the accounting records in accordance with clause 9 of FSBU
(federal accounting standard) 5/2019 ‘Inventories’ at the actual cost, which is formed from the costs associated with the acquisition or creation of inventories, bringing them into a fit condition for consumption, subsequent sale or use (clause 10).

As we can see, the Russian legislation in the field of accounting until recently have been using the economic category ‘actual cost’, while IAS gives the priority to fair value, although it is stipulated when an economic entity has the items measured at fair value.

Noteworthy is that in the Russian legislation in clause 19 of the new FSBU 5/2019 ‘Reserves’, hop-growing products, as one of the types of agricultural products of their own production, can be evaluated at market (fair) value. This makes it possible to reflect in the annual accounting (financial) statements the relevant economic information on asset items at current, market prices at the date of its formation, which, of course, is a significant advantage.

4. Conclusions
Hop production is a cost-intensive type of agricultural production resulting in increased attention to the generated costs arising from the process of hop growing. Based on this, the study allows us to conclude that currently the hop industry of the Russian Federation has a weak regulatory support in general, and the corresponding definitions used is under clarification in view of the latest revisions of IAS and RAS.

The absence of a basic industry-specific standard, and an approved methodology for arrangement of cost accounting, on the one hand, and the unsettled regulations on subsidizing the costs in hop production, on the other hand, make it impossible to create an effective system of departmental control over the expenditure component of hop organizations and assess the reliability of the relevant information provided as part of a package of documents for government aid.

The review presented in the article on changing approaches to understanding the content of the main accounting items in hop production, and suggestions for organizing the cost accounting will allow to settle the issues of creating a unified accounting methodology for hop farms, to ensure the consistency of approaches to the information content of applications for government aid and to assess the adequacy of the established grant rates in industry regulatory documents.

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