# ABSTRACT

David Ciandy / 33150120 / 2019 / Treatment of Accounting for Biological Assets of Dairy Cows in Cibugary Farms and their Adaptability to Applicable Standards / Advisor: Haitami Abubakar, Drs., MM., M.Ak

Dairy cow is livestock which is one type of wealth that is owned by an entitiy in the form of living things commonly called biological assets. Unlike other assets, biological assets can be biologically transformed. The transformation consists of the processes of growth, degeneration, production, and procreation which cause changes in the value of qualitative and quantitative assets. This biological transformation causes biological assets to be measured again in the next financial reporting period so that they can show the fair value of relevant and reliable assets for the company.

This study aims to analyse, explain, and compare the accounting process applied by the object of research regarding the recognition and measurement of a biological assets. Various expenditure data related to ownership of biological assets from dairy cow that are recorded in the company’s accounting will be analyzed according to applicable accounting standard.

The object of this research is Cibugary Dairy Farm, Pondok Ranggon, Cipayung, East Jakarta. This study uses a comparative descriptive analysis approach, The researcher collects the data needed in this study about the accounting treatment in the form of financial statements, how to record through the results of interviews, and general descriptions of the company which will provide a clear picture of the application of International Accounting Standard 41 on Cibugary Dairy Farm.

The study shows that farm areas was opened by the Regional Government of DKI Jakarta Province with Governor Decree (SK) No. 300 years 1986. In reporting on all of its business activities, Cibugary Dairy Farm is often facing difficulty in terms of accounting treatment of expenses related to ownership of biological assets. This causes the presentation of company assets in the financial statements to be inappropriate and not fully reflect the company's real performance.

The results of this study indicate that Cibugary Dairy Farm measures its biological assets by using market price or fair value. The profit recognition of the occurrence of biological transformation in Cibugary Dairy Farm has not been disclosed. For measurement carried out on biological assets of dairy cows, they are valued based on the initial fair value, and also an assessment at the end of the accounting period. In addition, Cibugary Dairy Farm has not presented the biological assets of dairy cow in the financial statements. This caused the quality of financial reporting information becomes irrelevant.

*Keywords: biological assets, dairy cows, accounting treatment*