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**THE IMPORTANCE OF OPERATING AGRICULTURAL EQUIPMENT
IN USE BY FAIR VALUE FROM THE MANAGEMENT SITUATION
IN SMALL AND MEDIUM-SIZED ENTERPRISES
IN THE TRANSITIONAL COUNTRY,
-EXAMPLE OF THE REPUBLIC OF SERBIA**

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Summary: This study highlights the importance of using real-life values of agricultural equipment in real financial statements in medium-sized enterprises. The authors have adopted the essence of nature related to the estimation of agricultural equipment, that is, he has stated that in the agricultural production of transition countries, agricultural equipment has been used for more than five decades. This was a key assumption adopted by the authors of this study. In addition, the presentation of realistic financial statements should include an account of the real value of agricultural equipment, which essentially leads to a periodic fair valuation of agricultural equipment available to agricultural producers in transition countries.

Key words: *agricultural equipment, fair valuation, enterprise.*

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INTRODUCTION

In the literature dealing with fair valuation of agricultural equipment, an analysis of the importance of the use of fair value in the presentation of agricultural equipment in company books is increasingly encountered. Dominantly, fair valuation of agricultural equipment is analyzed in the SMEs of transition countries [1], [2], [3], [4], [5].

Another important feature that accompanies fair value of agricultural equipment and its fair value in the financial statements of an enterprise is the application of a number of standard methods [6], [7], [8], [9], [10] that are introduced in the process self evaluation of agricultural equipment.

Thus, the current principle related to standardization of accounting observation is substantially changing in favor of fair valuation of the said equipment in enterprises. Over the last 20 years, there has been a growing interest from a number of authors who have pointed to possible improvements in structural management in companies if they improve financial reporting in companies [11], [12], [13], [14], [15].

Only financial reporting in companies is focused on the increasing application [16], [17], [18], [19], [20] of the introduction of fair value of all assets in the books of account, and therefore of agricultural equipment.

MATERIALS AND METHODS

The study was started with a SWOT analysis because the author wanted to start the research with a presentation of initial knowledge about the use of fair value of agricultural equipment, which in the region that once covered the territory of the former Yugoslavia is mainly in business in small and medium-sized enterprises.

Therefore, this analysis serves to ensure that the results obtained can be compared and applied in further research activities, primarily in the field of agriculture.

The research included obtaining valid information from top management that was done in 20 medium-sized enterprises in the Republic of Serbia. Agricultural equipment by age is analyzed in the intervals 1965-1975, 1975-1985, 1985-1995, 1995-2005, 2005-2015, 2015-2019. The interval of observed equipment used in use covered the period from 1965 to 2019, that is, at that age the equipment was still in use and shown in the books of account at fair value.

The agricultural equipment of enterprises in terms of measuring their performance in terms of value refers to equipment used on a daily basis. The expression of equipment at fair value should be the standard to which the author points out in the study below.

The research presented in the study relies on an analysis of top management behavior in corporate governance, and the primary objective of the judge's author was to show the importance of determining the actual measured fair value of the agricultural equipment used in the enterprises in use.

RESULTS

Initial study results are based on the application of SWOT analysis, i.e.

The author presented: available options, perceived weaknesses, opportunities and threats to the agricultural enterprise. So the first goal is fulfilled.

In other words, the main attributes have been identified that relate to the importance of measuring agricultural equipment used at fair value mainly in small and medium-sized enterprises in the country in transition, and in this case the survey was dominantly conducted and relates to the territory of the Republic of Serbia.

Table 1. SWOT analysis illustrating the fair value situation of agricultural equipment in the books of predominantly medium-sized enterprises in the Republic of Serbia

<i>Available options</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> • <i>application of the IAS adopted at the national level in the process of EU accession;</i> • <i>unqualified opinion of external auditors for enterprises that already measured agricultural equipment in use at fair value;</i> • <i>presenting agricultural equipment in use at fair value encourages application of standardization by top management in enterprise governance</i> 	<ul style="list-style-type: none"> • <i>lack of information on strengths in fair valuation of agricultural equipment in use by enterprises;</i> • <i>lack of prescribed procedures relating to top management bonuses for improved performance of enterprises they are in charge of;</i> • <i>inadequate policy of punishment due to inappropriate managerial decisions and poor management by top executives of enterprises</i>
<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> • <i>increase in compatibility with positive business practice of the EU and developed countries;</i> • <i>greater reliability of financial reporting of top management, owners and shareholders;</i> • <i>providing safety of operations of international companies in the Republic of Serbia;</i> • <i>increase in general certainty of doing business and corporate governance;</i> • <i>fair valuation of agricultural equipment in use by enterprises facilitates borrowing from business banks;</i> • <i>facilitated decision-making on joint investments with foreign companies</i> 	<ul style="list-style-type: none"> • <i>non-harmonized legal regulations with those of developed countries;</i> • <i>slow transformation of state-owned enterprises into private companies or joint stock companies;</i> • <i>increase in tax on assets based on the increase in the value of agricultural equipment measured at fair value</i>

Table 2. Display of fair value of equipment at observation intervals by age of the agricultural holding equipment and significance ranges per enterprise

Observation of equipment age interval	Age agricultural equipment observed at intervals within the year	Valued agricultural equipment at fair value	
		Number of individually evaluated equipment	Description of the significance of the expression of the equipment
1	1965-1975	2	little
2	1975-1985	8	little
3	1985-1995	14	middle
4	1995-2005	20	high character
5	2005-2015	30	high character
6	2015-2019	5	little

DISCUSSION

Based on the results of the study, the study shows that agricultural equipment is used over a large interval of its age (the year in which it was produced). The interval at which the equipment was still in use covered the survey period 1965-2019.

The interval by age criterion of the used equipment used included the observation period 1965-2019, that is, at that age the equipment was still in use and shown in the books of account at fair value.

The large interval of expression of the fair value of agricultural equipment essentially indicates that it is in use even though it is old, but it is used for performing agricultural production work.

The last column required the top management to outline their observations regarding the equipment used and, depending on its importance, to indicate three degrees of graduation of importance to the company (small, medium and significant levels of enterprise management).

CONCLUSIONS

Through this research, the author of the study presented several important characteristics of agricultural equipment, which is still practically used in the ordinary course of business, and which is kept in the books of account "Fair-values".

First there is a small number of agricultural equipment that is extremely old but still used in the production process in an agricultural enterprise.

Dominantly the largest number of individually reported equipment kept in the books of the company is of age in the interval 1995-2015, which indicates which equipment is the most represented in real exploitation in the enterprises.

This attitude was also strengthened by people who rated the importance of these equipment with descriptive ratings, that is, the top management of the enterprises run by the aforementioned medium-sized agricultural enterprises.

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ZNAČAJ EVIDENCIJE POLJOPRIVREDNE OPREME U UPOTREBI PREMA FER VREDNOSTI SA STANOVIŠTA UPRAVLJANJA U MALIM I SREDNJIM PREDUZEĆIMA U TRANZICIONOJ DRŽAVI, -PRIMER REPUBLIKE SRBIJE

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Sažetak: Ova studija ukazuje na važnost korišćenja realno prikazanih vrednosti poljoprivredne opreme u stvarnim finansijskim izveštajima u srednjim preduzećima. Autori su usvojili suštinu prirode koja se vezuje za procenu poljoprivredne opreme, odnosno, da se u poljoprivrednoj proizvodnji tranzicionih zemalja poljoprivredna oprema koristi i više od pet decenija. To je bila ključna pretpostavka usvojena od autora ovog rada. Osim toga, prikaz realnih finansijskih izveštaja treba da uključi prikaz realne vrednosti poljoprivredne opreme, što suštinski vodi u periodično fer vrednovanje poljoprivredne opreme sa kojom raspolažu nosioci poljoprivredne proizvodnje u tranzicionim državama.

Ključne reči: *poljoprivredna oprema, fer vrednovanje, preduzeće.*

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