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Relevance of PAS 41 Provisions for Davao City Agricultural Entities in the Context of Post-Covid Accounting Challenges

Neil M. Cua, Ma. Elloisa Danica G. Paunillian, Maybellene L. Villacastin, and Rebecca R. Maquiling*
College of Accounting Education, University of Mindanao, Davao City, Philippines
*Corresponding email:
maquiling_rebecca@umindanao.edu.ph

ABSTRACT

This research investigates the awareness and compliance with the PAS 41 standard within the agricultural industries of Davao City, Philippines. The study reveals a pressing need for improvement in awareness and adherence to accounting standards attributable to the inherent complexities of agricultural operations and transactions. Using descriptive statistics and multiple regression analyses, Factors influencing compliance, including legal systems, providers of finance, taxation, national culture, and other influences, were identified and found to be perceived at a high level by agricultural entities. An analysis of the perceived relevance of PAS 41 provisions indicates that recognition and measurement provisions are highly relevant, while presentation and disclosure provisions are considered relevant. The research findings highlight a practical deviation from the theoretical framework, emphasizing the unique challenges agricultural entities face in adhering to generic accounting standards. This

underscores the necessity for a balanced approach that respects standard uniformity while allowing for practical adaptability within industries with distinct operational characteristics.

Keywords: *PAS 41, compliance to accounting standards, positive accounting theory, agriculture accounting, Philippines*

INTRODUCTION

The onset of COVID-19 introduced unprecedented challenges across global sectors, significantly impacting the Philippine agricultural industry, an essential part of the nation's economy (World Bank, 2020). The pandemic disrupted business operations and complicated adherence to Philippine/International Accounting Standards (PAS/IAS) 41, especially during periods of strict quarantine measures (Lim, 2020). Despite these setbacks, the Davao region remains optimistic about its recovery and growth, supported by the Davao Regional Development Plan (2017-2022), which aims to boost investment in infrastructure and provide easier credit facilities for farmers and fisherfolk (National Economic and Development Authority Regional Office XI, 2017).

Historically, the agricultural sector has received significant governmental support, with projected budget allocations increasing substantially over the years (Department of Agriculture, 2016). However, challenges persist, notably in market access and credit availability, hindering the sector's contribution to regional economic output (DA Communications Group, 2022). These challenges underscore the critical need for reliable financial reporting and valuation of biological assets,

pivotal for securing fair market prices and investor confidence, as mandated by PAS 41 (Clavano, 2014; Elad & Herbohn, 2011).

PAS 41, which aligns with international standards (IAS Plus, 2012), ensures that agricultural operations' financial activities are transparently reported, enhancing stakeholders' decision-making processes. Despite its significance, disparities in compliance and disclosure practices highlight a gap in adherence, particularly in less developed economies (Chavez, Mendoza & Piguing, 2011; Clavano, 2014). These issues not only affect financial transparency but also influence the agricultural entities' ability to attract investment and maintain financial stability (Amul et al., 2022; Miranda-Quibot et al., 2017).

The complexities of complying with PAS 41 are compounded by sociopolitical and cultural factors that vary significantly across regions, affecting the standard's implementation (Christenson, 1983; Patty & Lamawitak, 2021). Addressing these gaps aligns with the Sustainable Development Goals, particularly those related to Industry, Innovation, and Infrastructure, emphasizing the importance of research and knowledge dissemination in enhancing local agricultural practices and compliance (About the FSRSC, 2023).

This study aims to set the stage for a comprehensive examination of the challenges and implications of PAS 41 compliance within Davao City's agricultural sector, aiming to bridge the theoretical and practical aspects of accounting standards application in a socio-economically diverse environment.

METHOD

Research Design. This study employed a causal-descriptive approach to ascertain the significant impact of factors on compliance in PAS 41 of agricultural sectors in Davao City. Causal research designs are utilized to discover proof of a cause-and-effect connection between two or more variables (Huntington-Klein, 2021). The dependent variable is one or more variables, while the independent variables are the others. In this type of study, the researcher deliberately alters the independent variable's kind or level to observe its impact on the dependent variable. The cause-and-effect relationship can be precisely pinpointed by confirming that neither variable is affected by a factor other than the other. To maintain accuracy, the variables are assumed to remain constant. It can help determine the precise relationship between one variable and another. This study examines the connections between the two and demonstrates a cause-and-effect link.

In a study known as a casual design, the relationship between independent and dependent variables is examined after a specific action or event has occurred. As a result, it focuses on evaluating such a situation or particular issue to identify the connection among its constituent parts. Mainly when the casual chains relating to "intervention" and "impact" are lengthy and maybe non-linear (Grant & Hood, 2017). Using this technique, researchers can examine the effects of variables on the compliance of Philippine accounting standards of agricultural industries in Davao City. Researchers ascertained whether or not these variables boost the keeping of agrarian enterprises to the Philippine Accounting Standard (PAS 41).

Respondents. The study primarily targets the comptroller or individuals whose primary function in the organization is to be the accounting head of Davao City

agricultural companies who observe the PFRS in drafting and publishing their financial statements. Using the Raosoft, Inc. sample size calculator, 84 is the suggested sample size with a 95% confidence level and a 5% margin of error based on a population of 106 agricultural companies that are particularly keen on complying with the PFRS in Davao del Sur listed in the Dun & Bradstreet website and was compared with the supporting data from Business Bureau. Random sampling was utilized amongst the 106 until the desired sample size was obtained.

Research Instruments. To obtain relevant data in this research, researchers used a survey questionnaire; the questionnaire is composed of three parts. The first part comprises the respondents' general information, such as the business's name, entity category, kinds of agricultural products produced, and method of determining the fair market value.

The second part of the questionnaire is designed for the factors that affect the entities' compliance. Due to the lack of past research on this topic and the need for disclosures of survey questionnaires of the few published studies about PAS 41 submission, the researchers have opted to design statements on each factor related to the current issues in each aspect. A survey questionnaire by Kliebenstein et al. (1980), which addressed perceptions of agricultural entities on climate change, was re-appropriated and modified for the study. A questionnaire that asked for the perception of farming commodities was in line with the objective of the second part of the questionnaire, which was to gather the perception of agricultural entities on the five factors hypothesized. Each factor is composed of five statements. The respondents were instructed to choose their answers from the five (5) options which correspond: (5) Strongly Agree, (4) Partially Agree, (3)

Neither Agree nor Disagree, (2) partially Disagree, and (1) Strongly Disagree.

The third part of the questionnaire is adapted from the IAS Plus compliance checklist containing items concerning the compliance level with PAS 41. The list is re-appropriated into a 5-point Likert scale intending to ask respondents how they perceive the relevance of the provisions of the standards in the recognition and measurement provisions and the disclosure and presentation provisions.

The factors of compliance utilized a 5-point Likert scale from which an average mean score was derived. The interpretation arising from such a score is then categorized into intervals, which are then used to indicate what the mean score corresponds to in terms of the respondent's sentiment towards a particular factor. The interval and its corresponding interpretation are noted in the scale below:

Interval	Indication	Interpretation
4.20 – 5.00	very high	Agricultural entities in Davao City always consider the factors in their perception of PAS 41 provisions.
3.40 – 4.19	high	Agricultural entities in Davao City often consider the factors in their perception of PAS 41 provisions.
2.60 – 3.39	moderate	Agricultural entities in Davao City sometimes consider the factors in their perception of PAS 41 provisions.
1.80 – 2.59	low	Agricultural entities in Davao City seldom consider the factors in their perception of PAS 41 provisions.
1.00 – 1.79	very low	Agricultural entities in Davao City rarely consider the factors in their perception of PAS 41 provisions.

The dependent variable (level of compliance), on the other hand, constitutes a 5-point Likert scale from the IFRS checklist. Similar to the factors of compliance, an average mean score was also derived from the recognition and measurement portion and the presentation and disclosure portion. The scores from the results were categorized similarly and were used to indicate the respondents' sentiment regarding how relevant a provision of the IFRS checklist is. The interval and its corresponding interpretations are noted in the scale below:

Interval	Indication	Interpretation
4.20 – 5.00	very high	Agricultural entities in Davao City perceive this category's provision as highly relevant to their business operations.
3.40 – 4.19	high	Agricultural entities in Davao City perceive the provision under this category as highly relevant to their business operations.
2.60 – 3.39	moderate	Agricultural entities in Davao City perceive this category's provision as moderately relevant to their business operations.
1.80 – 2.59	low	Agricultural entities in Davao City perceive the provision under this category as slightly relevant to their business operations.
1.00 – 1.79	very low	Agricultural entities in Davao City perceive the provision under this category as irrelevant to their business operations.

Data Collection Procedures. To gather sound data, the researchers followed a specific and detailed procedure to collect data from large agricultural entities in Davao City. Data

gathering was conducted right after the Outline Paper had been defended and suggested revisions were made. The target date of data gathering was during the summer semester of the school year 2022-2023.

After the outline defense, the researchers secured an endorsement letter from the University of Mindanao, which the Dean authorized. In this phase, it would be assumed that the survey questionnaire has already been assessed and validated by both the research adviser and the research panel. The researchers then obtained a consent letter to proceed with the study by conducting data gathering.

Right after, the researchers obtained consent from entity owners to conduct research. Then, the researchers communicated with the respondents to get data. Respondents in this study are all accountants or the equivalent of large agricultural entities in Davao City. Hence, the researchers may have to visit some parts of the city where the entities are located or where the accountants or equivalent are available. The survey questionnaires were then handed to the respondents.

The last step is gathering back the questionnaires for further data analysis. Raw data were examined, analyzed, interpreted, and discussed. The study's findings were used to draw conclusions and recommendations concerning this paper.

Statistical Tools. Descriptive statistics was employed first in the treatment of data collected for the independent and dependent variables. Calculating the mean will measure each variable's central value, corresponding to the respondent's average sentiment.

The independent variable (factors of compliance) utilized the mean, which has corresponding intervals, each with its interpretation. The total score per independent variable is calculated and is then divided by the total number of items per

independent variable. This results in an average mean score ranging from 5 (strongly agree) to 1 (strongly disagree). The dependent variable (level of compliance) constituted a 5-point Likert scale and was treated similarly to the compliance factors. The total score is calculated, and an average mean score is derived from the data provided. This also resulted in an average mean score ranging from 5 (strongly agree) to 1 (strongly disagree).

After the descriptive statistics on both the independent and dependent variable, the resulting average mean scores of the factors of compliance and the level of perceived relevance were subjected to a multiple regression analysis statistical test to test for a correlational relationship between the five factors and the level of perceived relevance towards the PAS 41 standard and its given provisions.

RESULTS AND DISCUSSIONS

Data gathered amongst the eighty-six respondents included five questions regarding their available information: company size, market presence, products, distribution channels, and method of determining their FMV of Bio-assets. Company size consists mainly of entities with less than 99 workers, thus categorizing themselves as "small," making them the majority of the respondents. A few others classified themselves as medium and large entities with 100-499 employees and more than 500 employees, respectively.

The market presence of the respondents resulted in the majority being based here locally in Davao City at 91%. A few others were able to establish national and even international presence at 6% and 3%, respectively. Some respondents specified the global company as exporting to China, Japan, and

other Southeast Asian countries, with bananas as the main product of exportation. A survey of respondents about the type of agricultural products being mainly produced resulted in food crops being in the majority at 77%. Trailing behind them are agricultural entities raising livestock and poultry at 16%. A few respondents identified themselves as growing cash crops and aquaculture at 4% and 2%, respectively. A respondent identified themselves as raising biological assets other than the ones listed at about 1%. The distribution channel of respondents refers to the primary method of conducting business operations that produces sales. A compelling majority identifies having distribution channels in the localities here in Davao City at 94%. Others identified exports as their primary distribution channel at 5%, while the few remaining do direct sales at around 1%.

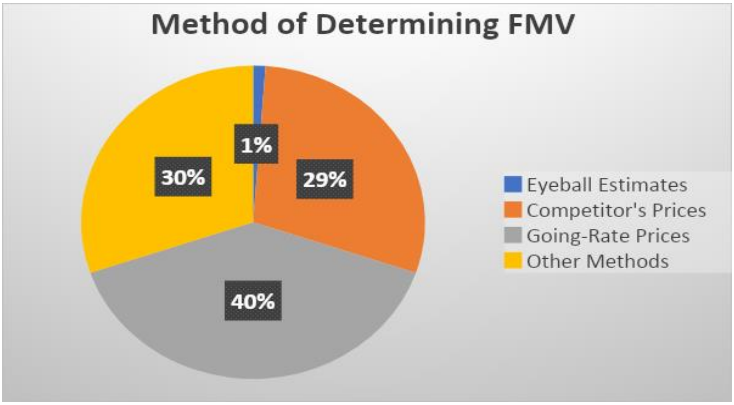

Figure 1. Method of Determining FMV Per Respondent

As seen in Figure 1, survey results on determining the fair market value of biological assets were split into three options. The following one, which is the eyeball estimation, only constitutes around 1% of the respondents. The majority of

respondents mentioned that they determine FMV at going-rate prices. Next trailing behind is the option on other methods at 30%. The last of the three is competitors' prices, which 29% of respondents say they use in determining the FMV. The other options, as specified by respondents, consist mainly of using the market price since they mentioned an active marketplace for their goods. As such, they only need to use the prices in the market to determine their product's FMV. Interestingly, one of the respondents specified that they use estimated selling price less cost to sell when determining the FMV of their biological assets.

With regards to the level of perception of factors of PAS 41, statistical results as seen in Table 1 yielded means within the range of 3.40 to 4.19 for the five factors and even the overall standard derived from the standards of the five factors. All of the average mean scores indicated a high level of perception, as described in our table in the methodology section. This means that agricultural enterprises often consider the identified factors influencing their perception of whether or not they think a particular provision from the PAS 41 is relevant to their business operation efforts.

Table 1. *Level of Perception to PAS 41*

Factor	Mean	Indication	Interpretation
legal systems	3.55	high	Agricultural entities in Davao City often consider the following factors in their perception of PAS 41 provisions.
providers of finance	3.58	high	
taxation	3.64	high	
national culture	3.86	high	
other influence	4.04	high	
Overall	3.73	high	

This survey result is well supported by Watts and Zimmerman's (1990) Positive Accounting Theory. The results affirm the theoretical underpinnings of PAT as they reinforce the idea that external factors can indeed affect the way accounting develops and is being practiced despite the existence of a prescribed standard as supported under Normative Accounting Theory.

In the legal systems factor, some respondents have specifically mentioned stringent sanitation protocols in adherence to government regulation - most notably RA No. 10611 or the Food Safety Act of 2013, in which entities have invested significant resources to comply with industry standards. This aligns with PAT, which posits that legal requirements and potential penalties drive compliance with accounting standards since agricultural businesses have their own opinion and practices when to consider items under compliance costs as capitalizable or outright expensed.

As for the providers of finance factor, some notable poultry and meat businesses are trying to reorganize their efforts to be compliant and transparent but are struggling due to news of occasional outbreaks affecting their biological assets, which are live animals like chickens and pigs. Respondents mentioned that aside from government aid through tax reliefs and exemptions - they were also keen on funding their expansion by acquiring loans through private financial institutions - which requires stringent requirements such as their financial statements to be compliant with accounting standards for transparency. As theorized by PAT, Financial institutions' requirements for funding influence adherence.

As to the taxation factor, agricultural businesses have numerous tax reliefs, incentives, and exemptions; the tax law has become more complicated than ever for the industry. A

respondent agricultural entity mentioned how their business encompassed a wide range of activity and that the struggle with compliance comes from the specific tax considerations per activity. Nuances such as knowing which agricultural products and inputs are exempted from VAT or qualify for zero-rated VAT were leading causes of errors or oversights in tax compliance. PAT explains that tax incentives or penalties related to compliance impact decision-making toward compliance with specific provisions in PAS 41.

In the national culture factor, one key concept keeps recurring amongst the agricultural entities: sustainability reporting. Public perception and expectations towards agricultural businesses have been shaped by the cultural demand to demonstrate commitment to sustainability practices. As such, sustainability reporting became a means to address social and community concerns by which agricultural entities incorporate social responsibility considerations into their reporting practices. As mentioned in PAT, societal values may lead to the voluntary adoption of transparency.

Lastly, as to the other factor of influence, many agricultural businesses strongly mentioned that the COVID-19 pandemic significantly influences their ability to comply with standards. Operational disruptions such as lockdowns, restrictions to movement, and financial strains made compliance much more difficult during the economic uncertainty. In line with PAT, businesses will adopt more practical accounting practices than normative accounting practices as they prioritize being more resilient and adaptable than compliant.

As to the level of perception to perceived relevance of PAS 41 provisions, Table 2 reports the results showing average mean scores indicating a very high perception of recognition and measurement and a high perception of presentation and

disclosure. The overall mean also yielded an average score indicating a high perception. This means that agricultural entities consider the provisions of PAS 41 highly relevant under recognition and measurement. Meanwhile, agribusiness only considers the presentation and disclosure highly relevant. Similarly, provisions of PAS 41, in general, are considered highly relevant by agricultural entities.

Table 2. Level of Perceived Relevance to Provisions of PAS 41

Factor	Mean	Indication	Interpretation
recognition and measurement	4.31	very high	Agricultural entities in Davao City perceive the provision under this category as highly relevant to their business operations.
presentation and disclosure	3.87	high	Agricultural entities in Davao City perceive this category's provision as highly relevant to their business operations.
Overall	4.09	high	

The results also coincide with the explanation of Watts and Zimmerman in their Positive Accounting Theory. Still, they are much more appropriately explained currently by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC). The standard-setting process guided by the FSRSC encourages participation from public stakeholders and objectively considers their views. Results also indicated in the recognition and measurement factor reflect the current accounting practices of agricultural enterprises. Agricultural entities mentioned different methods of ascertaining the FMV

of their biological assets and agricultural produce at harvest, such as eyeball estimates, going-rate prices, competitors' prices, and other methods. This aligns with positive accounting motivations such as meeting stakeholders' expectations, attracting finance, and ensuring compliance with regulatory standards. In this way, the recognition and measurement practices under PAS 41 can be viewed through the lens of PAT, where economic and political factors shape the accounting choices made by agricultural entities.

As to presentation and disclosure factors, financial statements of agricultural entities reflect the entity's motivation to communicate relevant information to stakeholders, meet the expectations of finance providers, and align with global accounting standards. A specific respondent mentioned their peculiar practice in presentation and disclosure by distinguishing between mature and immature banana trees and presenting them in separate categories. They said that the method of determining classifications aids internal users in understanding the composition of biological assets and the potential future yield. This is followed by a disclosure of their harvesting policies related to the timing and method of harvesting the bananas, which influences the timing of the agricultural produce account recognition. By doing so, the agricultural entity aims to enhance its credibility, attract investment, and maintain transparency, all consistent with positive accounting motivations.

Table 3 presents the statistical relationship between the perception level of PAS 41 factors and the perceived relevance of PAS 41 provisions among agricultural entities in Davao City. The table details the Pearson correlation coefficients, significance values, and decision outcomes for each of the factors in relation to recognition and measurement, presentation and disclosure, and overall relevance. The Pearson

correlation for the combined factors is -.063 for recognition and measurement, -.103 for presentation and disclosure, and -.104 overall, with p-values of .565, .344, and .339 respectively.

Table 3. Statistical Relationship Between Perception and Relevance

		Recognition & Measurement Provision	Presentation & Disclosure Provision	Overall
legal systems factor	Pearson Correlation	.076	-.011	.031
	Sig. (2-tailed)	.487	.919	.776
	Decision	Accept Null	Accept Null	Accept Null
providers of finance factor	Pearson Correlation	.014	-.085	-.053
	Sig. (2-tailed)	.895	.439	.629
	Decision	Accept Null	Accept Null	Accept Null
taxation factor	Pearson Correlation	-.101	-.002	-.051
	Sig. (2-tailed)	.355	.986	.644
	Decision	Accept Null	Accept Null	Accept Null
national culture factor	Pearson Correlation	-.148	-.202	-.218*
	Sig. (2-tailed)	.173	.062	.044
	Decision	Accept Null	Accept Null	Accept Null
other factor	Pearson Correlation	-.076	-.095	-.107
	Sig. (2-tailed)	.485	.383	.325
	Decision	Accept Null	Accept Null	Accept Null
Overall	Pearson Correlation	-.063	-.103	-.104
	Sig. (2-tailed)	.565	.344	.339
	Decision	Accept Null	Accept Null	Accept Null

Therefore, the null hypothesis is accepted for all these measures, indicating no significant relationships. The results also indicate that there is no significant correlation between the perception of legal systems and the perceived relevance of PAS 41 provisions. The Pearson correlation values are .076 for recognition and measurement, -.011 for presentation and disclosure, and .031 overall, with all corresponding p-values greater than .05 (p = .487, .919, and .776 respectively). Consequently, the null hypothesis is accepted for these variables, indicating no significant relationship.

Similarly, for the providers of finance factor, the correlation values are .014 for recognition and measurement, -.085 for presentation and disclosure, and -.053 overall, with all p-values also exceeding .05 (p = .895, .439, and .629 respectively). Thus, the null hypothesis is again accepted, showing no significant relationship.

Regarding the taxation factor, the correlation coefficients are -.101 for recognition and measurement, -.002 for presentation and disclosure, and -.051 overall, with p-values of .355, .986, and .644 respectively. These results lead to the acceptance of the null hypothesis, indicating no significant relationship between the perception of taxation factors and the perceived relevance of PAS 41 provisions.

For the national culture factor, the correlations are -.148 for recognition and measurement, -.202 for presentation and disclosure, and -.218 overall. While the first two correlations are not significant (p = .173 and .062), the overall correlation shows a significant negative relationship (p = .044). This suggests that higher perception of national culture influences negatively correlates with the perceived relevance of PAS 41 provisions.

Lastly, for the other influences factor, the correlation coefficients are -.076 for recognition and measurement, -.095

for presentation and disclosure, and -.107 overall, with p-values of .485, .383, and .325 respectively. These results lead to the acceptance of the null hypothesis, indicating no significant relationship between the perception of other influences and the perceived relevance of PAS 41 provisions.

The results of this study highlight the varied methodologies employed by agricultural enterprises in Davao City for determining the fair market value (FMV) of biological assets. Methods such as eyeball estimates, competitor prices, and going-rate prices are commonly utilized, with one respondent notably using an estimated selling price less the cost to sell. This variety in valuation methods, despite the guidelines set forth in PAS 41, underscores a significant reliance on multiple, often non-standardized methods for the initial and subsequent measurement of biological assets among agricultural entities. Although the research indicates a strong perception and perceived relevance of certain aspects of PAS 41, it simultaneously reveals a complex and nuanced relationship between the perception of accounting standards and their practical relevance. This complexity suggests that while agricultural entities recognize the importance of these standards, the actual application and compliance may vary considerably due to practical challenges and the diversity of valuation methods employed in the field.

CONCLUSION AND RECOMMENDATIONS

Conclusion

In conclusion, the study reveals that awareness and compliance with the PAS 41 standard in the agricultural industries of Davao City still need improvement. The complexity of operations and transactions inherent to agricultural entities

contributes to this struggle. The identified factors influencing compliance with PAS 41, including legal systems, finance providers, taxation, national culture, and other influences, were perceived at a high level by agricultural entities.

The analysis of the perceived relevance of provisions in PAS 41 indicates that recognition and measurement provisions are highly relevant, while presentation and disclosure provisions are considered relevant. This sheds light on the challenges faced by agricultural businesses in navigating accounting standards, especially in areas where they perceive a need for more relevance. Notably, findings suggest that agricultural enterprises in Davao City utilize multiple diverse methods to determine the fair market value of biological assets and agricultural produce contrary to the method prescribed by the PAS 41. The findings in the paper prove to be an invaluable addition to the issues mentioned in a paper by Clavano (2014), where it was stated that the issuance of the PAS 41 standards constituted a controversial paradigm shift of moving away from the traditional historical cost to fair value less price to sell, providing another perspective and insight to the valuation methods of biological assets being used by agricultural companies. The paper also provides crucial information and data addressing the difficulties of the agricultural industry in securing investments and support, as stated by the Davao Regional Development Plan (DRDP) 2017-2022. Compliance and non-compliance towards PAS 41 have a tremendous effect on the overall usefulness of the financial information, which is an essential factor. As investors and lenders make economic decisions based on accurate, timely, and relevant financial information, the findings in the paper can help guide agricultural entities in preparing financial statements that meet the needs and demands of their intended users.

Findings in the paper have also created new insights into the perception and relevance of PAS 41 among agricultural entities. It explores the depth and understanding of how agricultural entities interpret and apply accounting standards in the context of their day-to-day operation as an agricultural business. The understanding gained from shedding light on the variations of perceived relevance towards PAS 41 provisions already provides significant knowledge that can help contribute to the development of nuanced strategies by agricultural entities growing diverse types of biological assets that will address specific needs and challenges that they face in the endeavors of financial reporting.

Lastly, research findings exhibit a notable agreement towards the theoretical framework. It posits that accounting standards are developed on a "per-need" basis based on identified factors and that financial reporting is developed to suit the needs of the complex nature of the agricultural industry. Our findings reveal nuances in its practical application within the agricultural sector. In contrast with the theoretical framework, the provisions in PAS 41 aim to provide a standardized framework for financial reporting. Research findings vis-à-vis the Positive Accounting Theory illuminate aspects where the practical application of accounting standards within the agricultural context may deviate from the uniformity envisioned by the theoretical framework. The variation in perceived relevance among different provisions of PAS 41 suggests that agricultural entities may prioritize specific segments of the standard over others. This observed variation may result from the unique nature of agricultural business operations, where factors such as biological assets, seasonality, and market volatility introduce specific challenges and complexities not fully addressed by generic accounting standards. In conclusion, there is a need for a balanced

approach that respects the commitment of the Philippine Accounting Standards to uniformity while recognizing that practical adaptability is essential, particularly within industries with unique operational characteristics.

Recommendations

In line with the analysis of the findings in this paper, several recommendations emerge to address the key issues and challenges identified within the scope of this study:

Agricultural entities in Davao City should invest in awareness programs and training sessions for their accounting and finance teams. This will help improve understanding and compliance with the PAS 41 standard. They may also conduct regular internal audits to ensure ongoing compliance with PAS 41. This will identify areas for improvement, foster a culture of continuous improvement within the organization, and investigate and adopt technology solutions that can streamline accounting processes and facilitate compliance with PAS 41. Automated systems can assist in accurately measuring, recording, and reporting biological assets.

External auditors should actively engage with agricultural entities to provide guidance on compliance with PAS 41. This includes offering clarification on complex accounting principles, addressing queries from management, and ensuring that audit expectations are clearly communicated. They will also encourage agricultural entities to prioritize transparency in financial reporting. External auditors can play a role in emphasizing the importance of accurate disclosure, especially in areas such as fair value measurement, presentation, and disclosure of biological assets. Aside from that, they must stay abreast of updates and changes in accounting standards, especially those related to the agricultural sector. Continuous professional development will

enable auditors to provide relevant insights and ensure that audit practices align with the latest regulatory requirements. If compliance gaps are identified, work collaboratively with agricultural entities to develop remediation plans. Provide constructive feedback and support in implementing corrective measures to enhance compliance and strengthen internal controls.

Future researchers should comprehensively explore additional sociocultural, economic, and political factors that potentially impact compliance with accounting standards within the agricultural sector. This in-depth analysis will contribute to a nuanced understanding of the intricate complexities involved in ensuring adherence to accounting regulations. Furthermore, researchers should contemplate broadening the geographical scope of their investigations, potentially encompassing multiple regions or adopting a national perspective. A comparative analysis of compliance practices and perceptions across diverse geographical areas can yield valuable insights, shedding light on both variations and shared challenges faced by agricultural entities. Additionally, conducting longitudinal studies becomes imperative to monitor changes in awareness, perception, and compliance over time, providing a dynamic perspective on the factors influencing the application of accounting standards in the agricultural industry.

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