



IMPROVING THE ACCOUNTING OF GOODS AND MATERIAL RESOURCES BASED ON INTERNATIONAL STANDARDS

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ABSTRACT

This article describes the improvement of inventory accounting based on international standards. As a result of the conducted research, proposals for improving inventory accounting based on the requirements of international standards are presented.

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It is known from world experience that the development of any country directly depends on the degree of its integration into the international market. In recent years, important steps have been taken in our country to integrate into the world market. In this regard, regulatory legal documents are being improved. Broad freedoms were given to foreign trade entities and currency liberalization was implemented.

It is important to establish a favorable investment environment in our country, to widely introduce international standards of financial reporting in the development of foreign economic relations of economic entities. Although the ground was prepared for the transition to international standards of financial reporting in Uzbekistan in 2010, wide attention was paid to this area only by 2020. In particular, with the adoption of the decision №-4611 of the President of the Republic of Uzbekistan dated February

24, 2020 "On additional measures for the transition to international standards of financial reporting", the reforms in this regard accelerated. According to this Resolution, "joint-stock companies, commercial banks, insurance organizations, and large taxpayers will organize accounting on the basis of (IFRS) starting from January 1, 2021, and prepare financial statements on the basis of (IFRS) starting from the end of 2021."

Determining these tasks has opened the door to a wide range of investment opportunities for the above-mentioned business entities. In addition, the state share of many joint-stock companies is currently being sold to foreign investors. Large consulting companies of the world take part in these processes and participate in the processes of determining the business value of joint-stock companies and compiling financial reports based on international standards.

All over the world, large-scale work is being carried out on the transition to international standards of financial reporting. The advantages of transition to international financial reporting standards are reflected in:

- Access to the listing of the world's largest stock exchanges will be opened;
- creates wide opportunities for foreign investors;
- serves to eliminate obstacles in foreign economic activity;
- the information supply of accounting will be improved;
- leads to increased transparency of financial reporting information;
- leads to the formation of the fair value of assets and liabilities;
- serves to make important and effective economic decisions.

Therefore, due to the above advantages, accounting and preparation of financial statements based on international standards of financial reporting in our country is relevant.

The joint-stock companies in the system of the "O'zdonmahsulot" joint-stock company, which is considered the object of the research, are now publishing their reports based on the international standards of financial reporting. Currently, there are 44 joint-stock companies in this joint-stock company system, and it is planned to sell the state share of 25 of them by July 1, 2022. In order to sell the state share to foreign investors, these joint stock companies are required to prepare their financial reports based on international standards.

Today, most of the joint-stock companies in the "O'zdonmahsulot" joint-stock company have a low level of profitability and lag behind private mills in terms of energy efficiency and product quality. Attracting foreign investors by publishing their financial statements based on international standards in these joint-stock companies leads to the introduction of modern technologies to the enterprises of the network and the increase in the quality of the products produced in them.

If we study in depth the requirements of international standards of financial reporting, one of the main requirements in it is the superiority of content over form. That is, the international standards of financial reporting do not recommend a strict form of financial reporting. The financial report can be prepared in an optional form, but it specifies the information that should be disclosed.

Inventories are called reserves in international standards, and information about them is disclosed in the statement of financial position. The previous chapters clarified the information that should be disclosed in the report on reserves. However, when we studied the requirements of national accounting standards and international financial reporting standards, certain differences were revealed.

In international practice, there are national accounting standards No. 40 "Agriculture", and this standard is designed to account for biological assets. This standard specifies rules for accounting for animals and plants. However, there is no analogue of this standard in the practice of our country. During the research, the requirements of National Accounting Standards No. 2 "Reserves" and National Accounting Standards No. 41 "Agriculture" were thoroughly studied. When the requirements of these

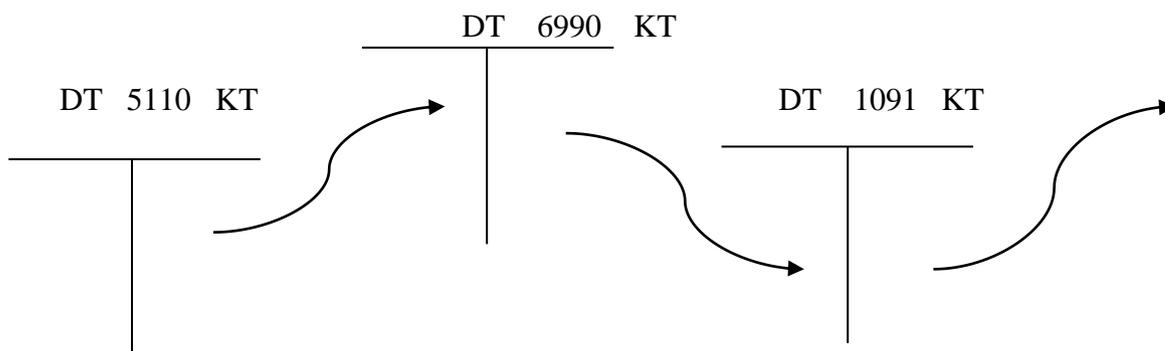
standards were studied with the requirements of the national accounting standards No. 4 entitled "Inventories", some differences were revealed. In particular, while perennial plants are reflected in fixed assets, our national standards do not specify the procedure for reflecting annual plants in accounting. It is worth noting that many economic entities purchase annual plants and take care of them, but it is not defined in what order to reflect it in accounting. Therefore, as a result of research, it was concluded that it is necessary to open working account 1091-"Annual plants" (Table 3.1).

Table 3.1

Proposal for the use of working account 1091-"Plants" in the composition of goods and material resources¹

№	Editing in action	Suggested edit	Basis
1.	Not available	1091-"Plants"	Clause 4 of National Accounting Standards No. 41 "Agriculture" lists the category of plants. Also, according to this standard, annual plants should be included in the reserves. The national accounting standards No. 2 entitled "Reserves" stipulate that annual plants should be reflected in the composition of reserves.

The correspondence of accounts on this working account is presented in figure 3.1 below correspondence².



¹When paid for annual plants

²When annual plants are purchased

³When the value of one year is debited

Figure 3.1. 1091 - "annual plants" working accounts

This working account serves not only to reflect the cost accounting of one-year plants, but also to

¹ Author development

² Compiled by the author

bring accounting closer to the requirements of international standards.

Finished products and goods also have an important weight in the inventory. In some cases, customers return finished products and goods for various reasons. The scheme of schemes contains schemes for reducing the receipt of returned finished products and goods. However, accounting does not contain accounts that reflect finished products and goods returned from customers. Therefore, it was proposed to include working accounts 2840-"Finished products returned from customers" and 2991-"Goods returned from customers" into the accounting policy (Table 3.2).

Table 3.2

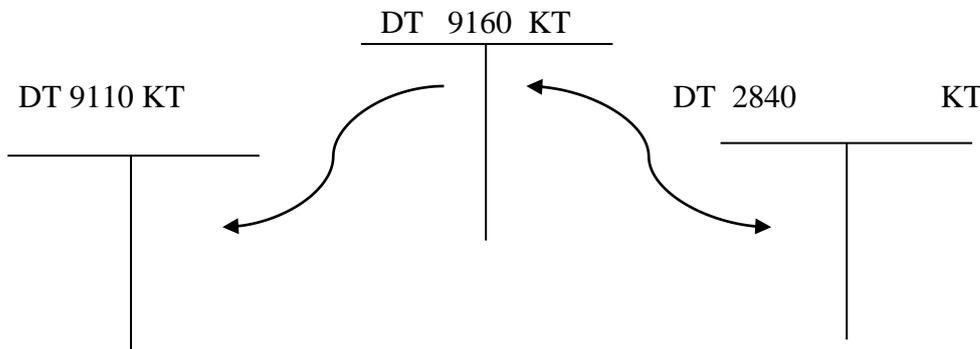
Proposal to use working accounts 2840-"Finished goods returned from customers" 2991-"Goods returned from customers", 9160-"Cost of finished goods returned from customers", 9170-"Cost of goods returned from customers" in the inventory³

№	Current revision	Proposed edit	Basis
1.	Not available	2840-»Finished products returned from customers» 9160-"Cost of finished goods returned from the customer"	No. 21 in the national accounting standards account 9040-"Return of sold goods" was opened. This account reduces income and receivables in correspondence with 4010-"Accounts received from customers and customers". However, there is no invoice for receiving the finished product returned from the customer to the warehouse. In the chart of accounts, it is necessary to open a working account named 2840-"Finished products returned from customers" and specify that this account should be in correspondence with account 9160-"Cost of finished products returned from customers". In addition, account name 9040-"Return of sold goods" should be considered. Because there is a difference between goods and finished products.
2.	Not available	2991-"Goods returned from customers" 9170-"Cost of goods returned from the buyer"	No. 21 in the national accounting standards account 9040-"Return of sold goods" was opened. This account reduces income and receivables in correspondence with 4010-"Accounts received from customers and customers". However, there is no invoice for receiving the finished product returned from the customer to the warehouse. In the plan of working accounts, it is necessary to open working account 2991-

³ Compiled by the author

			"Goods returned from customers" and establish that this account is in correspondence with account 9170-"Cost of goods returned from customers".
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Figure 3.2 shows the correspondence of working account 2840-"Finished products returned from customers" with other accounts.

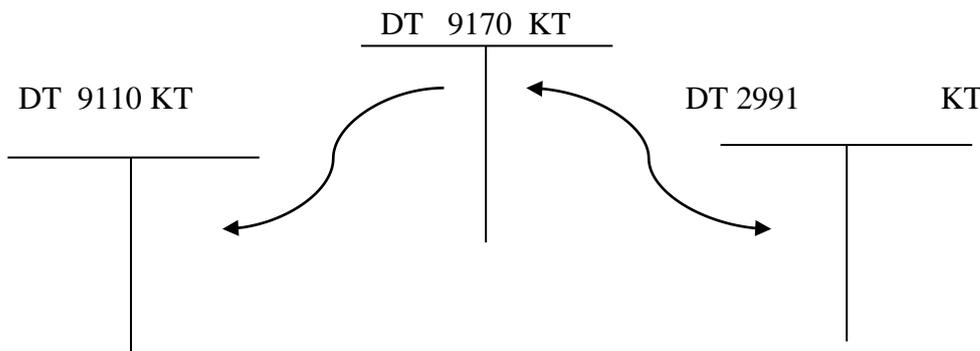


¹Closing of account 9160 at the end of the reporting period

²Return of finished products sold

Figure 3.2. Correspondence of accounts on working account 2840-"Finished products returned from customers" ⁴.

Figure 3.3 shows the correspondence of working account 2991-"Goods returned from customers" with other accounts.



¹Closing of account 9170 at the end of the reporting period

²Return of finished products sold

Figure 3.3. Correspondence of accounts on working account 2840-"Finished products returned from customers" ⁵.

⁴ Author development

⁵ Author development

These proposals serve to improve the analytical accounting of finished products and goods returned from customers.

A perfect inventory audit plan and program has not been developed. Current plans and programs are general and are not fully covered by types of commodity material reserves;

the level of evaluation of the internal control system in the inventory audit does not meet the requirements of international standards;

There are no universally agreed views on the specific sequence of conducting inventory audits;

the procedure for conducting a selective inspection in the inventory audit is not sufficiently disclosed;

insufficient attention was paid to determining materiality and risk levels in audits;

little attention is paid to the issue of checking the cost of inventory in the warehouse, production and sales processes;

the issue of sufficient supply of material reserves from the point of view of continuity of activity was not clarified in the audits.

Before focusing on the issue of inventory audit plan and program, we believe that it is necessary to clarify the stages of inventory audit. Much of the economic literature deals with the stages of auditing. As a result of the conducted research, it was recommended that the main stages of inventory audit should be as follows.

In the process of planning an inventory audit, special attention should be paid to the level of importance and the audit risk. These two indicators are the most important indicators of the audit and they are inversely proportional to each other.

The level of materiality is the margin of error that can be allowed in audits. This indicator can be shown as a fixed amount or as a percentage. In the inventory audit, special attention is paid to the level of materiality. Because inventory is one of the most fraud-prone assets. The lower the significance level, the more audit procedures we need to perform, the scope of audit selection, and the number of audit evidence we need to use. If the level of importance is set high, the inspection can be performed more superficially.

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