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ISSUES OF VALUATION OF INVENTORIES IN ACCOUNTING

Khayitboyev Myxammadi Israpilovich

Ph.D, Tashkent Institute of Finance., Uzbekistan

A B S T R A C T

This article describes the nature of inventories, their evaluation according to international standards and the procedure for disclosing them in financial statements.

A R T I C L E I N F O

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INTRODUCTION

In the conditions of modernization of the economy, the product cost indicator occupies the main place in the general system of indicators that reflect the efficiency of the production activities of economic entities. Because reducing the cost of the product leads to an increase in the profit of the economic entity, creating additional opportunities for expanding the activity. In fact, in order to increase the competitiveness of our economy in the world market, providing the population with quality and cheap products, the main focus is on the rational use of raw materials and resources, saving unproductive costs and reducing the cost of products. In the conditions of modernization of the economy, it will be necessary for any business entity to properly organize the accounting and audit of its inventory and increase the efficiency of their use.

LITERATURE REVIEW

Many economists have dealt with the issues of inventory accounting, their recognition and evaluation. For example, O. Bobojonov and K. Jumaniyozov explained the methods of determining the cost of inventory [4, 206-263]. And G. Jambakieva paid close attention to the accounting issues of inventory in the warehouse and accounting [5, 138-162]. I. Ochilov and J. Qurbanboev focused on the issues of classification and evaluation of inventories, control of their use [6, 155-189]. D. Norbekov, A. Makhmudov and D. Mukhammedova have paid close attention to the issues of inventories assessment

E-mail address: info@researchparks.org
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and inventory, inventories calculation [7, 65-86].

However, in the works of the above-mentioned scientists, the methods of reserve estimation adopted in foreign practice and the disclosure of information on inventories in financial statements according to the international standard have not been paid much attention.

ANALYSIS AND RESULTS

Inventories are material assets that are held in the course of normal activity for the purpose of later sale and are available in the production process, as well as used in the process of producing products, performing work or providing services, or for the implementation of administrative and socio-cultural tasks [2].

If attention is paid to the nature of the economic operation carried out with the help of inventories, then it is intended to reflect in the accounting of purchase, use and write-off. It is necessary to pay attention to the methods of arrival in the account of arrival and departure of inventories.

It is necessary to make sure that the indicators, expressions and numerical values in all the checked documents valid in economic activity are interrelated. It is necessary to check and analyze the documents not only in terms of form, but also in terms of content, as well as control the correctness of the arithmetical calculations reflected in the primary accounting documents.

Let's consider the second aspect that affects the valuation of inventories - the type of inventories and the value applied to it according to the accounting policy. In accordance with Article 17 of the Law of the Republic of Uzbekistan "On Accounting", inventory valuation is based on the lowest of the following two values - the actual cost (purchase price or production cost) as of the balance sheet date or the market price (net realizable value). is carried out according to [1].

According to I.K. Ochilov and J.E. Qurbanboyev, the net sales value is the difference between the costs of preparation of goods before sale and the cost of selling them from the estimated cost of goods sale [6, 159].

According to NSA No. 4 "Inventories", the net realizable value may be reassessed in each subsequent period. Due to a change in the economic situation, the amount of the write-down is restored by increasing the net realizable value of the previously written-off inventory in the organization's property (recovery is limited to the original write-down amounts), where the new book value is the lower of these two values - cost or revaluation brought up to the net value of the realized realization [2].

IAS No. 2 "Inventories" describes costing methods, according to which it is generally possible to use methods of estimating the cost of inventories, such as standard cost method or retail price calculation, for convenience.

IAS No. 2 "Inventories " allows the use of various methods of determining the cost of reserves if the results of the use of reserves represent an approximate cost value. To determine the cost of reserves, the following are used: 1) the specific identification method of specific costs; 2) FIFO method (initial income - initial cost); 3) according to the weighted average value (AVECO) method.

According to O.Bobojonov and K.Jumaniyazov, a detailed account of each inventory is not maintained when using the periodic accounting system. The availability of inventory is determined based on the results of the inventory of available stocks. When using inventories continuous accounting system, inventories balance sheets reflect in detail the arrival and departure of inventory [4, 216-217].

The next direction of the characteristics of the inventory object involves the consideration of the characteristics of these assets in national accounting standards and international standards. Obtaining information about inventories helps to identify events, transactions and other characteristics that have a material impact on the financial statements related to these assets, and analytical information can be provided in the disclosed information.

At the end of the reporting year, inventories are reflected in the balance sheet and explanatory note at the value determined based on the use of inventory valuation methods. In accordance with International Accounting Standard No. 2 "Inventories", financial statements must disclose the following:

the accounting policy used to estimate reserves, including the costing method used;

the total balance value of reserves and the value of reserves by types used by this enterprise;

book value calculated at current value, excluding costs of sale of reserves;

the amount of reserves recognized as expenses during the reporting period;

the amount of any depreciation of reserves recognized as expenses during the reporting period;

the amount of recording in relation to depreciation recognized as a reduction in the value of reserves reflected in the expenses in the reporting period;

conditions or events that led to the depreciation of reserves;

the value of reserves pledged as security for the fulfillment of liabilities [3].

Full disclosure of information on reserves in financial statements ensures accuracy and transparency of accounting information.

CONCLUSION

1. Different methods can be used to estimate the write-off for groups of inventories in the process of forming an accounting policy in accounting. Additional costs are incurred in this process, including resettlement, inventory removal, and environmental remediation assessment obligations incurred when purchasing inventory in the area in which it is located.

2. In the international standards of financial reporting, the timing of recognition of reserves is based on the general understanding of the asset as a resource controlled by the organization as a result of past events, and in connection with obtaining economic benefits from it, reserves should be recognized in the account according to the possibility of establishing control over them and obtaining economic benefits.

3. The nature and content of the characteristics of operations on inventory helps to classify, evaluate and reveal information about them according to various signs.

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