EXCELLENCIA
INTERNATIONAL MULTI-DISCIPLINARY JOURNAL OF EDUCATION
Volume 02, Issue 01, 2024 ISSN (E): 2994-9521

INVENTORY CLASSIFICATION AND ACCOUNTING PROCEDURE

Kazakov Firdavs Farxod ugli
2nd Year student of group BR-61, Faculty of finance and accounting, Tashkent State University of Economics., Uzbekistan

E-mail: kazakovfirdavs007@gmail.com

Abstract:

Economic entities use various material assets in the process of production activities. Commodity reserves are used in enterprises in different ways, some of them are completely consumed in the production process, others only change their form, and others enter the products without any external changes.

Keyword: low-cost perishable items, auxiliary materials, audit firms.

Commodity - material resources have been given different definitions by scientists. For example, I.A. Zavalishina gave the following definition of goods - tangible reserves: "Reserves include assets intended for use in the production process, for use in the production of goods and services, and for sale."[1]

O. Bobojonov and K. Jumaniozov defined inventory as follows: "Inventory consists mainly of goods obtained and produced for sale, as well as assets necessary for production, and they occupy one of the main places in the activity of the entity."[2]

Based on the literature published in by B. Needles, H. Anderson and D. Caldwell "Principy bukhgalterskogo ucheta" Moscow "Financial analysis" inventory is defined as follows: "Inventory includes all goods available in the company, including intended and sent are included. They appear in the composition of current funds, that is, in the form of money circulating for one year.[3]

[1] I.A. Zavalishina Library of Taxes and Customs News. New accounting.

[2] O. Bobojonov, K Jumaniezov "Financial account"

[3] Needles B. Anderson H. Caldwell D. Principles of accounting.

So, in the broadest sense of the word, goods are goods purchased and stored for resale.

According to National accounting reporting standards of the Republic of Uzbekistan No. 4 "Inventories of goods and materials", goods and materials reserves are the assets of economic entities, and the following can be included in them:

1. Raw materials, materials, purchased semi-finished products and components, fuel, spare parts, material and low-cost perishable items, other materials intended for use in the production and service process are included.

2. Unfinished production.

3. Finished products and goods intended for sale in the course of the usual activities of the economic entity are entered.

Enterprises may also have goods that are not used as part of goods - material reserves, including:

- goods prepared based on the customer's order (a new sales contract has been completed), belonging to him and waiting for his shipment;
- goods on consignment. Consignment is the placement of the goods of the owner, who is called the customer or consignor, in the warehouses of another enterprise. The consignor should not include such goods in his material reserves, because until the period of realization, these goods are the property of the consignor.

One of the main tasks of the accounting service of every enterprise is to ensure their correct accounting. For the implementation of this task, it is necessary to correctly categorize goods and material reserves. Proper categorization of inventory is of great importance for the implementation of this task.

Inventories are classified as follows depending on their role in production:

- raw materials and materials;
- auxiliary materials.

Raw materials and semi-finished products form the basis of production, like basic materials, for example, cotton fiber in cotton gins, seed in oil plants, iron ore in metallurgical plants. Various details of machines and aggregates obtained from other enterprises are called semi-finished products.

The main materials are labor items that are part of the manufactured product and are the basis of this product. Basic materials include labor items that have been processed at least once in the production process.

Auxiliary materials enter the composition of the produced product and cause quality changes in them, that is, the product includes various materials used for the purpose of improving the working conditions of the employees of the enterprise. Auxiliary materials add beauty to the product, change its taste, and are used to repair and adjust work equipment.

Semi-finished products are work items that are completed in one workshop and continued in other workshops. Semi-finished products can be purchased or produced at the enterprise itself. Therefore, purchased semi-finished products are considered separately from semi-finished products produced in the same enterprise.

Fuels are similar to materials in terms of their role in production. Fuels are used in enterprises for technological purposes, as fuel and as heating fuel. But the importance of fuel in the national economy requires their separation from auxiliary materials into separate groups.

Spare parts are used for the purpose of repairing machines, equipment and other labor tools.

Containers and container materials are sold together with the product, serving to package, wrap, and place the sold products.

Waste can be used as main or auxiliary materials in the enterprise itself, and sometimes it is sold to other enterprises. Waste is mainly generated as a result of processing of raw materials and materials, production of products. It is necessary to consider waste and focus on its intended use.

Inexpensive and perishable items are also considered working capital.

It should be mentioned that when classifying materials, it is necessary to take into account the characteristics and conditions of each enterprise, because if one type of material is considered the main material in one enterprise depending on its role in creating the product; and in another enterprise it can be considered as auxiliary material.

Inventories also include work-in-progress, finished products and goods for sale in enterprise warehouses.

A finished product is a product that has undergone all processing operations and has been brought to a ready state and accepted by the personnel of the specified state standard or technical control.

The following conclusions were reached during the completion of the graduation qualification work on the topic "Accounting and auditing of goods and material reserves in enterprises":

In accordance with National accounting reporting standards of the Republic of Uzbekistan No. 4 called "Inventories", inventories are the assets of economic entities, and the following can be included in them:

1. Raw materials and materials intended for use in production and service, purchased semi-finished products and components, equipment, spare parts;

2. Unfinished production;

3. Finished products and goods intended for sale in the ordinary course of business.

Material production costs are accepted in accounting at their actual cost.

The cost of inventory includes all costs associated with the purchase and delivery of inventory to their storage location, as well as transportation and preparation costs.

During the transfer of inventories to production (during the sale of goods), their evaluation is carried out according to one of the methods of inventory evaluation:

according to the average cost (AVEKO);

according to the time of procurement according to the cost of the first purchases (FIFO).

By the end of the reporting period, inventories are reflected in the balance sheet at the value determined based on the inventory valuation methods used.

Inventories are recorded in inventory accounts at the lower of actual cost or net realizable value.

Raw materials and materials received by suppliers of goods to the enterprise, goods or finished products from production workshops are accepted into the warehouse by the warehouse manager based on the original documents. The account of finished products in the warehouse is organized according to the operational accounting (balance) method.

The stock of goods in the warehouses, whether it is finished goods or raw materials, is carried out using the method of accounting.

In enterprise accounting, the analytical account of goods - material reserves is kept in 16 records in the form of an account - book, journal, order.

Calculations of goods received with suppliers, work performed and services provided are reflected in 6 journal orders. This is a mixed register, the first part of which shows the total debt and the amount paid, and the second part shows the results of the calculations for each payment document and each receipt. information is collected.

In order to ensure the integrity of the goods and material reserves belonging to the enterprise, it is necessary to establish a quick and systematic control over them in order to organize their effective use. In order to establish quick and systematic control over them and organize their accounting, it is necessary to carry out the following actions:

- to establish the name and price of commodity-material values;

- clearly defining the procedure for documenting and circulation of documents and assigning them to responsible persons;

- conducting an inventory in the specified order and period;

- introduction and widespread use of the electronic accounting system, which is a requirement of the current era.

In enterprises and firms engaged in production activities, provision of materials, their correct assessment, accounting and control, accounting and control is of special importance. Because raw materials and materials are included in the cost of manufactured finished products. Due to the efficient use of raw materials, the share of material costs in the cost of a new product is reduced. As a result, finished products are produced that match the purchasing power of customers. Therefore, transactions related to the arrival, expenditure, and departure of raw materials and materials should be audited at regular intervals. One of the most important audit actions is to check whether the company's inventory is maintained at the required level. The main method of making material reserves is first of all re-registration. Because many shortages and thefts are opened by re-registration. Under normal conditions, the availability of material reserves is checked by selective registration of reserves under different materially responsible persons.

The volume and quality of finished products, which are part of the inventory, have a great impact on the economic stability of production enterprises. Therefore, it is necessary to conduct audits based on the plan drawn up by audit firms and obtain appropriate conclusions..

REFERENCES:

1. Madina, K. (2023). Regulatory Framework for the Formation of Costs Associated with the Production and Sale of Products. Central Asian Journal of Innovations on Tourism Management and Finance, 4(2), 67-72.
2. Madina, K. (2023). Current State of Accounting and Reporting of Financial Results in Joint-Stock Companies. Central Asian Journal of Theoretical and Applied Science, 4(2), 25-31.
3. Madina, E. (2021, May). FEATURES OF PREPARATION AND PRESENTATION OF ACCOUNTING (FINANCIAL) STATEMENTS) REPORTING ON THE REORGANIZATION AND LIQUIDATION OF A LEGAL ENTITY. In " ONLINE-CONFERENCES" PLATFORM (pp. 44-47).
4. Madina, E. (2021, March). BALANCE SHEET STRUCTURE: BALANCE ASSETS AND LIABILITIES. In E-Conference Globe (pp. 195-199).
5. Madina, E. (2021). The Impact Of The Pandemic On The Development Of Small And Medium-Sized Businesses. Central Asian Journal of Innovations on Tourism Management and Finance, 2(2), 51-54.
6. Madina, E. (2021). Marketing Research Vs Partner Search. International Journal on Economics, Finance and Sustainable Development, 3(3), 244-249.
7. Madina, E. (2021). Prospects for the Application of Information Technologies in Accounting in the Conditions of Business Globalization. IJTIMOIY FANLARDA INNOVASIYA ONLAYN ILMIY JURNALI, 1(2), 4-8.