

ACCOUNTING IN ACCOUNTING FOR SHORT AND EXCESS OF PROPERTY IDENTIFIED DURING THE INVENTORY PROCESS.

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Abstract: *The article highlights the importance of inventory in the process of deepening economic reforms and modernizing the accounting system in the Republic of Uzbekistan. Also, the types of inventory, the conditions for conducting it, the legal basis, and the procedure for reflecting it in accounting are described in detail. The procedure for inventorying fixed assets, accounting entries for shortages and surpluses, their impact on financial statements, and tax and legal consequences are also considered.*

Keywords: *Inventory, accounting, fixed assets, financial control, material assets, shortage, excess property, resource utilization, balance sheet, documents, market value, tax, income, operating expenses, material liability, economic reform, financial stability.*

The deepening of economic reforms in the Republic of Uzbekistan, the strengthening of market relations, and the processes of integration into international norms require the modernization of the accounting and control system. Inventory is one of the main tools for determining and controlling the financial condition of enterprises. It plays an important role not only in property accounting, but also in the rational use of resources and identification of errors.

Inventory is the process of determining the real state of all tangible and intangible assets, monetary funds, debt obligations, and other forms of ownership in an enterprise. It is carried out in order to compare and clarify the indicators reflected in the financial statements of the organization with the actual situation. The main task of inventory is to provide real, reliable, and complete information on all assets and liabilities on the enterprise's balance sheet. Also, as a result of the inventory, such cases as inefficient use, loss, or excess of funds, resources, and property are identified. Through this process, it is possible to control the stability of the financial condition of the enterprise, the effective use of resources, and the expediency of funds.

Inventory varies depending on the activities of the enterprise. This can be: inventory of property, settlements, finished products, fixed assets and funds, etc.

Mandatory inventory is carried out in several cases:

- When preparing annual accounting reports
- Change of responsible persons or managers
- When selling or leasing property
- Liquidation or transformation of the enterprise
- If there is suspicion of theft, damage to goods, property, raw materials
- In various force majeure circumstances or natural disasters, if property has been damaged

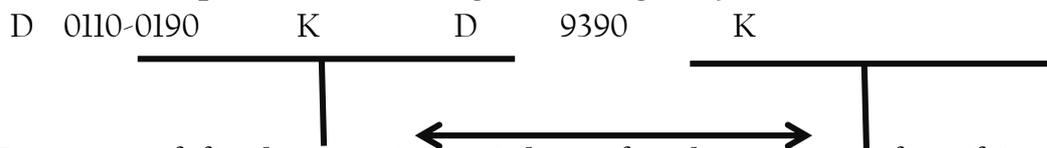
In order to determine the actual availability of fixed assets and control their completeness, enterprises periodically, but not less than once every two years, conduct an inventory of fixed assets, and library collections - once every five years.

Inventory of fixed assets is carried out in the manner prescribed by NAS No. 19 of the Republic of Uzbekistan "Organization and Conduct of Inventory," approved by Order No. 141 of the Minister of Economy and Finance of the Republic of Uzbekistan dated August 12, 2024.

Surplus fixed assets identified during the inventory are reflected as other operating income. The missing fixed assets, the fact of shortages of which was established during the inventory, are reflected in the account for shortages before the date of identification of the guilty persons.

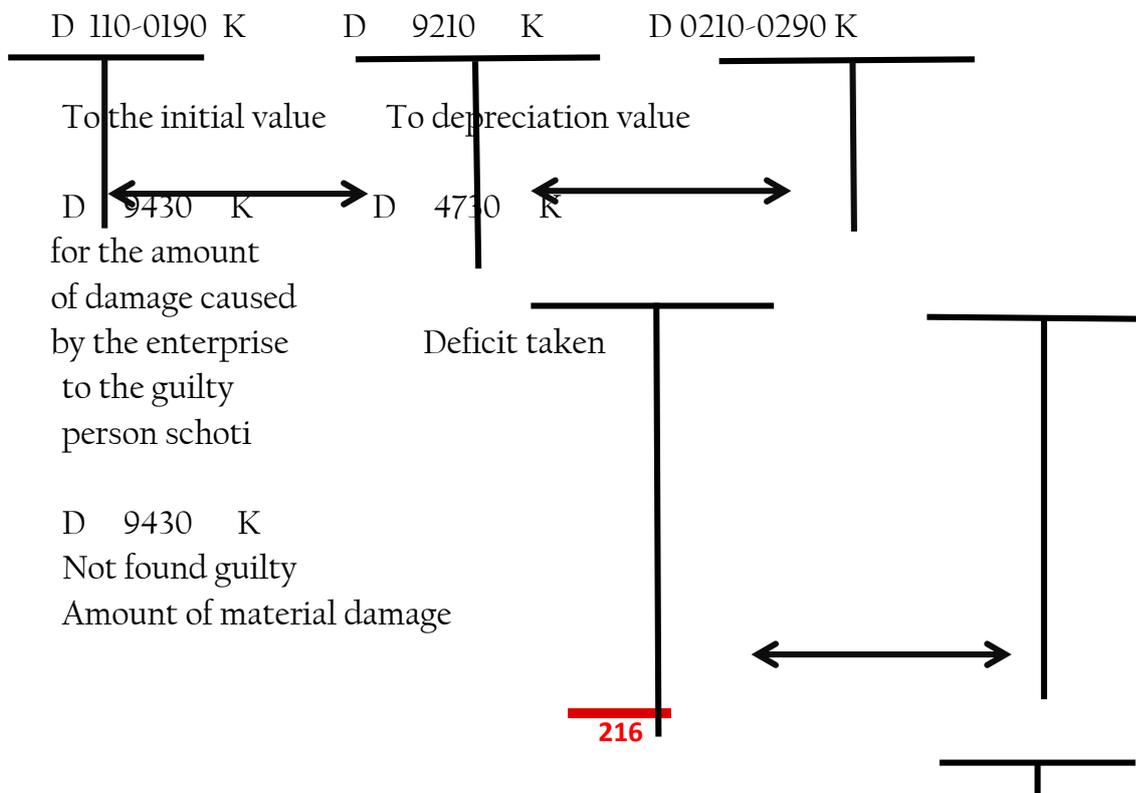
The purpose of the inventory is to determine the actual availability and qualitative condition of the enterprise's fixed assets, verify technical documentation (transportation, specifications, projects), and clarify accounting data[1].

When unrecorded fixed asset objects identified during the inventory process are recorded at market prices, the following accounting entry is made:



Inventory of fixed assets is carried out for the purpose of verifying the actual availability and quality status of technical documentation and comparing it with accounting data. The inventory is carried out by an inventory commission appointed by order of the head of the enterprise with the participation of a materially responsible person. The obtained data are recorded in the inventory statement and submitted to accounting. The statement is drawn up in 2 copies and signed by the members of the commission and the materially responsible person.

The shortage or damage to fixed assets is compensated at the expense of the guilty parties. If the guilty person is not identified, then the losses are reflected in the accounts as follows:



If, during inventory and other inspections, discrepancies with accounting data are revealed regarding the actual availability of inventory items: surplus fixed assets, inventory items, and other property are recorded as income of business entities. The causes of excess wealth and the perpetrators will be identified.

In the absence of shortages, loss standards are not applied in the inventory. In the absence of approved norms in the organization, losses are considered as a shortage exceeding the norms. Losses from the destruction of valuables exceeding the loss limits are attributed to the guilty party. In cases where specific perpetrators are not identified, losses may be written off as cost or period expenses. Documents for formalizing the write-off of excess shortages of losses due to loss and damage to assets shall indicate what measures the organization has taken to prevent such shortages and losses in the future.

The procedure for accounting for shortages and surpluses of property identified during the inventory was approved by Regulation No. 1334 dated 06.04.2004.

Surplus is valued at market value of similar assets and credited to the enterprise's balance sheet: as of the inventory date: in property accounts - 1000 - "Materials," 0100 - "Fixed Assets," 2900 - "Goods," 9390 - "Other Operating Expenses" and other related accounts are reflected in correspondence. The amount is included in the total income of the enterprise and is subject to the following taxes:

- profit tax;
- turnover tax at tax rates for the type of activity, the share of which prevails in the total aggregate income at the end of the reporting period.

If the persons responsible for the shortage are not identified or it is impossible to recover losses from them, the missing assets are written off at book value in account 9430 - "Other operating expenses" in the reporting period when the decision to write them off was made (by order of the head). Such losses are not deductible in the calculation of profit tax and are not taken into account when determining the taxable base for turnover tax. If the perpetrators of the shortage are identified, determine the amount of compensation based on the market value of the missing assets. By order of the employer, recovery is carried out in an amount not exceeding the average monthly wage. If the damage (shortage) exceeds the average monthly wage or if 1 month has passed since its detection, it must be recovered in court. In this case, the employer has the right, taking into account the specific circumstances of the damage, to partially or fully refuse to recover the damage from the guilty employee.

The amount of debt for compensation for damages is the employee's income in the form of material benefits, provided for in Article 376 of the Tax Code. p. 5.

In the event that the market value of the missing materials, recovered from the guilty persons, exceeds their cost price (book value), the income received includes:

- profit tax
- turnover tax is levied at tax rates for the type of activity, the share of which prevails in the total aggregate income based on the results of the reporting (tax) period.

If the recoverable amount is less than the book value of the missing inventory or the perpetrators of the shortage have not been identified, the loss from the shortage is not deductible in the profit tax calculation.

For missing materials, previously offset VAT is credited:

in the tax period in which the shortage was revealed, adjustments are made (removed from accounting) only for materials received within the last 12 months preceding the date of adjustments. If the loss of materials does not exceed the established norms, the VAT is not adjusted.

The concealed (understated) tax base is calculated in accordance with the Tax Code and entails the imposition of a fine of 20%. The amount of the hidden tax base for tax offenses is determined for the last 12 months preceding the date of the tax audit.

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