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## INVENTORY PROCESS IN UZBEKISTAN: THEORETICAL EVIDENCE AND PRACTICE

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### Abstract

*The article describes the role and importance of inventory in the activities of the business entity. It also analyzes the scientific and methodological work of foreign and domestic scientists on its content, and identifies the content of new scientific views on the concept of inventory. In addition to the above, the article describes the directions of inventory, organizational aspects of the inventory process in Uzbekistan, the stages of inventory and the actions to be taken at these stages, as well as the essence of the documents on which the inventory results are formalized.*

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### Keywords:

accounting, material liability, inventory, deficit, funds, liabilities, income, expenses, inventory commission, business entity

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## INTRODUCTION

In today's market economy, the study of the movement of funds in each company is a requirement of the times. Because how the use of funds depends on the financial results of the enterprise, inventories are the basis of the cost of production enterprises. Therefore, it is necessary to constantly monitor the use, balance and movement of inventories. It is necessary to analyze their use from time to time throughout the year in the enterprise itself. Data for analysis is conducted through inventory.

An important method of accounting in the implementation of financial and economic activities in business entities is inventory. Inventory serves to ensure the reliability of accounting information of business entities, the integrity of funds and control over the status of liabilities.

Inventory is one of the most frequent measures in the practice of business entities, and it is important to study its specific aspects and theoretical and methodological bases on the basis of the tasks set for it, based on modern requirements. While in theory inventory is an element of control, in practice control is exercised during the inventory process. Similar aspects determine the theoretical and practical importance of inventory in the context of private ownership.

Inventory is derived from the Latin word «inventarium», which means to create (maintain) a property account. The purpose and requirements of inventory have changed over time and in different economic processes. A number of scientific works on inventory have been carried out by foreign and domestic economists, and educational and methodological developments have been published. Through the study of these works, we are convinced that the inventory is a necessary element of the implementation of financial and economic



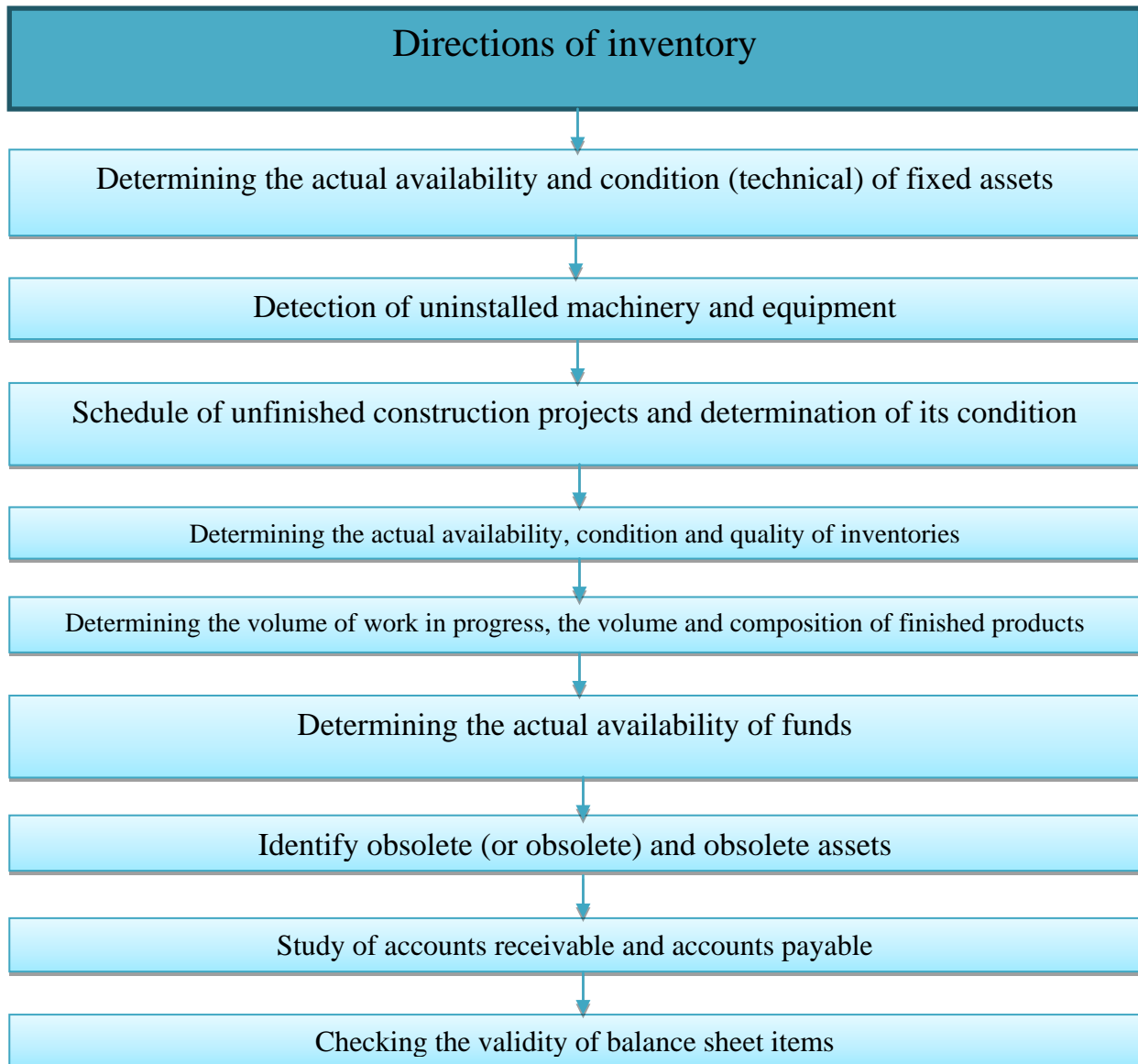
activities in economic entities in different times and places.

The above views and definitions of inventory do not focus on the qualitative aspect of inventory, i.e. specific aspects such as description, grouping, study, and analysis. Inventory is carried out not only quantitatively, but also qualitatively. In our view, inventory does not consist of controlling, comparing, contrasting, and verifying factual information with accounting information in business entities. Rather, the available funds and liabilities are grouped and studied according to the description and quality, and the results obtained are analyzed. In this regard, we believe that inventory can be defined as follows: «Inventory is a method of quantitative and qualitative study, comparison, analysis and control of business entities by describing and grouping the actual funds and liabilities with accounting data».

The concept of inventory is used in a narrow sense, ie in the sense of a real review of the inspected objects, which leads to the study of the current state of the objects inspected in the inventory, their quantitative and qualitative description. Inventory is carried out in practice in close connection with other methods of control, which further increases its effectiveness. For example, if as a result of the inventory there is a discrepancy between the actual and reported performance of the object under inspection, the reasons for such a discrepancy are immediately identified by examining the documents. Inventory is the periodic determination of the adequacy of the actual availability of assets with the company's internal accounting data. The inventory shows how accurate the information in the accounting report is and the condition of the assets. The inventory recalculates all assets owned by the company. In summary, inventory performs the control function of accounting and is aimed at ensuring the accuracy and consistency of data.

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Due to the relevance of the inventory in the activities of business entities, it has been adopted in various countries as a normative legal document on accounting (or as part of regulatory documents on accounting objects).



**Fig. 1Directions of inventory<sup>1</sup>**

All property of the business entity is subject to inventory, regardless of location and all types of financial liabilities. Inventory of property is carried out at the intersection of its location and materially responsible persons. Inventory is carried out on the basis of accounting data and relevant documents in the following areas (Figure 1).

In particular, in the Republics of Armenia, Azerbaijan and Kazakhstan, the procedure for conducting an inventory of property and its reflection in the account is set out in the standards or regulations for the objects of accounting.

In the Republic of Belarus, an inventory instruction «On the inventory of assets and liabilities» was adopted. This instruction defines the procedure for inventory commission,

<sup>1</sup>Prepared by the author



organization, conduct of inventory, analysis of data, summarization of results and reflection in the account.

Inventory of enterprises in the Russian Federation is regulated by the «Guidelines for the inventory of property and financial liabilities in enterprises» adopted by the Ministry of Finance.

In our country, IFRS No. 19 «Organization and conduct of inventory» has been adopted, which defines the procedure for organizing, conducting inventory, data analysis, summarizing the results. The results of the inventory are reflected in the account in accordance with the «Regulations on the accounting and taxation of surpluses and deficits of property identified during the inventory.»

### LITERATURE REVIEW

Inventory is the main method of calculation used by mankind since ancient times. At that time, the inventory served as an information function, and the owner had enough information about what kind of property he owned. The accounting system, like all areas of human life, has evolved and over time has begun to be used as a control function.

In 1673, the French economist Jacques Savary made the same point about inventory in his works. He wrote that “Ensuring that the property of the owner is maintained by ensuring that the existing property is consistent with the accounting data”<sup>2</sup>. To understand the nature of the inventory process, it is important to understand the definition of this category. Analyzing the interpretations given by various experts, we explored a number of ideas that more fully reveal the essence of the inventory process.

Foreign scholars have focused on inventory more as a way to control, compare, and contrast accounting. In particular, Russian scientists E.R. Sinyanskaya and O.V. Bazhenov described the inventory as follows: «Inventory is carried out to verify the actual existence of property with the data of the accounting registers»<sup>3</sup>. «The procedure, periodicity, conditions and inventory of inventory items are determined by the economic entity. In this definition, inventory is considered as a control method of accounting».

Azerbaijani scientist Ya.B. Guseynov described inventory as “a method of comparing the state of an enterprise with its accounting data in the form of assets and liabilities. It provides control over the company's inventories, property, plant and equipment and cash»<sup>4</sup>

Belarusian scientist T.P. Sokolchik said, “Inventory is an element of accounting methods, which is understood by comparing the actual existence of economic assets and material values with accounting data. Inventory x Preservation of financial resources is important in ensuring control over<sup>5</sup>he says.

In interpreting the inventory, the scientists of our country paid more attention to the aspects of verification, comparison and comparison of actual data with accounting information. In particular, Dr. A.A.Karimov said that «inventory is a way to check the nature of the company's assets, the company's accounts with other companies in order to bridge the gap between the accounting data and the truth<sup>6</sup>. S.U. Mehmonov took a different approach to the interpretation of the inventory. According to him, «the main purpose of the inventory is to determine the actual existence of the property, to compare the actual property with the

<sup>2</sup>Savary J. Le parfait n y gociant ou instruction gmmale pour ce qui regarde commerce, et l'application des ordonnances chez Louis Billaire avec le privi ^ ge du ROY. (Reproduction in fac simi№ de la 1 ige edition par Klassiker der National economie, Allemagne, 1993)

<sup>3</sup>Sinyanskaya E.R., Bajenov O.V. Osnovy buhgalterskogo ucheta i analiza: ucheb. Posobie.- Ekaterinburg: Izd-vo Ural, un-ta, 2014. p. 14.

<sup>4</sup>Guseynov Ya.B. Theory of accounting. Uchebnik. Baku: Izdatelstvo" Economic University", 2016. p. 483.

<sup>5</sup>Sokol'chik T.P. Buxgalterskiy uchets i audit: uchebnoe posobie. - Minsk. Akad.upr. priPresident Respub. Belarus, 2009. p. 52-53.

<sup>6</sup>Karimov A.A. and head q alar. Accounting disobi. Textbook. Toshkent Shar: publishing house. 2004. 18-196.



accounting data, to verify that it is accurately reflected in the account of liabilities»<sup>7</sup>. «Sh.M.Rustamov described the inventory as follows: «Inventory is the inventory of enterprise property and comparison of data with accounting data»<sup>8</sup>. The Law of the Republic of Uzbekistan «On Accounting» explains inventory as follows: «The accuracy and reliability of accounting and financial reporting data is confirmed by a mandatory inventory of assets and liabilities. The objects of inventory, the procedure and terms of its carrying out are defined by the standard of inventory accounting»<sup>9</sup>.

According to the National Accounting Standard of the Republic of Uzbekistan No. 19 «Organization and conduct of inventory»«The main objectives of the inventory are to determine the actual existence of the property, to compare the actual property with the accounting data, to verify the correctness of the liability»<sup>10</sup>.

The economist L.A. According to Sergeeva, «inventory is the verification of the actual existence and correct valuation of the property listed in the accounting documents of the business entity»<sup>11</sup>.

Also, according to economist N.M. Aliyeva, «Inventory is a way to obtain reliable analytical and accounting information about the financial condition of the enterprise»<sup>12</sup>.

According to Economist T.S. Maslova, «inventory is the verification of the actual existence of financial and non-financial assets of institutions and their liabilities by comparing them with accounting data»<sup>13</sup>.

Another group of economists, I.N. Kostyukov and D.V. Lugovskoy argues that «inventory is a method of accounting to determine the actual existence, current status, and correctness of an assessment of an organization's assets and financial liabilities<sup>14</sup>. « In summary, inventory performs the control function of accounting and is aimed at ensuring the accuracy and consistency of data.

## ANALYSIS AND RESULTS

The main purpose of inventory (inventory) is to determine the actual existence of assets and liabilities and compare them with accounting data. In order to conduct an inventory in an enterprise, it is necessary to establish a permanent inventory commission. Working commissions are also set up to conduct large - scale inventory of valuables and other property.

Inventory orders are recorded by the accountant in a special **book**. Inventory in Uzbekistan and registration of its results is carried out in accordance with the National Accounting Standard of the Republic of Uzbekistan No. 19 «Organization and conduct of inventory» (hereinafter IFRS No. 19) (Table 1). The head of the enterprise issues an order to conduct an inventory, in which he simultaneously appoints a special commission and approves the inventory plan. However, to approve any plan, someone is required to create it. Therefore, it is necessary to determine the members of the inventory commission in advance.

<sup>7</sup>Mexmonov S.U., Ubaydullaev D.Y. Accounting in budget organizations. Textbook. - Tashkent. 2013. 62 p.

<sup>8</sup>Rustamov Sh.M. Judicial accounting: Textbook. - T: Academy of the Ministry of Internal Affairs of the Republic of Uzbekistan, 2012. 34 p.

<sup>9</sup>Article 16 of the Law of the Republic of Uzbekistan "On Accounting". Lex.uz

<sup>10</sup>BHMS No. 19 of the Republic of Uzbekistan "On the organization and conduct of inventory" (U z.R. AV. No. 833 of 02.11.1999) .

<sup>11</sup>Sergeeva L.A. Poryadok provedeniya inventarizatsii v byudjetnoy organizatsii // Vestnik Adygeyskogo gosudarstvennogo universiteta. Series 5: Economics. - 2010. - № 1. - p. 27–34. 2.

<sup>12</sup>A lieva N.M. Inventory - a method of ensuring the reliability of uchetno-analytical information on the financial condition of the organization // Vestnik Altayskoy akademii ekonomiki i prava. - 2018. - № 3. - S. 5-10;

<sup>13</sup>Maslova T.S. Inventory of non-financial, financial assets and obligations in budgetary institutions of a new type // Journal "Accounting in budget and non-budgetary organizations" Number: 2 (314) 2013. S.14-19 // <https://www.elibrary.ru/item.asp?id=18390916> 3.

<sup>14</sup>Kostyukova I.N., Lugovskoy D.V. Inventory - osnovnoy priem vyyavleniya tovarnykh poter // Buxgalter i zakon. - 2011. - № 10 [Electronic resource]. - URL: <https://cyberleninka.ru/article/n/inventory-osnovnoy-priemvyyavleniya-tovarnykh-poter> s.



Table 1

Organizational issues of the inventory process in Uzbekistan<sup>15</sup>

Inventory items	Accounting accounts	Inventory timing	Regulatory normative document
Basic tools	0100	At least once every two years	No. 5 NAS
of which: library funds	0190	Once every five years	
Installed equipment and capital investments (construction in progress, purchase of AV, NMA)	0700 , 0800	Before preparing the annual financial report	19 - NAS
Intangible assets	0400	At least once every two years	No. 7 NAS
Financial investments (authorized capital of securities and other organizations, etc.)	0600 , 5800	Before preparing the annual financial report	No. 19 NAS
Inventories	1000 , 2000 , 2800 , 2900 , 014	At least once a year	No. 4 NAS
from them: fuels and lubricants	1030	Every quarter	No. 19 NAS
food products	1010	Every quarter	
precious metals	1000 , 2800 , 2900	In accordance with network instructions	
Deferred expenses	3100	Before preparing the annual financial report	
Cash in soums	5010	At least once a quarter	No. 19 NAS
Cash in foreign currency	5020	At least once a quarter	
Cash	5100 , 5200 , 5500 , 5600 , 5700	Before preparing the annual financial report	
Cash documents, assets and blank accounts	5510 , 5520 , 006	Once a month. If they are kept at the cash register, at the time of checking the cash register	
Calculations	4000 - 4900 , 6000 - 6900 and 7000 - 7900 , 008 , 009	Before preparing the annual financial report	
Property that does not belong to the enterprise, but is accounted for (held liable, leased, processed)	001 , 002 , 003 , 004 , 010 , 011	Before preparing the annual financial report	

Together, they prepare an inventory plan, which outlines:

- inventory area;
- staff conducting the recount in these areas (counting commission);
- temporary limits of recalculation in each specified area.

Then the head of the enterprise issues an order, which approves both the composition of the commission and the inventory plan drawn up by him. The Standing Committee mainly ensures the safety of valuables, instructs the members of the commission, conducts

<sup>15</sup>Prepared by the author



inspections or re -inventory, checks the results of the inventory and the accuracy of its registration. Inventory of material assets is mainly conducted by a working commission. The composition of these commissions is approved by the order of the head of the enterprise on inventory. Before starting the inventory, the company must first issue an order of the head of the enterprise with the following content (Figure 2)

«ALFA» LLC December 20, 2021 Tashkent

**“Establishment of an inventory commission and on transfer «giOrder No. 68**

*In order to prepare the annual financial statements in accordance with IFRS 19 and the entity's accounting policies, I order:*

*1. To appoint the inventory commission in the following structure:*

**Chairman of the Commission:**  
Isaev D.S. - Deputy Director;

**members of the commission:**  
Adashev A.Yu. - Chief Engineer;  
Yashina K.P. - Chief Accountant;  
Yusupova E.R. - accountant;  
Bozorova M.S. - HR inspector.

*2. Settlements with fixed assets, intangible assets, financial investments, inventories, cash, debtors and creditors as of December 1, 2022 will be inventoried.  
Inventory should start on December 2, 2022 and end on December 4, 2022.  
Reason for inventory: end of fiscal year, summarizing and preparation of annual financial report for 2022.*

*3. In case of discrepancies in the accounting data, explanatory letters should be requested from the persons responsible for the material, the reasons for the discrepancies should be determined and the culprits should be identified.*

*4. To submit inventory materials to the accounting department by December 5, 2022.*

Business Manager \_\_\_\_\_

Acquainted with the order:

Isaev D.S. \_\_\_\_ V \_\_\_\_  
Adashev A.Yu. \_\_\_\_ V \_\_\_\_  
Yashina K.P. \_\_\_\_ V \_\_\_\_  
Yusupova E.R. \_\_\_\_ V \_\_\_\_  
Bozorova M.S. \_\_\_\_ V \_\_\_\_

**Figure 2.** Example of the order <sup>16</sup> on the establishment and conduct of the inventory commission

**EXAMPLE.** Enterprise annual financial report composed before inventory is holding. Check during computer and ready product shortages as well as surplus of dyes were identified. In addition to the inventory lists, reconciliation accounts are created because the commission has identified discrepancies between the actual values available and the accounting data.

If during the investigation the commission finds the culprit in the computer shortage, a decision will be made to cover the shortfall at his expense. If the culprits in the shortage of finished goods are not found, then it is decided to write off the losses associated with the

<sup>16</sup>Prepared by the author



*shortage in the cost of production.*

*Inventory lists, reconciliation accounts, and inventory results accounts provide an example of these assets being completed only in the main part of the table.*

According to the legislation of Uzbekistan, the following must be done in the process of organizing and conducting the inventory.

**1.**The inventory commission prepares lists of inventories .

**2. The Chairman of the Commission receives a receipt** from the responsible persons:

- all income and expenditure documents related to the property have been submitted to the accounting or commission before the start of the inventory;
- that all TMBs under their responsibility have been credited and those that have left have been written off.

**3.**The Inventory Commission shall instruct the staff assigned to the working (counting) commissions to recount the TMB and replenish the inventory lists by order.

**4.**Before the inventory starts:

- form the maximum complete nomenclature reference in electronic form - with table columns - article / barcode / name. This list should include all TMBs in stock;
- 1 day before the start of the inventory, the following should be taken into account when preparing TMBs:

a) check that all TMBs have well-readable manufacturer codes and articles for identification;

b) label unmarked or ill-read barcodes;

c) clear the passageway of the loader between the racks and stairs, etc.;

d) ensure that the barcode actually matches the TMB article;

e) During the recount, it is advisable to place the TMZs in the empty spaces of the warehouse building or to collect them in boxes;

- provide access to the facility for personnel involved in the inventory and their vehicles, issue permits;

- ensure the presence of warehouse staff involved in the inventory at the beginning and during the transfer, distribute staff responsibilities;

- warehouse staff must advise members of the inventory commission on TMB items to be inventoried, immediately provide information on issues arising during the inventory;

- provide stairs, empty boxes and other ancillary technical inventory at the facility on the day of the recount, as well as special equipment to get to the goods.

**5.**After the recount, the commission verifies that the TMB's inventory lists are filled in correctly.

- If there are no objections, the data will be included in the inventory processing program.

- If a deficit is identified, the members of the counting and inventory commissions will jointly recount the TMB.

**7.** The commission submits all inventory documents to the enterprise's accounting department for further processing.

**6.**If there is a discrepancy between the inventory results and the accounting data, the accounting staff may initiate a follow-up review of the inventory results.

The inventory process requires clarification of the following aspects of the enterprise's assets:

Inventory of fixed assets, inventory, property, their children - inspection of existing assets, calculation of their number;





Inventory of intangible assets - checking the relevant documents confirming the right of ownership;

Inventory of financial investments - determining the availability of documents confirming the right of ownership, comparison of serial numbers, payment terms, checking the return on investment;

Inventory of work in progress and costs for future periods - checking the accuracy of costing. When compiling financial statements, often some of the expenses that can be included in these two accounts appear to be useless for some reason at the same time. For example, there are always costs, such as the distribution of dividends that depend on net profit in the past, or the amount of a management bonus.

Inventory of cash, valuables and blanks in a fixed account - checking, recalculating cash currently held. Also check that the building is equipped with cash registers: fences, safes, etc.

Inventory of payments - checking the correctness of receivables and payables. For example, to find out whether suppliers were actually paid in cash, whether employees were actually paid their salaries, and whether a claim was filed for overdue receivables. The condition of inventory prior to the preparation of the annual financial report is set out in IFRS 19. In this case, when the inventory of property is conducted no later than October 1 of this year, it is not necessary to perform this procedure again before compiling the annual report. In view of the above, in our opinion, it is advisable to conduct the inventory process on the basis of the following steps and actions (Table 2).

Table 2

Stages and procedures of inventory transfer<sup>17</sup>

№	Inventory stages	Actions to be taken
1	<b>Preparatory stage</b>	At this stage, a decision is made to conduct an inventory, documents are prepared. In particular, the manager issues an inventory order ( <i>according to Annex 1 to IFRS No. 19</i> ), which contains information such as the F.I.O. of officials who are members of the inventory commission, the timing of the inventory, the types of inventory items.
2	<b>Inventory transfer phase</b>	The following assets and liabilities (debt) of the enterprise are inventoried: <ul style="list-style-type: none"> <li>❖ property, plant and equipment (AV), intangible assets (NMA) and inventories (TMZ);</li> <li>❖ work in progress and future costs;</li> <li>❖ financial investments;</li> <li>❖ cash (cash, bank and foreign currency accounts, travel), cash documents and strict reporting forms;</li> <li>❖ receivables and payables (accounts with banks, budget, buyers and suppliers, employees, accountants, etc.);</li> <li>❖ property that is not the property of the enterprise (leased fixed assets, goods received under the loan agreement, goods in responsible custody, goods accepted by the commission).</li> </ul> Inventory consists of visual inspection and calculation of

<sup>17</sup>Prepared by the author



		<p>fixed assets, inventories, cash, strict reporting forms, as well as documents confirming the rights to intangible assets, securities, debts, etc.</p> <p>During the inventory, inventory lists are drawn up for the actually identified AV objects, NMA, inventory. Inventory acts are executed on unfinished fixed assets, shipped goods, goods in transit, cash, expenses for the next period and settlements with debtors and creditors.</p>
3	<b>Analytical phase</b>	<p>The data obtained from the inventory results are analyzed, i.e. the data actually identified is compared with the accounting data.</p> <p>When discrepancies (excess, deficit) in the accounting data are identified, comparative accounts are made on the basis of the inventory list (acts), which reflect the differences between the accounting data and the data of the inventory lists (acts) (<i>paragraph 4 of IFRS 19</i>).</p>
4	<b>stage of generalization and registration of inventory results</b>	<p>The final stage of the inventory is to document the results of the inspection. The results of the inspection revealed during the inventory isolations summarized in the account (<i>Appendix 5 to IFRS 19</i>). The results of the inventory shall be formalized in inventory lists and acts and shall be compiled in not less than two copies. Inventory lists are compiled for all inventory assets of the business entity.</p> <p>Inventory acts are drawn up in the inventory of:</p> <ul style="list-style-type: none"> <li>- shipped goods;</li> <li>- materials and goods in transit;</li> <li>- cash;</li> <li>- settlements with buyers, suppliers and other creditors and debtors;</li> <li>- unfinished fixed assets;</li> <li>- Deferred expenses.</li> </ul> <p>the inventory of fixed assets , inventory cards, inventory books, lists and other registers of analytical accounting, as well as technical documents (technical passports, manuals, etc.) are checked. Objects inspected are inspected in kind, and information about them is recorded in the inventory list</p>

In the following inventory process is connected with the above:

- documents confirming financial investments: securities purchase agreements, statements from deposit accounts, founding agreements, certificates of contribution, loan agreements, payment orders, bank statements and other documents are checked;

- it is determined that the financial investment is properly valued and accounted for.

When a discrepancy is found, a comparison account is completed.

The inventories being inspected should be selectively counted, weighed and weighed. Exceptions are allowed for bulky and low-cost large items - their number is determined by technical calculations.

Inventories are included in inventory lists for each individual name, indicating the



nomenclature number, type, group, article, type and quantity (*Appendix 8 to IFRS 19*). Separate lists will be compiled for TMZ below. At the end of the inventory, the differences from the accounting data of the actual indicators of the enterprise and the identified results are recorded in the account (*Appendix 5 to the current IFRS No. 19*) (Table 3):

**Table 3**

**Results identified in the inventory account<sup>18</sup>**

Account name	Account sheet number	Outcome detected in inventory		Identified deficit and losses sum	Net of identified deficits and losses			
		kamad sum	plus sum		Varieties of apples tumor in	The reduction rate is the limit sida is written off	The culprits are responsible uploaded to	Decreased production and handling costs was written off
1	2	3	4	5	6	7	8	9
1. Fixed assets	01.03	3,200,000					3,200,000	
2. Intangible assets	04							
3. Financial investments	06.08, 58							
4. Raw materials and supplies, fuel, construction materials, spare parts	10		50,000					
5. Young cattle and fat cattle	11							
6.	12							

<sup>18</sup>Prepared by the author



Inexpensive and perishable items								
7. Main production, self-produced semi-finished products	20, 21							
8. Finished products, goods	28, 29	90,000						90,000
9. Cash, cash documents and other valuables	50, 56, 57							
10. Others								

When discrepancies are identified from the accounting data, surpluses and deficits are recorded in the accounting records for the reporting period in which the inventory was made. For example, the inventory was conducted in November 2022, respectively, its results should be reflected in the account in November or December 2022 (depending on when it was completed) and in the annual financial report as of 31.12.2022.

Deficits and surpluses of property identified during the inventory account reflected accordingly. TMZ and other property surplus value is other income of the enterprise (*Article 132, paragraph 5 of the Tax Code*). The date on which such income is incurred is the date on which the primary documents are drawn up based on the inventory results. Relevant accounts of property in correspondence with the account 9390 - «Other operating income» at market value of property surplus (1000 - «Materials», 0100 - «Fixed assets», 0400 - «Intangible assets», 0600 - «Long-term» investments», 2900 - «Goods», etc.). For tax purposes, these surpluses include:

- in the calculation of income tax - on the total income of the enterprise;
- In the calculation of YaST - gross income is taxed at the rate of the main type of activity.

of TMZ and other property identified during the inventory will be reflected in account 5910 - «Losses from losses and impairment of valuables» until the culprits are identified. If the culprits of the deficit are not identified or there is no possibility to recover damages from the materially responsible persons, the missing valuables are written off to the account 9430 - «Other operating expenses» during the reporting period at the decision to write them off at actual (book) value. In accordance with paragraph 23 of Article 147 of the current Tax Code of the Republic of Uzbekistan, losses incurred as a result of the deficit are not deductible in the calculation of income tax.

If the culprits are identified, the losses from the deficit will be reimbursed to them, and the amount of recovery itself will be determined at the market value of the missing assets. An inventory of accounts is a check of the validity of the amounts recorded in the accounting



records. In this case, all counterparties:

- banks on loans;
- budget;
- buyers and suppliers;
- accountable persons;
- including depository staff;
- debtors;
- accounts with other debtors and creditors are audited.

In the inventory of accounts, the commission determines the periods of debt on the accounts of debtors and creditors, as well as those responsible for overdue calculations and losses incurred due to the expiration of the claim (if such evidence is available).

Accounts with debtors and creditors (excluding employees) are checked according to the act of reconciliation of mutual settlements, which is made independently. It is the basis for the performance of contractual obligations by the buyer and the supplier (contractor).

The calculations are summarized on the basis of the act of reconciliation of the results of the inventory or in the relevant act, which indicates the approved and unconfirmed debts, as well as overdue debts, according to the decision of the court. If there is a provision for doubtful debts, the cost of its construction is deductible in the amount not exceeding the amount of bad debt at the time of write-off, and not deductible at the time of formation in the current year.

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