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ACCOUNTING FOR INVENTORY AT THE CHEMICAL INDUSTRY OF THE REPUBLIC OF UZBEKISTAN

Abstract: Methodological bases for inventory accounting at chemical industry enterprises, determination of production costs at chemical industry enterprises and improvement of its accounting, as well as improvement of inventory accounting in accordance with international standards.

Key words: fixed assets, accounting policies, inventory, cost reduction, catalysts, catalyst wear, full processing of inventories, workflow, efficient use of raw materials.

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Introduction

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The chemical industry is one of the most important sectors of the economy of developed countries. The largest centers of the global chemical industry are located in Western Europe, China and the United States. Currently, as a result of improved inventory accounting and production expansion, the volume of foreign trade in chemical products in Europe has increased by 65%. As a result, the world is witnessing an expansion in the production of the chemical industry, a decrease in the cost of production, there have been economically positive changes in the production of industrial products. It can be said that the improvement of accounting is one of the main factors for increasing control over inventories, reducing production costs and increasing competitiveness in the market. Currently, there are more than 1.5 billion consumers of chemical products in the world.

"A holistic national program is needed to transition to innovation policy" [4]. And in this national program, it is also necessary to include a program to improve the accounting of inventory items in the chemical industry.

At the enterprises of «O'zkimyosanoat» in 2018, marketable products were produced in the amount of 4.9 trillion. UZS, the growth rate was 106.1 percent. 1294.04 thousand tons of mineral fertilizers were produced in pure form, including 980.5 thousand tons of nitrogen, 184.0 thousand tons of phosphate and 129.54 thousand tons of potash fertilizers.

Also, in accordance with the Decree of the President of the Republic of Uzbekistan dated August 23, 2017 No. PP-3236 «On the Program for the Development of the Chemical Industry for 2017–2021», forecast parameters for the production of urea and ammonium nitrate of large chemical enterprises of Uzbekistan for 2017–2021 were developed [6].

Analyzing these forecast parameters, «Farg'onaazot» JSC plans to gradually develop the production of urea over the years. According to the forecast parameters, it is planned to produce 366.4 thousand tons in 2017 and 530 thousand tons in 2021, while «Navoiyazot» JSC plans to produce 115.5 thousand tons in 2020 and 557.5 thousand tons in the year 2021. The reason for this dramatic change is that in September 2020, «Navoiyazot» JSC produced with an annual capacity of 660 thousand tons of ammonia and 577 thousand tons of urea in the amount of 985.7 million dollars, in particular, due to the design for the

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acquisition and the launch of technological equipment through a bank loan JBIC (Japan) in the amount of 577.0 million US dollars [1].

At the enterprises of the chemical industry, catalysts are recognized as auxiliary materials and accounting is done on account of 1012. However, the features of catalysts and their presence in production are more related to fixed assets than materials. Because, catalysts serve more than a year in chemical production and its cost is more than fifty times the minimum wage.

In our opinion, the implementation of this proposal will be a key factor in cost reduction. In this regard, we propose to extract the catalysts from the structure of materials, and transfer it to the main

assets, as well as include it in the account 0190 – «Catalysts», its wear should be included in the account 0290 – «Wear of catalysts» Thus, it is desirable to use additional accounts for types of catalysts.

As we know, in the «Farg’onaazot» joint-stock company, 16 large production workshops and 11 workshops by type and characteristics of products are the object of study. Based on the characteristics of the chemical industry and international accounting standard No. 2 “Inventories”, in order to study the accounting of inventories of «Farg’onaazot» Joint-Stock Company and determine the accounting and cost of products manufactured in the shops of the plant according to the results of the study, we recommend the following combined accounts (table № 1).

Table № 1. Accounting for the movement of inventories in the main production shops of JSC «Farg’onaazot»

(accounts 2010) Main workshop	Name of raw materials	Manufactured products	Finished products	What workshop is the material for?
A / S (Air separation) 011-shop (separation of atmospheric air into nitrogen and oxygen)	Natural air	Liquid nitrogen in the form of oxygen gas and in liquid form	one part oxygen for technical purposes	The product produced for all workshops is used as a material.
CMD (Chlorate magnesium defoliant), Super KMD, UzDEF, Polidef 062, shop - 064	Salt sodium chlorine, magnesium chlorine	CMD (Chlorate magnesium defoliant), Super KMD, UzDEF, Polidef	As a product sold to agriculture	
SEC (shop esters), DAC (cellulose diacetate) + ARS (ammonia-refrigerator shop -081)	Cellulose, acetic acid	SEC (plant for the production of ester) (ammonia-refrigerator)	Material, not product	Used as the main raw material in 962 workshop
Ammonia-3 (BAM), OPG (department for the preparation of process gas), KNS, TU and KNS shop -09,04,07	Natural gas, atmospheric air and nitrogen.	Liquid ammonia, in the form of gas, and in some cases in the form of steam (in cases of insufficient supply of CHP)	Considered material	The material is considered to be raw materials for workshops. 091, 950,960

The proposed accounting registers are simultaneously reflected in the counting lists of the accounting of chemical industry enterprises by their economic nature, and it serves to improve inventories.

As we have noted, in the chemical industry it is extremely difficult to calculate and classify inventories. At the enterprises of the chemical industry it is necessary to clarify the calculations, to improve the accounting of inventories. According to the research, it is advisable to include the following suggestions. In order to study and record individual financial results for each workshop, it is advisable to open the following additional accounts separately for the production activities of the workshops:

Account 2011 – «Air separation workshop», 2012 – «Magnesium chlorate defoliating workshop», 2013 – «Cellulose diacetate workshop», 2014 – «Acetic acid and acetic anhydride regeneration workshop», 2015 – «Ammonia workshop», 2016 – «Carbamide (urea)», 2017 – «Solution of urea

mixture», 2018 – «Plastic bags production workshop», 2019 – «Nitric acid production workshop», 2020 – «Yarn acetate production workshop», 2021 – «Liquid storage workshop ammonia» [2].

To the proposals made to the accounting policies of the above company:

– developed proposals to improve the accounting of assets of the enterprise in accordance with the NSBU number 4 «Inventories» and number 5 «Fixed assets», as well as IAS No. 2 inventories, No. 16 «Fixed assets» and based on the characteristics of production industry. In order to properly organize the accounting of economic assets, it is recommended to transfer the recorded funds in account 1012 – «Catalysts in production», which were considered materials to date in the structure of fixed assets and account in account 0190 – «Catalysts», 0290 – «Wear of catalysts». In this regard, on the basis of this

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proposal, it was justified to reduce the cost of the manufactured product;

– accounting of inventories in each production process made it possible to clearly assess the state of the target turnover and take into account the separate financial status of each workshop;

– in the accounting department of the enterprise, the possibility of controlling each production process, price changes in the cost of production and even technical and technological processes is taken into account. As a result, this contributed to the elimination of excessive costs (reduction in the percentage of waste emissions, the effective use of raw materials, energy and fuel resources;

– as a result of the development and implementation of the stage and order of document circulation at the enterprise, it was possible to control cases related to the results of weekly and monthly work of each device, each production process, changes in the cost of production and even technical and technological processes. The proposed account registers have served to improve the accounting of inventories.

The practical application of the proposals and recommendations developed by us, as well as their reflection in the regulatory legal acts, will serve to improve the accounting of inventories and reduce the cost of products produced by the chemical industry of the Republic of Uzbekistan.

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