



ECONOMIC ESSENCE OF CURRENT ASSETS AND ITS SIGNIFICANCE IN STRATEGIC MANAGEMENT ACCOUNTING

Normatova Gulmira Xayrullaevna

Independent Researcher of Tashkent Institute of Finance

E-mail: n-gulmira-x@mail.ru

ORCID: 0009-0008-2748-0696

| ABSTRACT | KEYWORDS |
|--|---|
| <p>The article considers economic definition of current assets, their components and bases of organization of strategic management accounting, and also analyses results of the study conducted by foreign and domestic economists. Various approaches of foreign and domestic scientists to determine the economic essence of "current assets" and "inventories" have been generalized. The article gives recommendations on definition of tasks of strategic management accounting of current assets in economic entities.</p> | <p>Current assets, inventory, raw materials, work-in-progress, cash, short term investment, debtors, strategic management accounting of current assets.</p> |

Introduction

In order for business entities to operate effectively, current assets occupy an important place, regardless of their form of ownership or type of activity. Depending on the amount of current assets, their structure and dynamics of change, the effectiveness of the activities of economic entities through such important indicators as financial stability, level of solvency, liquidity is assessed, the dynamics of prospects are analyzed. Therefore, scientific research in the field of accounting of current assets, its analysis and audit has always been one of the most relevant topics, and at the same time its relevance is growing even more.

Literature review

The result of scientific research carried out within the framework of this topic shows that so far the accounting, analysis and audit of current assets as noted above are not only issues, there are a number of problems that await its positive solution both in theoretical and organizational issues. One of the most important of them is the issues of the economic interpretation of the concept of current assets and the approach to the essence of its components.

Therefore, in our opinion, it is important to start accounting for the current assets of business entities by clarifying its essence.

In world practice, as well as in the views of economists, the generally accepted following interpretation of current assets is common: "current assets (ANGL. current assets) are assets that are converted into funds in a single production cycle or for a year. Unlike long-term assets, current assets

are not designed for long-term use. Current assets are reflected in the second section of the balance sheet " [1].

Regarding this issue, the economist scholar Saoud J.Mashkour Alamru noted: "current assets represent the value of all assets that are expected to be converted into cash within a year in the normal course of a business. Current assets include commodity stocks, receivables, securities sold, cash, prepaid expenses, and other liquid assets that can easily be converted into money" [2].

Within the framework of this topic, he is an economist scientist who has carried out scientific research. A.Nurmanov described that "current assets are mobile assets of a business entity in constant motion, and during one Production (Regulatory operation) cycle, assets that completely transfer their value and form to the products being created, which include commodity – material reserves, expenses of the coming period, deferred expenses, funds, short-term investments, debtors and other current assets. " [3]

Also from the scientists of another country d.Mavlyanova, on the other hand, said in her study that "current assets are understood as a value that is advanced in the form of money for the formation of production and circulation funds, which always goes from one functional form to the appearance of another form" (D.A., 2020) [4].

Other literature on the industry provides the following commonly used formula of current assets:

"Current assets = cash + cash equivalents + Reserve + removable schemes + marketable securities + prepaid expenses + other liquid assets (Current assets = Cash + Cash Equivalents + Inventory + Accounts Receivable + Market Securities + Prepaid Expenses + Other Liquid Assets)" [5].

In the context of the transition of the world economy to the digital economy, the concept of "digital assets" also arises in accounting. In his article in "Accountancy", considered one of the most prestigious journals in the United States, Neil Amato, an economist from the United States, [6] pointed out the methodology for accounting and auditing, arguing that digital assets are being entered by professional organizations.

Focusing on the opinions of the above researchers, they have mainly described and covered current assets in terms of financial accounting. But the importance of current assets has not been researched in terms of Strategic Management Accounting. As a result, it is a current issue to organize, maintain and conduct research on their strategic management accounting.

Analysis and results.

The result of scientific research shows that practicing economists, as well as theoretical scientists, were able to cite the purpose, tasks, functions, subject, method and principles of management accounting on a systematic basis and have achieved scientific justification. But they have not been able to clearly show the difference between the three types of management accounting that are considered the most important, namely operational, tactical and strategic types of management accounting. They also allowed confusion in the objects, subjects of these types of management accounting, as well as in the means of implementing the type of account. In our opinion, adding to the feedback of these Economist scientists on the purpose, tasks, functions, subject, method and principles of management accounting, we propose to represent three types of management accounting, namely operational, tactical and strategic management accounting, as a system in the following order (Table 1).

As can be seen from the data of Table 1, strategic management accounting is a system of providing the top leaders of the economic entity with relevant information, which will be based on external

factors that affect the increase in the competitiveness of the economic entity, as well as long – term decisions on the assessment of internal capabilities and their effective use.

Table 1. Types of accounts in the management accounting system

| Даражаси | Объекти | Субъекти | Воситалари |
|-----------|--|---|---|
| Operative | Centers of responsibility | Heads of responsibility centers | Methods such as standard-casting, direct-casting, JIT, full cost |
| Tactical | Business entity | Leaders in charge of activities and departments | Programming, budgeting, AVS-casting, direct-casting, SVP analysis, FQT |
| Strategic | Economic entities engaged in the same activities in the regional and foreign markets | Senior management | SWOT-analysis, GAP analysis, scenario analysis, strategic applications, strategic budgeting, etc.k. |

The tactical level of management accounting – provides the leaders of the middle branch of the business entity in a quick way with the information necessary for them to make management decisions. This account type of management account compared to a strategic management account has a very short time span, usually one reporting year, a high level of data accuracy, a very short data width and is clearly oriented. In the formation, collection analysis and presentation of information, this type of management accounting uses methods of planning, programming, budgeting, Avs-casting, direct-casting, CVP analysis, functional-value analysis. As can be clearly seen from the data of the proposed schedule, the object of this type of account is the economic entity.

Operational management accounting, which is considered the object of centers of responsibility (cost, income, profit and investment), has the task of establishing an inverse data link to them in order to immediately draw attention to this situation when a significant deviation from the planned amount of their actual parameters for economic indicators representing the activities of economic entities. Operational accounting serves for the delivery of relevant data for managers, which is intended for fast and short periods. For short periods, the indicators of the activities of any voluntarily acquired economic entity will be clearly established, but the resources will be extremely limited, in accordance with which effective use of them will be required. In such situations, the stability of the business entity allows you to choose the best option of action within a limited range of alternatives and use forecasting methods.

It should be noted that the operational, tactical and strategic types of management accounting are inextricably linked with each other, therefore, in practice, a clear border cannot be drawn between the data that is being formed through them. Also, at the same time, the differences between the strategic and operational levels of management accounting are clearly manifested. This situation finds its clear expression in the development of the theoretical foundations of the management accounting system. As a result of the above-mentioned approaches and the generalization of the views of many more scientists on this issue, it can be concluded that, in our opinion, the definition of the so-called existing concept of "current assets" does not meet the requirements of international standards. In regulatory legal acts and approved forms of financial statements, there is a need to coordinate the composition of current assets with the requirements of international standards. In practice, accountants feel a lack of methodological recommendations that are consistent with the requirements of standards when evaluating, accounting and reflecting current asset articles in reports.

In particular, number 1 treats the following as a criterion in BHMS recognition as current (turnover) assets:

1. Current assets-the economic entity is considered part of the operation activity, and within the framework of the normal operation cycle of the entity, its receipt and consumption are expected.
2. Held mainly for resale purposes or expected to be used in the short term or for 12 months from the reporting date.

Analyzing this situation, it should be noted first of all - it is not correct to consider current assets as part of operational activities, it is correct that it participates in operational activities. But, it does not concentrate operatic activity in a complex, that is, in its entirety, and accordingly does not fully express its essence. Accordingly, in BHMS No. 1, it is desirable to change these aspects.

In the plan of accounts in accordance with BHMS No. 21, the following sections are attached for accounting of current assets: "1. Commodity-material goods, 2. Future period spending and extended spending-current Part, 3. Removable accounts, 4. Cash, short-term investments and other current assets " [7].

At this point, it is worth noting that the same approach does not exist regarding the interpretation of each of the above-mentioned sections of current assets.

In particular, the views of scientists from abroad and our country on the determination of the components of reserves are summarized in the table below (table 2)

Table 2. Components of reserves approaches of economists on

| Components of reserves | Kitaev A.V. | Keri-mov V.E | Ergashe va Sh. | Litneva N.A. | Bogache nko V.M. | Kuli-kova L.I. i dr | Alixander D. | BXXS |
|---|-------------|--------------|----------------|--------------|------------------|---------------------|--------------|------|
| Raw materials and materials (raw materials) | + | + | + | + | + | + | + | + |
| Semi-finished products | | | + | + | | | | |
| Auxiliary materils | | + | | + | | | | |
| Components | | | + | + | | | | |
| Fuel | | | + | | | | | |
| Spare parts | + | + | + | | | | | |
| Unfinished production (work-in-progress) | | | | | | | + | + |
| Purchased products | + | | | | | | | |
| Finished products (finished goods) | + | | + | | + | + | + | + |
| Goods | | | + | | + | + | | + |
| Own production semi-finished products | + | | | | | | | |
| Building materials | + | | | | | | | |
| Farm inventory and items | + | + | + | + | + | | | |
| Returned waste and useful residues | + | + | | + | | | | |
| Container and dishbop materials | | + | + | | | | | |
| Other materials | | | | | | + | | |
| Packaging materials (Packing materials) | | | | | | | | |
| Maintenance materials (MRO materials) | | | | | | | | |

As can be seen from the data of Table 2 above, Russian economist scientists, in particular A.V. Kitaev and V.E.Kerimov the LAR used the term "material-production reserves". Also, these scientists did not provide for the consideration of unfinished production (work-in-progress), "semi-finished products" and "components", which are taken into account in the international standards of accounting in the "material and production reserves" section. Of the economic scientists of our republic, Sh.Ergasheva stated the composition of commodity and material reserves mainly in accordance with BHMS No. 21.

In foreign literature, reserves are divided into four categories recognized by international standards: raw materials and materials, unfinished production, finished products and goods (Table 2).

As can be seen from the results of the above feedback as well as Table 2 data analysis, there is also no single approach to defining the composition of stocks with one important element (section) of current assets.

In order to effectively organize and maintain strategic management accounting of current assets in business entities, in our opinion, it will be necessary to coordinate the composition of the reserves that are its components with the rules of international accounting standards. Also, the organization of other parts of current assets at the level of the requirements of International Accounting Standards is an important factor for the organization of their strategic management accounting.

Conclusions

To organize a strategic management account of current assets in economic entities on the basis of the above, in our opinion, it will be necessary to correctly formulate the scale of the tasks before it. We believe that strategic management accounting in terms of current assets, unlike other types of accounting, that is, it is advisable to be directed to perform the following important tasks that they do not perform:

- serves to establish the strategic and in accordance with the Tactical Objectives of the economic entity and to carry them out;
- to achieve the strategic and tactical goals of the business entity, it takes into account the factors of the internal and external environment (not just internal factors, as in other types of accounting) in a complex way;
- shall scallop the database necessary to ensure the future of the business entity, provide management with the information necessary for them to make strategic management decisions related to current assets in a seamless and fast way;
- serves as a means of "foresight, accounting and orientation" for the management of the economic entity.

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