MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN

AZERBAIJAN STATE ECONOMIC UNIVERSITY

INTERNATIONAL MAGISTRATION AND DOCTORATE CENTER

“THE ACCOUNTING OF THE USE OF LOCAL RAW MATERIALS IN LIGHT INDUSTRY ENTERPRISES IN THE KARABAKH ECONOMIC REGION”

ON THE TOPIC

MASTER THESIS

Gulnur Allahverdiyeva Anar

BAKU - 2022

THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN
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MASTER DISSERTATION

On the topic

“THE ACCOUNTING OF THE USE OF LOCAL RAW MATERIALS IN LIGHT INDUSTRY ENTERPRISES IN THE KARABAKH ECONOMIC REGION”

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Elm andı

Mən Gülnur Allahverdiyeva Anar qızı and içirəm ki, “The accounting of the use of local raw materials in light industry enterprises in the Karabakh economic region” mövzusunda magistr dissertasiyamı elmi etika və istinad qaydalarına tam uyğun və biblioqrafiyada istifadə etdiyim bütün mənbələri əks etdirərək yazdım.

“QARABAĞ İQTİSADİ RAYONUNDA YÜNGÜL SƏNAYE MÜƏSSİSƏLƏRİNDƏ YERLİ XAMMALDAN İSTİFADƏNİN UÇOTU”

XÜLASƏ

Tədqiqatın aktuallığı: Müasir dövrdə təsərrüfat subyektlərinin özünümaliyyələşdirməyə əsaslanan fəaliyyətinin təmin edilməsi bir sıra tədbirlərin sistemli və kompleks şəkildə həyata keçirilməsi ilə bilavasitə bağlıdır.

Tədqiqatın məqsədi: Tədqiqatın məqsədi bazar şəraitində yüngül sənaye müəssisələrində inventarların amilli və ya çoxşaxəli təhlili üsullarının təkmilləşdirilməsi və materiallardan istifadənin səmərəliliyinin artırılması yollarının təkmilləşdirilməsi üçün nəzəri və praktiki əhəmiyyət kəsb edən elmi əsaslandırılmış təklif və tövsiyələrin formalaşdırılmasıdır.

İsdifadə olunmuş tədqiqat metodları: Dissertasiyanın mövzusu üzrə tədqiqat işinin təhlilində iqtisadi-statistik təhlil, qruplaşdırma və müqayisə, müşahidə, məntiqi və elmi ümumiləşdirmə, təhlil, təhlil və s.

Tədqiqatın informasiya bazası: Statistikanı, Azərbaycan Respublikasının normativ aktlarını, habelə elmi tədqiqatların nəticələrini, təklif və tövsiyələri əhatə edir.

Tədqiqatın məhdudiyyətləri: Hazırda əsas məhdudiyyətlərdən biri pandemiya səbəbindən Azərbaycanda kitabxanaların fəaliyyət göstərməməsidir.

Tədqiqatın elmi yeniliyi və praktiki nəticələri:

Dissertasiyanın elmi yeniliyi və praktiki əhəmiyyəti aşağıdakılardır:

- bazar münasibətlərinə və sahibkarlıq fəaliyyətinə keçid prinsipləri nəzərə alınmaqla iqtisadi səmərəlilik göstəriciləri sistemində maddi imkanların yeri və rolu müəyyən edilir;

- xammal ehtiyatlarının təhlili üçün göstəricilər sistemi işlənib hazırlanır, onun səmərəliliyini xarakterizə edən əsas iqtisadi parametrlərlə kəmiyyət və keyfiyyət əlaqələri aşkarlanır;

- məhsulun (işlərin və xidmətlərin) maya dəyərinin yeni aspektdə hesablanması variantı təklif edilir və onun iqtisadi təhlil prosesində tətbiqi göstərilir;

Nəticələrin istifadə oluna biləcəyi sahələr: Tədqiqatın praktiki əhəmiyyəti. Magistrlik dissertasiyasında aparılmış tədqiqatların nəticələrinə əsasən yüngül sənayedə mühasibat uçotunun təkmilləşdirilməsinin müəssisələrdə tətbiq ediləcəyi gözlənilir.

Açar sözlər: xammal, mühasibat uçotu, maya dəyəri, sektor, Azərbaycan, yüngül sənaye müəssisələri.

“THE ACCOUNTING OF THE USE OF LOCAL RAW MATERIALS IN LIGHT INDUSTRY ENTERPRISES IN THE KARABAKH ECONOMIC REGION”

SUMMARY

The actuality of the subject: Ensuring the activities of economic entities based on self-financing in modern times is directly related to the systematic and comprehensive implementation of several measures.

Purpose and tasks of the research: The purpose of the research is to formulate scientifically substantiated proposals and recommendations of theoretical and practical importance for improving the methods of factor or multivariate analysis of inventories and ways to increase the efficiency of materials use in light industry enterprises in market conditions.

Used research methods: Economic-statistical analysis, grouping and comparison, observation, logical and scientific generalization, analysis, analysis, etc. in the analysis of research work on the topic of the dissertation.

The information base of the research: Covers statistics, normative acts of the Republic of Azerbaijan, as well as the results of scientific research, proposals and recommendations.

Restrictions of research: Currently, one of the main limitations is the non-functioning of libraries in Azerbaijan due to the pandemic.

The novelty and practical results of investigation:

The scientific novelty and practical significance of the dissertation are as follows:

- The place and role of the material capacity in the system of economic efficiency indicators are determined, taking into account the principles of transition to market relations and entrepreneurial activity;

- a system of indicators for the analysis of raw material resources is developed, and quantitative and qualitative relationships with the main economic parameters characterizing its effectiveness are revealed;

- The option of calculating the cost of the product (works and services) in a new aspect is proposed, and its application in the process of economic analysis is indicated;

Scientific-practical significance of results: Practical significance of the research. Based on the results of the research conducted in the master's dissertation, it is expected that in light industry, the improvement of accounting will be applied in enterprises.

Keywords: raw material, accounting, cost, sector, Azerbaijan, light industry enteprises.

LIST OF ACRONYMS

FIFO FIRST IN, FIRST OUT
LIFO LAST IN, FIRST OUT

CONTENTS

INTRODUCTION

The actuality of the subject: Ensuring the activities of economic entities based on self-financing in modern times is directly related to the systematic and comprehensive implementation of several measures. Because, in modern times, the problems arising in the regular and uninterrupted supply of labor and material resources of the enterprise, one of the leading economic indicators is the study and assessment of the tendency to change the level of labor and material capacity the product. The limited ability to attract foreign investment and the constant increase in the volume of production resources require a reconsideration of the problem, accurate recording of the amount of savings (overhead) in material and labor resources, and the correctness of the report. Research shows that saving on material and labor resources directly leads to an increase in production without incurring additional costs and, ultimately, to a decrease in the level of material and labor costs, which is a computational indicator. Therefore, there is a growing need to develop a new aspect of the methodology of analyzing materials and labor that can meet the requirements of existing accounting and reporting data. However, despite the research intensity, the nature of the functional relationship between the indicators mentioned above and the "volume of production-cost-profit" scheme is still not fully revealed in the specialized literature and teaching aids. In addition, there is a lot of ambiguity and unresolved issues in the field of harmonization of accounting for the use of material and labor resources with international standards, changes in demand for material and labor resources in connection with oil contracts, assessment of ways and consequences of material and labor reduction. The necessary problems remain. In modern times, the methodology of the evaluation, accounting, and analysis of material and labor resources has not been developed fully, and the impact of changes in the level of material and labor resources on the financial results has not been studied systematically.

Problem setting and level of learning: The problem of improving the methodology of accounting and analysis of the use of material resources is one of

the most studied issues in economics. Economists from different countries AF Aksenenko, GA Abbasov. V.A.Beloborodov, S.B.Bamqols, M.I.Bakanov, A.D.Sheremet, V.F.Paliy, V.I.Petrova, R.S.Sayfulin, A.M. Salimov AA Checheta, SM Sabzaliyev, N.M. In the works of Ismayilov, H.T.Namazaliyev, IMMahmudov, R.B.Aliyev and others, issues related to the systematic accounting and complex analysis of the use of material resources are widely covered and a package of specific proposals for its improvement is developed. However, improving the resource provision of the enterprise. The identification of resources to reduce the material and labor costs of the product through the mobilization of production capacity makes it necessary to re-examine the theoretical, methodological and conceptual problems of the assessment of material resources. These or other problematic issues can be considered in enterprises where large oil contracts have been signed, foreign capital has been attracted and there is a special demand for their products. not investigated. From this point of view, it is necessary to systematically record material resources in enterprises, to increase the efficiency of their use, to analyze in depth the need to reduce the material and labor costs of the product. If we look at the oil and gas industry, which is the main consumer of mechanical engineering and its products, as an integral part of our national economy, then needs to be developed in this aspect. This is because the transition to a market economy not only takes into account the problems of accounting, evaluation and analysis of the use of material and labor resources, but also makes it necessary to study in depth and comprehensively the material and labor content of the product.

The purpose and objectives of the study: The subject of the research is the development of a methodology for the analysis of material capacity in light industry in a market economy, the identification and assessment of resources for its reduction.

The object and subject of the research: The purpose of the research is to formulate scientifically substantiated proposals and recommendations of theoretical and practical importance for improving the methods of factor or multivariate analysis of inventories and ways to increase the efficiency of materials use in light industry enterprises in market conditions.

According to the purpose of the research, the following tasks are planned to be solved:

- To determine the place and role of the material capacity indicator of products (works and services) in the system of production efficiency indicators in the conditions of market relations in the Upper Karabakh region;

- to study the existing system of indicators for the analysis of material capacity by technological stages;

- to determine the primary and secondary factors and conditions that directly affect the level of material capacity of the product (work and services);

- economic analysis of the dynamics of the material capacity of products (works and services) in light industry enterprises;

- to develop a new aspect of the methodology of calculation of savings on material resources and economic analysis of material capacity (material supply) in the conditions of market relations;

- to determine the direction of changes in the structure of demand for material resources in connection with oil contracts and the sources of meeting this demand;

- economic analysis and assessment of the impact of changes in the technical and technological level of production in a market economy on the material capacity of products (works and services);

- Economic analysis of the dynamics of the use of materials in light industry enterprises of the Upper Karabakh region of the Republic;

- to determine the directions of improving the use of materials and methods of analysis of inventories to reduce the material capacity of products (works and services).

Research methods: The research will be conducted using many methods, the first of which is the analytical method. This method is widely used in research. The analysis methods in the research work are designed to accurately study the development of methods for accounting and control of the use of raw materials for light industry products in Yukhari (Upper) Karabagh.

The second method is the synthesis method. Unlike the previous method, synthesis is used to combine individual elements (properties) into a single whole for a more detailed study.

Another method used is the comparative method. This method is designed to differentiate by analysis.

The information base of the study: Of the research consists of statistical data of enterprises of the Republic of Azerbaijan, figures of the State Statistics Committee and other sources, data of accounting and reporting documents of the Ministry of Economic Development and the Ministry of Finance. Laws adopted by the Milli Majlis of the Republic of Azerbaijan, normative-legal documents of the Cabinet of Ministers, the Ministry of Economic Development, the Ministry of Finance, the State Statistics Committee and other state bodies (instructions, regulations, orders and laws), prominent economists of foreign and post-Soviet countries organizes research work on the analysis of material capacity. In the dissertation work, grouping, observation, comparison, chain displacement, difference, balance correlation and other methods of economic analysis were widely used. In the process of research, the current normative documents on economic reforms, business plans, accounting and reporting data of the enterprises of the republic were widely used.

The limitation of the study:

- The place and role of the material capacity in the system of economic efficiency indicators are determined, taking into account the principles of transition to market relations and entrepreneurial activity;

- a system of indicators for the analysis of raw material resources is developed, and quantitative and qualitative relationships with the main economic parameters characterizing its effectiveness are revealed;

- The option of calculating the cost of the product (works and services) in a new aspect is proposed, and its application in the process of economic analysis is indicated;

- The system of economic indicators characterizing material and production resources is critically approached from the point of view of bringing the analysis of the economic activity in line with international standards, their shortcomings and advantages are explained;

- Critical approach to the methods of factor analysis of material supply and material capacity offers a completely new option to calculate the amount of absolute and relative savings on material resources. It identifies areas for changes in demand for working capital in connection with oil contracts.

Scientific novelty of the research: It is difficult to get funding as most direct costings do not have official websites.

Practical significance of the results and areas of application: Based on the results of the research conducted in the master's dissertation, it is expected that in light industry, the improvement of accounting will be applied in enterprises. At the same time, the quality of the company's products is expected to improve.

I CHAPTER. THEORETICAL AND METHODOLOGICAL ISSUES OF ACCOUNTING FOR RAW MATERIALS

1.1. Tasks facing the cost, classification and accounting of raw materials

The successful operation of any business entity in a market economy is directly related to the efficient use of material resources. In modern conditions of developing economic relations, the regular and uninterrupted supply of oil and gas enterprises with metal, fuel, electricity, and other material resources brings the study and assessment of changes in the level of material capacity of products (works and services). In addition, the conclusion of oil contracts and the attraction of foreign investment, the limited opportunities for a steady increase in the volume of raw materials consumed compared to the pace of development of the engineering industry, the implementation of a program of measures to change the realization of resource and production potential radically. It makes it an objective necessity to develop a new methodology of economic analysis that differs from the traditional rules, which allows calculating the amount of savings (overhead) in material resources in absolute and relative terms without compromising the quality of the product. It provides a basis for increasing production efficiency by minimizing consumption. Studies show that saving on working capital increases the production of goods (works and services) without incurring additional costs and ultimately leads to a decrease in material capacity, which is an essential indicator of quality (synthetic). From this point of view, in modern market relations, the problem of saving material resources is becoming more urgent; the need to develop a new aspect of the methodology of analysis of material capacity that can meet the requirements of existing accounting and reporting data is growing.

The effective operation of new market structures in light industry enterprises requires the intensive application of existing methods of economic analysis, which allows identifying resources to minimize material costs and reduce the level of material capacity. Despite extensive research on this issue, a classification of the factors affecting the level of material capacity that can meet accounting

requirements, an information base for the analysis of the market economy and economic activity, has not yet been developed. The nature of the functional relationship between the "profit" scheme has not been fully elucidated, and new aspects of the study of material capacity have been somewhat overlooked. In addition, the analysis of material capacity in market conditions in line with international standards, changes in demand for material resources related to oil contracts, the development of entrepreneurship, the signing of oil contracts and the attraction of foreign capital (investment), the formation of new property and production relations has not been studied in the present context. From this point of view, it is necessary to increase the efficiency of the use of materials in light industry, which is one of the most critical sectors of the economy of the Republic, and to analyze in-depth the resources to reduce the material capacity of products (works and services) (Səbzəliyev S., Quliyev V. 2014).

Given that Azerbaijan has favorable conditions for the future development of the oil and light industry, new research should be conducted in this critical area of the economy, and the directions (trends) of changes in material capacity should be scientifically proven substantiated. In addition, if we look at the oil and light industry as a critical component of our national economy, the formation of the economic mechanism of this sector in market conditions, scientifically substantiated classification of factors affecting the level of efficiency and material capacity and their methodology of factor analysis are entirely new. Need to be developed in terms of. This is because the restructuring of management during the transition to market relations eliminates the problem of reducing the material capacity of products (works and services) and makes it even more necessary to study it in-depth and comprehensively.

As reflected in the general definition of economics, the first stage of economic thinking is formed through efficiency. Raw material resources are also directed to development as an economical category, subject to efficiency indicators. As noted in the Constitution and various laws of the Republic, our state attaches great importance to the efficient use of resources in the country. However, it is indeed an

accepted fact that rules cannot reflect the form and procedure for solving all problems. That is why civil servants need to be more vigilant.

In a market economy, the golden rule is to produce at a lower cost and sell at a higher price. This law is an indication that personal interests are at the highest level. However, we should not view low-cost production as a negative thing. On the contrary, savings are the essential economic category necessary for one enterprise and the entire national economy.

To carry out production economically, the raw materials and materials available in the company, enterprise, or economy must be accurately recorded, divided into general production units, and various ways to prevent waste, misappropriation in the production of each allocated unit. Should be searched and found. If we look at the history of large companies in our country, we see that the issue of accounting is critical in this history. The world's largest companies also have a strong preference for accounting and analysis. This is the basis of their development.

Also, the general experience of foreign companies proves to us that increasing the efficiency per unit of output is possible through the efficient use of fuel, raw materials, supplies, and other resources.

Natural resources and their use are one of the biggest problems in our country. Expansion of production can be achieved by increasing the cost of materials and saving and cost. This is one of the essential rules for determining the highest level of efficiency. The cost of materials per unit of output is very high and forms the basis of price. In areas with a high material capacity of raw materials: the food industry, construction, etc., have a very high share of 80-90% in the average cost of production.

Let's take into account that the general development of our Republic has so far been more associated with the oil industry, i.e., the material-intensive sector. We can confidently say that the mass involvement of material and technical resources in mass production is regular. It is no secret that the raw material and material resources in any area are limited. It is no secret that the restoration of natural raw materials is

impossible. In this case, the first thing that comes to mind is the launch of the savings and spending regime. With the launch of this regime, an increase in efficiency is achieved, which means less cost and more production.

As we know, the processing industry, unlike the extractive industry, produces less product and spends more labor and capital. Therefore, the method of saving material resources by using the latest achievements of scientific and technical progress in the processing industry is increasingly used in world practice. However, as we know, the use of the achievements of scientific progress prevents the growth of the company's revenues in the short term. However, if we try to determine the categories of income and profit of the enterprise, in the long run, we see that the enterprise's revenue has increased many times.

It should be noted that the general form of materials in lowering the material capacity indicator opens new ways to improve processing techniques and scientific technology, purchase modern equipment, increase the efficiency of material capacity and material yield as a general indicator. In general, any product's overall material and material capacity is sometimes determined based on quality indicators of raw materials and occasionally non-recycled materials.

We can use such an argument here. The policy aimed at reducing the cost of products, units of material, and, consequently, the price is observed with an increase in the general welfare of the population. We can explain this factor as follows. Reducing the cost of producing one unit of a product by reducing raw material reserves will allow the company or enterprise to make more products. This means that the firm or enterprise will participate in the market with more products. The abundance of products in the market will eventually lead to lower prices. Therefore, the fall in the price of any product will benefit the country's population first of all.

The measurement of production efficiency of any product is determined by the dynamics of 3 leading indicators and their interactions in general (Xankişiyev B., Əliyev Ş. 2013):

- Stock capacity;
- labor capacity;

• Material capacity.

Each of these indicators in itself characterizes any aspect of costs or expenses.

It is also known that saving on live and materialized labor determines the growth rate of production and national income. Therefore, reducing the indicators of both of the above factors and reducing the cost of live delivery allows you to effectively increase the use of fixed assets.

a) during the provision of services or the performance of any work and in the production of a unit of product;

b) to cover management costs;

c) to be sold if necessary.

In general, we can show the following as the current assets of any firm.

• Inventories of fuel, finished products, materials, goods, raw materials, and other forms of raw materials;

• Cash in the bank or mountain cash desk;

• Accounts receivable.

In addition to forming the material base of the primary materials or raw materials used in the production of the product, it includes in its composition its agricultural products, such as industrially processed products, scrap metal, and others. In addition to the basic materials, auxiliary materials are also available. Supplemental materials are often used to add specific properties to products that have been developed or manufactured using raw materials and basic materials. Auxiliary materials include, for example, the use of paint and varnish to paint any car, the addition of any literature for the production of sausages.

It is a condition that any raw materials and supplies be taken as an auxiliary or primary. A product can act as a base material when used in any sphere and as supplementary material in another sphere.

Semi-finished products are also considered one of the most critical categories in the study of raw materials. Semi-finished products are materials that have passed a particular stage of the processing industry but are not considered finished products.

The concept of recyclable waste is also used in accounting. Such wastes occur when certain additives are formed during the processing process, which can be reused. Examples of such wastes are scrap metal obtained during the production of metal structures.

Another indicator recorded in the records is the packaging and packaging materials, fuel, and spare parts, part of the auxiliary materials. Each of the named materials is also grouped based on specific indicators. For example, fuels are divided into additional materials into motor fuels, process fuels, and fuel groups involved in the economy.

The raw material for loading, storage, and packaging of products is called a container.

Parts intended to repair, repair, or replace any piece of equipment or machinery that is obsolete or damaged are called spare parts.

The group of low-value items includes temporary buildings, specially made shoes, and clothes, unique accessories, and specific equipment and tools.

As a reserve, a specific valuation of raw materials or production inventories, their regulation following the norms and rules of accounting has a leading place in the system. Depending on the method of obtaining such materials, they are not recorded in the cost of accounting.

1.2. Raw materials as an object of accounting and control

In a market economy, it is known that material costs have a significant share in the price of products (works and services), which is considered a trade secret. In the modern period of market relations and intensive transition to economic development, saving material resources, reducing the cost of products (works and services) is set as the main task of increasing the efficiency of production and economic activities of enterprises (firms). In addition, the increase in the production of goods (works and services) in the enterprises of the Republic, along with the widespread application of the achievements of scientific and technological progress in production, also depends on the efficient use of material resources. Because, as in all sectors of the economy, a one percent reduction in the consumption of raw materials, materials, and fuel in the oil industry is equivalent to the production of millions of additional gross domestic products in the country (Səbzəliyev S. 2014).

However, despite the transition to different property relations, material resources are still not used sparingly. It is known that the application of the principle of self-financing in the conditions of free-market competition imposes the task on each enterprise and in the field of production to achieve greater economic efficiency with minimal costs. That is why it is essential to adhere to the austerity regime in the modern period of the market mechanism, reduce the product's material capacity, and strengthen operational control over the consumption of raw materials. In such a situation, the role of free prices and value-added tax inefficiently using materials and implementing the austerity regime is enormous. Because, along with the increase in production, the share of raw materials and consumables is constantly increasing. From this point of view, it is essential to conduct an accurate economic analysis of the inflow and outflow of material resources and to influence this process through the price factor. Therefore, in the method of financial accounting, special attention is paid to the receipt, storage, consumption of materials, and their correct inclusion in the cost of products (works and services).

In market conditions, economic analysis, which is one of the most critical functions of management, is an essential tool for assessing the effectiveness of raw

materials. The analysis of economic activity and identifying new internal sources of reserves in this area play a vital role in determining how to use them shortly. As a rule, synthetic indicators such as material capacity and material yield are calculated to characterize the level of material use and its dynamics in industrial enterprises and associations. In a market economy, a comprehensive program is being implemented to reduce the material capacity of industrial products. In this context, the system of norms and standards is of particular importance for the economic impact on the efficient consumption of material and energy resources. However, shortcomings in the pricing process do not accurately characterize the dynamics of the use of materials in industrial production. This is because the level of use of materials is directly affected by objective factors such as norms and prices.

It should be noted that the transition to an intensive type of large-scale reproduction in the context of progressive forms of economy and the direction of increasing the efficiency of the economy is the main regularity of the reform period. At the same time, several objective and subjective factors related to applying the principle of market economy and self-financing make the problem of production efficiency especially relevant, adding new aspects (aspects) to the problem setting and solution. It is known that currently, the problem of improving the efficiency of production, quality of work, and services is a crucial issue of economic strategy and an attribute of a market economy. If we express this task concretely, it means that in a market economy, every workplace, every workforce has high productivity, absolute and relative savings in raw materials, reduced production costs, and a competitive product that meets demand. Therefore, achieving the release is of particular importance. In addition, as mentioned above, reducing the material capacity of products in the enterprises of the Republic is mainly growing due to the transition to a market economy and intensive development of large-scale reproduction. Because, in modern conditions, reducing the material capacity of the product, improving the use of raw materials, fuel, and energy is considered one of the most critical areas to increase production efficiency. At the same time, the

increase in the final result per unit of monetary resources used is achieved in this way.

In this regard, it is imperative to accurately organize and keep timely records of the receipt of materials in enterprises. That is why accounting should keep regular journals of the entry, consumption, and movement of materials, check the compliance of the volume, quality, and range of imported fabrics with the current production needs, and monitor their proper use daily. In such a situation, the main task of systematic accounting of the movement of materials is the operational control over the protection of funds and the state of raw materials. On the other hand, it should be noted that the primary goal of economic reforms in a market economy is to achieve high-end results at the macro and micro levels and increase the efficiency of raw material use. Indeed, the more efficiently each manat is used in terms of the value of materials, the more demand will be met (Bolt-Lee C. and Smith L.M. 2010).

In the conditions of advanced forms of economy, only 35-40% of the growing demand for raw materials, materials, and fuel is provided by increasing their production. However, the comprehensive approach is not considered viable at the current level of prices and in the current context of disrupted economic relations between enterprises. Therefore, the efficient use of materials in industrial enterprises and associations and the reduction of the material capacity of the product is a problem.

The steady increase in production leads to a constant rise in the share of material costs. In this sense, the study of the state of resource provision in industrial enterprises and the development of a methodology for analyzing the use of raw materials can be considered the primary goal of the research. To achieve this goal in market relations, it is essential to address several pressing issues listed above. In our opinion, "Analysis of the dynamics of the use of material resources" has a special place among these problems.

The intensive development of industries in the conditions of advanced forms of the economy has led to a progressive change in the cost structure.

That is, the share of material costs and wages in the price has increased. Thus, the increase in material costs in the context of inflationary processes makes it a task to study their dynamics and constantly improve systematic accounting.

Successful implementation of the business plan for the release of products in industrial enterprises and associations depends not only on the timely and appropriate supply of raw materials but also on the economic and efficient use of materials, efficient use of raw materials in the production process and material savings, as well as lower production costs (works and services).

As it is known, the leading indicators characterizing the efficiency of the use of material resources in enterprises and its dynamics are as follows:

a) material costs per manat of a commodity product (without depreciation);

b) saving essential types of material resources in natural terms; including:

1) for a commodity product (works and services) worth one million manats;

2) for a net product of one million manats;

c) the ratio between the growth rate of material costs and the growth rate of a commodity product;

d) relative savings in material resources;

d) material supply and material capacity.

As can be seen, one of the essential aggregate indicators characterizing the effectiveness of the use of material resources in enterprises is the material capacity. It should be noted that in the new economic environment, the material capacity, which characterizes the efficiency of the use of materials in the production process and its dynamics, is planned on two important indicators:

a) material costs per manat of a commodity product (without depreciation);

b) the share of material costs in the total cost of essential products.

As it is known, the structure of commodity production, material costs:

a) material resources used in the production and operation process;

b) material costs incurred for the economic needs of the enterprise (firm).

When determining the dynamics of the material capacity of products (works and services) in terms of value, it should be taken into account that material costs for the production of goods (works and benefits) are grouped by the following items:

a) raw materials and basic materials;

b) purchased products and semi-finished products;

c) auxiliary materials;

d) fuel and energy.

In addition, losses due to the deterioration of goods and materials in the warehouses of the enterprise and penalties for overused electricity can also be attributed to material costs.

Let's continue the study of the general rules and principles of accounting on the accounting work carried out in oil engineering, one of the most critical industries in the country. To carry out analytical work in this direction, it is possible to compile an analytical table in the following form based on materials of the machine-building plant named after B. Sardarov and apply the results of the research to other machine-building enterprises of the Republic.

As can be seen from the data in Table 1. the average monthly production-consumption of materials increased by 3.5% at the machine-building plant named after B. Sardarov, and the average (monthly, annual) cost of material resources increased by 3.7%. Such a situation cannot be assessed as economically justified and optimistic given the average monthly rate of material resources (stocks) growth relative to the standard (normative).

Table 1: Example: Material resources and inventories at the plant Analysis of the dynamics (in thousands of manats)

Indicators	2020	2021		Growth rate compared to 2018,%
		according to the standard (normative)	actual	
A	**1**	**2**	**3**	**4**
1. Average cost of material resources	359,1	364,0	372,4	3,7
2. Monthly increase in production reserves	+ 3,2	+ 4,3	+ 8,4	_
3. Average monthly production consumption of materials	260	264,5	269.0	3,5
4. Annual amount of reserves	362,2	350.5	381,4	5,4

Source: https://www.azstat.org/Kitweb/zipfiles/00407.pdf

It is known that in the next stage of the analysis of the dynamics of the use of raw materials, the tendency to change the general indicators (material supply and material capacity) that characterize the use of these resources is studied and evaluated. Involvement of data of two or more years in the calculation for this purpose makes it a problem to take into account the impact of factors such as inflation in the analysis process and to adjust the level of material capacity (material supply). To conduct analytical work in the mentioned direction on the basis of materials of light industry enterprises of the republic in the following form 1.2. It is necessary to compile an analytical table № 2.

As can be seen from the data in Table 1.2, the material capacity and material yield indicators that characterize the efficiency of the use of materials in the light industry have changed both in the plan and in 2018 compared to 2019.

It is known that the factors that have different characteristics at the level of material capacity indicator are:

Table 2: Characterizing the efficiency of the use of material resources in light industry enterprises of the Republic of Azerbaijan analysis of the dynamics of material yield and material capacity indicators

Indicators	2020	2021		Execution of business plan,%	Deviation (+ ; -)		
		according to the business plan	actual		Compared to 2018		relative to the plan,%
					according to plan, %	actual,%	
A	1	2	3	4	5	6	7
1. Volume of machine-building products at comparable prices, mln. manatla	16,7	18,6	18,1	97,3	11,2	81,6	70,4
2. Volume of material costs, mln. manatla	9,2	9,4	10,5	111,6	23,4	14,2	-9,2
3. Material capacity (line 2: line 1), in manat	55,1	50,5	58,0	114,9	9,1	0,6	-8,5
4. Material yield (line 1: line 2), in manats	1,82	1,98	1,72	87,0	0,8	0,9	0,1

Source: https://www.azstat.org/Kitweb/zipfiles/00407.pdf

1. Change in the total amount of material costs;

2. Change in the volume of products (works and services);

3. Price change;

4. Changes in material consumption norms, etc. can affect.

In our opinion, it is expedient to study and assess the impact of the first-degree (first two factors) factors among the listed factors. For this purpose, it is necessary to make the following calculations:

I calculation: 9.4: 18.6 = 0.505 manat;

Calculation II: 10.5: 18.6 = 0.564 manat;

Calculation III: 10.5: 18.1 = 0.580 manat;

After performing the calculations in this way, it is possible to determine the effect of the first two factors listed above on the material:

Changes in the total amount of material costs:

0.564 - 0.505 = 0.059 manat;

1) Change in the volume of products (works and services):

0.580 - 0.564 = 0.016 manat;

Thus, the combined effect of the two factors is 0.075 manat [0.059 +0.016], which is the same as the total deviation (0.580 -0.505).

Raw materials and supplies can be released into the production process to meet the internal needs of the enterprise, sold, exchanged or destroyed for any reason (obsolescence, loss, theft, etc.).

Release of raw materials and supplies can be carried out on the basis of limit-zabor cards, if there is a limit on the output of materials in the enterprise, if there is no limit - on the basis of the application and internal invoice. If raw materials are sold, their output is documented with an invoice.

Estimation of output of raw materials and supplies for production or other reasons According to item 25 of the National Accounting Standard No. 8 "On inventories", the initial cost of inventories can be calculated on the basis of "initial income - initial expenditure" (FIFO) or weighted average cost formula . An entity shall apply the same formula used in calculating the cost of inventories to all inventories that are identical in nature and use. Different methods can be used to calculate the cost of inventories that have different characteristics and are used differently by the entity.

According to Article 139.4 of the Tax Code of the Republic of Azerbaijan:

If the taxpayer does not keep individual records of the goods at his disposal, he has the right to keep records of inventories using the method of valuation at average cost.

The correspondence of the export of raw materials and supplies is given in the table below.

Table 3: The correspondence of the export of raw materials and supplies

N	The content of the operation	Debit %	Credit %
1	When raw materials and supplies are used within the enterprise		
1.1	The cost of raw materials and supplies is written off to primary, ancillary production or general operating expenses	20, 23, 25, 26	10
1.2	Materials used in the sale of finished products and goods	44	10
1.3	Materials used during the installation and commissioning of fixed assets	07,08	10
2	Free raw materials and supplies		
2.1	The initial cost of raw materials and supplies is written off	87,88	10
2.2	VAT on raw materials and supplies provided free of charge	87,88	68
3	Sale of raw materials and supplies		
3.1	Sale of raw materials and supplies	62	48
3.2	The initial cost of raw materials and supplies is written off	48	10
3.3	VAT on raw materials and supplies	48	68
3.4	Repayment of debt to the enterprise for sold raw materials and supplies	50, 51	62
4	Loss, shortage, spoilage or theft of raw materials and supplies		
3.1	Disposal of lost, missing, spoiled or stolen raw materials and supplies	84,88	10
3.2	Accrued VAT	84,88	68

Source: http://www.muhasib.az/Muhasibat/ehtiyatlar/xammal_3.php

1.3. Relationship and role of raw material accounting with the accounting policy of the enterprise

In a market economy, the importance of effective management of material resources and the scientific organization of labor is constantly growing. At the same time, effective forms of surveillance and scientific organization of work become essential factors in improving production efficiency and quality parameters. In this regard, it seems pretty natural and legitimate to solve the problem of improving the accounting of labor resources in conjunction with raw materials. In our opinion, the improvement of accounting for the use of material resources implies the processing of primary accounting data with the help of modern information technology. Experience shows that the following codes are considered suitable for the automated processing of information characterizing the use of labor resources in industrial enterprises:

1) code of synthetic accounts and their relevant sub-accounts;

2) code of analytical accounting objects;

3) code of accounting operations;

4) machine tables.

In our opinion, the machine diagram drawn up by this rule creates favorable conditions for monitoring the movement of labor resources and their use. The typewriter, compiled with the help of modern information technologies, combines the following elements:

1) turnover tables on analytical accounting;

2) information describing the use of labor resources and their movement.

However, in light industry enterprises, where we have studied economic activity, the accounting of labor resources, like other blocks of accounting, is still not fully mechanized, and this problem remains unresolved.

Precise separation of generalized and individual indicators related to the relevant blocks of complex economic analysis is considered a significant and topical problem from a methodological point of view.

The fourth block of the difficult financial analysis indicators characterizes the efficiency of the use of labor resources. In practice, the following blocks are generalized to labor resource indicators:

a) a system of indicators characterizing the level of employment of the enterprise;

b) indicators of staff composition and dynamics;

c) indicators of working time use;

d) labor capacity;

e) labor productivity.

According to the author, despite the diversity of the economic parameters characterizing the use of labor resources, only the labor productivity indicator requires a new approach to its calculation methodology because the methodology for calculating and evaluating other labor indicators is almost no different from traditional rules. In international practice, the labor productivity indicator, which characterizes the enterprise's activity, is determined not by the ratio of the volume of output to the average number of employees lying in all queues but by dividing the

amount of income from sales by the number of employees. This calculation creates favorable conditions for characterizing the dependence on the father of the elements of the "cost-out" scheme with efficiency indicators that indicate the use of labor resources and regulate the relationship between the production stakeholders (Xankişiyev B., Əliyev Ş. 2013).

In the modern era of changing sales prices, the typology of the system of indicators characterizing the efficiency of the use of material resources by various characteristics is becoming one of the main problems of management. The current guidelines and methodologies recommend using general and partial indicators that characterize the use of material resources in the economic literature, planning, and analysis. However, the application of aggregate indicators in the planning and analysis of enterprises and firms does not allow general information about the efficiency of the use of material resources and the resources that ensure its improvement. On the contrary, the partial indicators that characterize the use of materials create favorable conditions for identifying in-farm reserves, which provide the efficiency of using individual material resources and reducing the material capacity of certain types of products. Theoretical research shows that the indicator "volume of commodity products at comparable prices," which is traditionally included in the calculation of materiality, is not characterized as an optimal economic parameter in international practice. On the contrary, the "amount of combustible income from the sale of products" includes the influence of all objective and subjective factors that affect the material capacity, which is one of the leading indicators of production efficiency.

Under market conditions, radical changes are taking place in providing the enterprise with material resources and their use. With these changes, it becomes an objective necessity to revise, improve, and add new aspects to the methodology of accounting, analysis, and evaluation of material resources. Because the current methods of complex analysis of the main economic parameters characterizing the use of material resources in modern times do not meet modern information systems' requirements, it is impossible to objectively assess the dynamics of efficiency

indicators such as material yield and material savings. According to the author, the solution to these problems can be imagined systematically and comprehensively, starting with the assessment process, which is a prerequisite for the effective organization of material accounting. Following the Law of the Republic of Azerbaijan "On Accounting," inventories are valued at current book value and reflected in the report at actual cost. However, estimating raw material reserves at a total cost in current accounting is not always possible. Therefore, there is a need to use predetermined prices in the current accounting, i.e., accounting prices. In practice, the price list includes the price list, contract, average purchase prices, plan cost. Price lists are set centrally by the government. During such an assessment, transportation costs are calculated separately. It is possible to estimate the actual cost by type of material and nomenclature group at the end of the month. However, in a market economy, price lists such as discount prices are rarely used. According to the author, this situation can be explained by the fact that in a market economy, prices can not remain stable for a long time, and as a result, the cost of materials changes frequently. In practice, when contract prices are taken as accounting prices, the difference between the actual cost of raw materials and their value calculated based on book prices consists only of transportation costs. However, as the prices taken as accounting values change constantly, it becomes necessary to review them regularly. This is because changes in book prices several times a year do not always reflect the actual value of raw materials. In practice, the following methods of estimating raw material resources are more common:

l) market (contract) prices;

2) nomenclature accounting prices.

Material resources used for internal purposes are estimated at the planned disposal cost at the time of actual disposal.

By the Law of the Republic of Azerbaijan, "On Accounting," it is considered suitable to reflect the accounting of the materials included in the production and released into production at the purchase price. Taking this into account, the researcher examines the advantages and disadvantages of each of the methods

specified in the Law of the Republic of Azerbaijan "On Accounting." The method of estimating the average cost of material resources assumes that the value of each unit of raw material reserves of any period is determined by the average value calculated for that period. The actual supply cost of assets (inventories) is estimated at the minimum possible value by comparing them with market prices when compiling the balance sheet. In this case, the material values recorded are compared with their actual value to select a quantitatively lower value. The negative difference in value that arises during the comparison is attributed to the entity's production and commercial activities. From this point of view, the study of a number of methods of valuation of raw materials in the transition to market relations, their practical use, application of methods of assessment of inventories provided for in the Law of the Republic of Azerbaijan "On Accounting" and proposed in International Accounting Standards 2 becomes an objective necessity. The FIFO method is based on the fact that raw materials are released into production in the order (sequence) in which they are obtained. This valuation procedure depends on the actual line of expenditures for the incoming sets. In other words, the release of material from the warehouse is estimated at the old receipt price. In our opinion, using the FIFO method brings the flow of raw materials closer to their physical flow. As a result of applying this method, the amount of the final balance of natural materials approaches their current market prices, and the cost of goods sold decreases. This, in turn, increases the amount of net profit. The disadvantage of this method is that it is highly labor-intensive and changes in the level of deviations in the cost of output due to differences in the price of the material from one batch released on different dates. The method with the cost of the last Germans over time (LIFO) is based on the rule that the exported raw materials are measured in time by the value of the previous set, then by the value of the next stage, and so on. The LIFO method has been used successfully in the face of rising prices. In this case, the raw materials released into production are valued at current market prices. As a result, the cost of goods sold is determined more realistically-the amount of German net profit decreases.

It should be noted that the advantage of the LIFO method is to write off the cost of the material at the final price close to the cost of the product. However, the complexity and complexity of this method is its main drawback. The cost of the product varies due to valuing the material from one batch at different prices. Usually, as prices rise during rising prices, the enterprise tends to use the LIFO method unequivocally. Therefore, the cost of raw materials in stock and the result of operations decrease. Experience shows that the opposite is true when prices fall. That is, an enterprise earns more revenue when it applies the FIFO method than the LIFO method. Research shows that FIFO and LIFO methods of estimating exported raw materials can significantly impact the final financial results of the enterprise's production and commercial activities.

This Regulation does not specify the mechanism for establishing the accounting policy of the enterprise in the field of accounting and reporting, as well as the assessment of raw materials released into production. In our opinion, it is imperative to clearly define the conditions and criteria for using the FIFO or LIFO method in the assessment of raw materials. Furthermore, applying the FIFO or LIFO method of estimating the raw materials released into production highlights the need for their analytical accounting by species and sets. This significantly complicates the accounting and increases its efficiency.

As can be seen, each of these methods used in practice has its advantages and disadvantages. The refore it is impossible to characterize any of them as the best and most modern method. This is because the correct choice of the process of valuing material resources in a market economy depends on its balance sheet, profit and loss statement, and the impact of the decision made by the entrepreneur and the investor. That is why the simultaneous inclusion of raw materials in both the balance sheet and the profit and loss statement is a significant methodological challenge when choosing a material valuation method. It is known that the LIFO method is a more optimal method for reporting profits and losses, as it creates favorable conditions for comparing the revenues from the sale of products with their cost (“Azərbaycan 2020: gələcəyə baxış” inkişaf konsepsiyası, p.67).

However, the LIFO method is not a universal method for estimating the current carrying amount of materials when price changes are long-term. When approaching the issue from this perspective, the FIFO method allows drawing more objective conclusions. It is clear that when the FIFO method is applied, the cost of materials at the end of the reporting period is closer to the current price. As a result, it is possible to reflect the enterprise's assets in the balance sheet realistically. In our opinion, it may be more expedient to use the FIFO method to evaluate raw materials in the light industry.

1.4. Accounting for the use of raw materials in enterprises of light industry

It is very important to check the material and production stocks entering the enterprise from the point of view of compliance with the quantity and quality indicated in the accompanying documents. The need for technical expertise or laboratory tests is accepted by a commission appointed by the head of the enterprise. Types of material and production stocks are handed over to the warehouse by a representative of the supply (marketing) department or another authorized person. Registration, acceptance of settlement documents, etc. to the procurement department and then to the accounting department. Quantitative and quantitative accounting of material values entering the warehouse is carried out by the material-responsible person from the warehouse registration card (form M-17 №) by the operative-accounting (balance) method. Each nomenclature of stocks - a separate record card for the accounting position. The issued cards are placed in the file of the warehouse in the nomenclature sequence of materials. The initial information on the movement of materials on a daily basis (receipt orders, invoices, limit cards, etc.) is reflected in the nbv record card. At the same time, the balance on each nomenclature number, type and size of the relevant stocks is removed from the card. Based on the information, the warehouse manager provides the head of the enterprise and the marketing service with information on the status of stocks for various nomenclature positions and the balance of inactive stocks. An accountant who regularly records

materials (at least every 10 days) checks the accuracy of the entries in the warehouse registration card.

These accountants have the right to inspect material values, especially the actual condition of expensive and scarce materials, in kind. The balance of the materials issued on the card is confirmed by the signature of the inspector. Then the warehouseman compiles a register of delivery of income and expenditure documents and transfers it to the accounting with the attachment of the necessary supporting documents (shipper's account, transport invoices, etc.). Documents are selected on the basis of groups of reserves and nomenclature numbers. Limit-zabor cards are handed over as used. At the end of the month, all of them must be accounted for. At the end of the month, the balance on the warehouse's accounting cards is transferred to the balance book (statement). Entries in the balance book are made on the balance sheets of reserves, groups of reserves and their various types (Səbzəliyev S., Quliyev V. 2014).

Control over the accuracy of warehouse records in accounting is carried out by checking the initial documents and reviewing the accurate calculation of their balances. Analytical accounting of materials in the warehouse is carried out separately on the basis of balance accounts and groups of reserves in monetary terms for materially responsible persons. Such accounting is based on the amount of balances extracted from each warehouse. The first documents received from the warehouses for accounting (for each register) are checked for the correctness of their registration and then taxed. The results of the registers of documents (on income and expenditure) are reflected in the compilation and statements separately for synthetic accounts, sub-accounts and groups of materials. At the end of the month, the information from the stack sheets (or the typewriters that replace them) are used to compile the circulating sheets as a group for each warehouse. The accuracy of inventory records is checked by comparing the value results in the balance sheet for each group of inventories with the balances of the same type in the group turnover statement. When discrepancies are found between the warehouse records and the group turnover table, a type turnover table is drawn up according to the rules.

Warehouse inventory is distinguished by its significant labor capacity. In particular, manual labor is greater when the warehouse registration card is frozen. Therefore, the most important task ahead is to automate warehouse accounting by linking it to accounting with the help of modern computer programs. The use of computer technology allows to solve this task of decentralized information processing. For this purpose, personal computers are used in the workplace of accountants, and the intermediate results obtained in them are transferred to a higher level program on diskettes to compile summary registers of accounting and accounting. The information in the receipts and disbursements - the warehouseman - is transferred by the operator from the terminal device to the computer and the warehouse registration card is recorded on a magnetic medium in the form of 25. Before copying this information, the warehouseman collects his personal code, warehouse code, nomenclature numbers of specific types of stocks on the console, calls the notes in the form of a warehouse registration card and displays the code of the relevant document processing program. In automatic mode, the name of each subsequent requisite is displayed on the screen. The filled lines displayed on the display are copied by the operator to the computer's memory, and the first registered documents themselves are grouped and transferred to accounting.

When processing high-quality documents (eg, limit-zabor card) to permanent information, only factual indicators (quantity, date) are transferred to the memory. In order to control the accuracy of operations on the movement of all types of resources on the computer of the warehouse, a register should be compiled on a daily basis for the disclosure of income and expenditure documents. The next stage of processing and registration of the first information on the movement of stocks is related to the transition to paperless accounting technology. In such cases, the first documents are in the form of a machine carrier of information, and machine records come into force by encoding personal passwords for each user. Thus, the development of analytical information on inventory accounting when using a computer includes the following stages:

a) receipt and registration of primary documents of the typical form (receipt orders, invoices, limit cards, etc.), calculation of control amounts;

b) transfer of information to magnetic tapes, control of computer-generated information and formation of input files;

c) taxation of generated files and problem solving;

d) control of output documents and their issuance to the consumer.

Accounting is a transaction in which it is not possible to change the cost of inventories subsequently. However, changes in the total indicators of raw material reserves during the year are carried out in several cases. Examples of such cases are:

- A sharp increase or decrease in the price of some types of accounts.
- Changes in the original quality.
- Obsolescence.

Changes in the examples mentioned above directly affect valuations, which necessitate the reorganization of the accounting records.

In such cases, price differences are not included in the profit or loss reported for tax purposes. Instead, such differences are considered part of the overall financial results of the enterprise. Another factor to keep in mind here is that the inventories that do not belong to the entity but are held at its disposal using the contract are recorded in the off-balance sheet following the contract price.

According to the relevant law, if raw materials are purchased in foreign currency, their value must be converted into manats by the exchange rate of the Central Bank of the Republic of Azerbaijan.

It is known that the cost of obtaining raw materials plays a vital role in calculating the cost. These costs are sometimes called actual costs. However, to complete the production phase, an enterprise must always obtain a particular product from suppliers for re-production. Therefore, all costs incurred in this purchase transaction are used to calculate the actual cost. Of course, the calculation of the actual cost of purchased products is more convenient and accurate in cases where the range is limited. However, if the purchased materials make up a large proportion, the average purchase price is used (Mühasibat uçotu haqda Qanun. 2004: p.11).

In such an assessment, the concepts of plan cost and book value become more widespread in practice. The leading indicator here is the cost of the plan. When preparing the plan cost report, the enterprise considers the current purchase prices, transportation, packaging, and security costs when organizing the accounting.

According to general methodological principles, there are independent and indirect actual cost costs. As the name implies, indirect costs are the costs associated with the delivery and supply of materials. Independent costs are the cost of any fabric purchased.

Indirect costs can be grouped as follows:

- Costs of warehouse facilities and staff maintenance;
- Transport costs not included in raw materials;
- Interest expense on loans taken from credit institutions;
- Fees not included in the price for the maintenance of inventories.

As noted above, actual cost costs also include costs incurred in purchasing any stock.

Indirect costs incurred in purchasing raw materials are fixed and variable. The prices of maintaining warehouses can be attributed to permanent ones. Variable expenses are mainly related to transportation costs. Because the raw materials obtained are not always obtained from the same enterprise, i.e., there are differences in distance.

In general, fixed costs include two forms of accounting. Form 1 is that those costs are included in the actual price of the acquisition independently. The second form of accounting is the distribution of variable costs through a specific calculation. In such a distribution, the total value of raw materials or their quantity is often the main factor.

During the assessment, the release of raw materials into production is carried out by the following assessment tools:

- in the absence of a substitute, at the cost of each unit of materials;
- With the average cost;
- cost of the first time of purchase (FIFO method);

- at the cost of the last time of purchase (LIFO method).

The entity chooses its accounting policies and builds its development strategy throughout the year by selecting any method following these policies. The application of the first of the above assessment methods is carried out in exceptional cases. Therefore, we can relate to assessing this group of precious stone resources that require particular use.

The second method of assessment is more typical for our country. Here, the average cost indicator is used based on the vocabulary mentioned above evaluation.

The 3rd and 4th forms of assessment, which are more modern than the previous ones, are the most widely used evaluation forms in the accounting system of firms and enterprises of developed foreign countries. The essence of FIFO, the third method, is that the write-off is carried out first as the first batch and then as the second batch. Then, finally, the deletion is done in order. In other words, the party that is brought in is also spent.

The LIFO method is the opposite of the FIFO method. The write-off operation is carried out first at the purchase price of the last batch of inventories and then at the cost of the previous collection. As we have said, the previous set is received, and the first batch is spent.

II CHAPTER. ORGANIZATION OF INVENTORY OF RAW MATERIALS IN LIGHT INDUSTRY ENTERPRİSE IN UPPER KARABAKH

2.1. Reflection of raw materials in accounting and reporting

The accounting of light industry enterprises located in the Upper Karabakh region will be carried out uniformly. For this reason, the use of the initial sample document form developed by the Statistics Committee has become widespread and accessible. On the other hand, it is cheaper to keep records by working on generalized documents. Moreover, documents prepared in both affordable and straightforward forms allow us to compile operations on raw materials based on a single model.

Keeping records of the movement of raw materials also enables the conduct of various operations in the warehouse and the complete and correct control during storage. Preliminary documentation operations and document flow diagrams based on field standards establish general management work and obtain the necessary information for management. As it is known, one of the most critical conditions of control is a high level of information flow. Let's now examine a few preliminary documents on raw material resources and the form of their compilation.

If the deletions are usually carried out, the labor cards are provided for one month, but if they are made in small volumes, 2 copies per quarter. The first copy of the drawn cards is given to the warehouses of the enterprise, and the second copy is given to the workshops. This operation is completed before the beginning of the month.

As shown in the economic literature and research, changes in the material capacity of specific types of products can occur due to "factors associated with the application of the achievements of scientific and technological progress in production." Therefore, the analysis of the effectiveness of scientific and technical progress in the context of different property relations should be carried out in conjunction with the study of the technical, technological, and organizational level of production, the amount of savings on materials for each administrative and

technical measure should be calculated. Furthermore, opportunities for the release of products (works and services) should be identified, the impact of scientific and technological progress factors on specific indicators of material capacity should be determined. From this point of view, the development of the methodology of analysis in the areas indicated in the research process requires forming a system of indicators and the improvement of the existing information base. In connection with the harmonization of accounting with international standards, several statistical reporting forms reflecting scientific and technical progress in enterprises on key indicators under the guise of simplification and improvement have been abolished (12-NT, 2-NT, 10-NT, 11-NT, etc.). Therefore the necessary information that allows calculating the impact of changes in the technical level of production on the material capacity of the product (works and services) is scattered among the various accounting registers. As can be seen, the abolition of statistical reporting forms that reflect the final results of production and economic activities of enterprises and allow them to be comprehensively assessed, the reduction of several indicators, and the simplification of other accounting documents are not always helpful and reasonable in terms of comprehensive economic analysis. Therefore, it is not considered appropriate.

In our opinion, the reductions and simplifications in this direction, on the one hand, create favorable conditions for saving some time required for the preparation of these reporting forms; on the other hand, to identify resources to increase production efficiency, change the technical, technological and organizational level. For example, - materials), material capacity, stock capacity, labor capacity, etc., causes a certain amount of loss of objective accounting information, which allows you to calculate the impact. Therefore, to achieve consistency in accounting and reporting, which is one of the most critical functions of management in market relations, and to prevent the spread of the same information between different accounting documents, to restore the statistical form 12-NT №, which summarizes the achievements of scientific and technological progress and it may be expedient to add to it several specific indicators characterizing the technical and economic level

of production (material savings as a result of technical and organizational measures; level of production resources; factor describing the change in the share of material resources consumption by factors, etc.

In this case, using the data of this statistical report form, it is possible to calculate the amount of savings on material resources, both as a whole and for individual organizational and technical measures, as well as to determine and estimate the actual volume of additional products (works and services 17. p.58).

In our opinion, depending on the implementation period, the amount of savings on material values for each organizational and technical measure is calculated according to the following formula.

$$\tilde{A}_{\delta} = \left(M_0 \times P - M_1 P\right) \times q \text{ və ya } \tilde{A}_{\delta} = Pq\left(M_0 - M_1\right)$$

Here, A_0 - the amount of savings on materials as a result of the application of organizational and technical measures,

P - base price of materials,

q - the volume of product release from the moment of application of organizational and technical measures to the end of the year,

A_0 - norm of material consumption during the base period,

M_1 - indicates the actual consumption of materials after the application of organizational and technical measures. Then the volume of additional products (works and services) will be determined according to the formula due to savings on materials.

$$Q_{m} = \frac{\tilde{A}_{\delta}}{M_1} = \frac{\left(M_0 P - M_1 P\right) \times q}{M_1} = \frac{qP\left(M_0 - M_1\right)}{M_1} = qP\left(\frac{M_0}{M_1} - 1\right)$$

As can be seen, the increase in the organizational and technical level of production under market conditions is reflected in the reduction of direct material costs, and ultimately in changes in the cost of products (works and services) and the amount of profit. It should be noted that the savings in material resources as a result of the application of scientific and technical measures can occur in the following three forms (directions) (Blanchette, Racicot and Girard. 2011):

1) change of material consumption norms;

2) more efficient replacement of one material with another;

3) recycling of material waste.

In our opinion, it is more expedient to determine the amount of savings on material costs in the second direction and the resources to reduce the cost of products (works and services), which creates favorable conditions for the full demonstration of the effectiveness of organizational and technical measures. In economic literature and scientific research (Sheremet AD, Bakanov MI, Paliy VF) the following well-known formula is proposed to calculate the amount of savings resulting from the use of new types of materials in production: $$\Delta M_g = \sum_{i=1}^{n}\sum_{j=1}^{m}\left(M_{ij_1}K_{j_1} - M_{ij_0}K_{j_0}\right)\times q_{i_1}$$

Here: M_{ijt} və M_{ij0} - respectively, the norms of consumption of J type old and new materials during the production of the product unit named i,

K_{Jt} və K_{jo} - before and after the application of scientific and technical measures, the cost of material resources of type j,

q_{it} - isə i indicates the amount of product (starting with the use of a new type of material) (Ерофеева В.А. 2007: с.12).

It should be noted that as a result of scientific and technical measures, the consumption norms of materials have changed, so during the economic analysis there is a need to determine the impact of this process on the cost of products (works and services) and modify the above formula. Because, in the conditions of scientific and technical progress, the measures aimed at reducing the waste generated in the process of processing materials have a definite impact on the change of norms of consumption of materials, and in this case it is impossible to make calculations according to the formula.

$$\Delta M_g = \sum_{i=1}^{n}\sum_{j=1}^{m}\left(M_{ij_1}K_{j_1} - M_{ij_0}K_{j_0}\right)\times q_{i_1}$$

For this purpose, the following set of known formulas is proposed in the economic literature and research:

$$\Delta M_g = \sum_{i=1}^{n}\sum_{j=1}^{m}\left(M_{ij_1} - M_{ij_0}\right)K_{j_0}q_{i_1}$$

$$\Delta M_g = \sum_{i=1}^{n}\sum_{j=1}^{m}\left(K_{j_1} - K_{j_0}\right)M_{ij_1}q_{i_1}$$

$$\Delta M_g = B_1\left(K_1 - 1\right) - B_0\left(K_0 - 1\right)$$

In the formula, which is the third in the set of these formulas

B_0, B_1 - the value of waste returned at the cost of use before and after the application of scientific and technical measures,

K_0, K_1 - respectively, the ratio of the initial cost of materials and the cost of waste to the cost of waste before and after the application of scientific and technical measures.

As can be seen, changes in the technical level of production under market conditions have a direct impact on the material capacity of the product (works and services) and lead to an increase or decrease in its cost. The nature of this relationship can also be seen in the economic literature from a copy of the well-known formula of profitability given by A. D. Sheremet (or A + U + M = S). From this point of view, the impact of changes in the technical level of production on the material capacity of products (works and services) in research is calculated and assessed through the cost, which is one of the main factors in the formation of profit. For this purpose, in the process of economic analysis in the following form 2.1. Analytical table № 4.

Table 4: Changes in the technical level of production at light industrial enterprises located in the territory of Upper Karabakh on material costs and product (work and analysis of the impact of services) on the cost (on tweezers) will be carried out as follows, For example

Indicators	Before the application of scientific and technical	From the application of scientific and technical measures sonra		Change in cost		
		on the standard	actual	on the standard	actual	deviation
1 .Product unit cost, tons	2258,0	2203,0	2219,0	-5,5	-3,9	+ 1,6
2. Cost of one ton of material, in million manats	1320	1418	1371	-98	-51	+47
3. Production output after the implementation of scientific and technical measures by the end of the year, in million units	-	0,075	0,08	-	-	+0,005
4. Change in capital cost, in million manats	_	-	-	209,91	49,35	-160,56

Source: https://www.azstat.org/Kitweb/zipfiles/00407.pdf

As can be seen from the data in Table 3.1, as a result of the increase in the technical level of production at the enterprises, the material capacity of products (works and services) decreased and the change in cost due to this factor was 1072.5 thousand. manats (2203.0 x 0.1418 2258.0x0.1320) x0.075), and in fact 488 thousand. manat ((2219.0 x 0.1371-2258.0 x 1320) x 0.08). It should be noted that these calculations were made according to the formula.

$$\Delta M_g = \sum_{i=1}^{n} \sum_{j=1}^{m} \left(M_{ij_1} K_{j_1} - M_{ij_0} K_{j_0} \right) \times q_{i_1}$$

$$\Delta M^{ETT} = \sum \left(\frac{R_1^{np} - R_0^{np}}{R_0^{np}} \right) \times R_0^M$$

It should be noted that a number of economic literatures and research works offer an original formula that allows to calculate and evaluate the impact of factors related to the application of scientific and technological progress in production to the material capacity of products (works and services) and claim that it is optimal. . In our opinion,

ΔM^{ETT}- relative quantity indicating the influence of the factor of scientific and technical progress on the change of material capacity of the product,

R_0^M- basic structure of the material capacity of the produced product,

R_0^{np}, R_1^{np} - shows the specific weight (direct cost ratio) of material resources consumption in the reporting and base periods, respectively.

That is why the basic structure of the material capacity of the product released in the process of economic analysis is determined by the following formula (Bolt-Lee C. and Smith L.M. 2010).

$$R_0^M = \frac{\frac{R_0^{np} \varphi_0^M}{Z_0^{np}} \times \alpha_0}{\sum \frac{R_0^{np} \varphi_0^M}{Z_0^{np}} \times \alpha_0}$$

Here: α_0 - the share of type i products in the total output of the enterprise,

φ_0^M - average purchase price of material and technical resource unit,

Z_0^{np} - indicates the average selling price of the product (Ольга Н., Татьяна Ш. 2005).

In modern conditions, when accounting is simplified and a number of statistical reports are abbreviated, the factors related to the application of scientific and technical progress through these formulas (for example, the reports of the maintenance department of the enterprise and Form 12-SN) it is not possible to determine and assess the impact on the change in material capacity (lack of information necessary for the calculation). Therefore, given the urgency of the problem studied, there is a need to modify the above formula and adapt the formula

to the requirements of the information that management accounting can provide. In this case, the above formula, in our opinion, can be reduced to the following figure.

$$\Delta M^{ETT} = \sum (j_m - 1)\beta_0 \cdot K_1$$

Here: j_m - the relative amount of change in material consumption norms,

β_0 - material capacity of a specific type of product during the base period,

K_1 - shows the structure of the product released during the reporting period.

As can be seen, the study of the impact of changes in the technical level of production on the material system in the context of market relations is of theoretical and practical importance. An optimization policy should be implemented that considers the possibility of starting an economically sensible and moral deterioration. Standardization of the main parameters of oil machinery and equipment, identification of details and devices, and raising the level of this indicator leads to the deepening of production specialization. This, in turn, affects the metal content, labor capacity, and cost of products, creating favorable conditions for reducing the weight of structures. In addition, improving the design and quality of the materials used plays a vital role in lowering material capacity. The application of advanced materials in the production process creates favorable conditions for directly reducing the weight of structures, improving their technical and consumer properties. Thus, in all cases, saving metal as one of the most important ways to reduce the material capacity of products (works and services) and increase production efficiency is directly related to improving technology, technical and organizational levels.

It should be noted that the introduction of new equipment and technology in production, their mastering is associated with additional costs, and the mechanism of compensation for these costs is still not clearly defined in modern market relations. In turn, this reduces the interest in the application of advanced materials, equipment, and technology and reduces the effectiveness of organizational and technical measures. Therefore, in a market economy, the solution of these or other problems is possible through the complex development of mechanical engineering

and metalworking, the coordination of theoretical and practical issues, the implementation of in-depth research.

2.2. Issues of organization of accounting for the movement of raw materials

Raw materials and supplies are items used in the production of goods, works, services and to meet the needs of the enterprise, and their useful life is less than 1 year. Raw materials and supplies are supplied as current assets in the production process, and fully transfer their value to the product produced.

Depending on their role in production, materials are divided into the following groups:

- Raw materials;
- Materials;
- Packaging materials;
- Purchased semi-finished products and components, constructions and details (parts);
- Fuel;
- Spare Parts;
- Construction materials;
- Other materials.

Raw materials and supplies are recorded in account 201 "Material inventories". The following sub-accounts can be opened on this account:

- 201-1 "Raw Material"
- 201-2 "Materials"
- 201-3 "Packaging materials"

In addition, according to the old accounting rules, "Low-value and perishable goods (DW)" were also registered in the enterprise. Low-value and perishable items include household inventory, general and special purpose tools and accessories and other means of labor, ready-to-wear clothes intended for employees of the enterprise, etc. It is intended. According to the old accounting rules, inventories with a useful life of less than 1 year were called low-value and perishable items, and 50% of their

value was written off as soon as they were put into operation, and the remaining 50% were written off after the end of their useful life. However, since the new accounting rules do not include such a concept and account, such items are recorded in the Material Inventories. If they become unusable, they can be written off at cost.

The company usually receives materials from shippers as a result of sales transactions. But there may be other ways to enter:

- irreplaceable;
- by the founders;
- own domestic production;
- as a result of exchange;
- as a result of the demolition of buildings and equipment;

Materials are valued at cost at the time of acquisition. The initial cost of materials includes the purchase price, customs import duties and other taxes (excluding taxes later reimbursed to the enterprise by the tax authorities), transportation, unloading and other costs directly related to the acquisition of raw materials.

When the market price of the materials obtained falls below the initial cost for any reason, the entity measures the inventories acquired by the lowest of the two available values - the initial cost or the net realizable value. In this case, the amount of any reduction in the carrying amount of inventories to the net realizable value and all losses on inventories are recognized as an expense in the period in which the reduction or loss occurs and are debited to sub-account 731-7 and credited to relevant sub-accounts 208.

The net realizable value of the item is equal to the difference between the selling price of the item and all costs incurred to bring it to sale and ready for sale.

For example.

Company A wants to sell its obsolete materials. Enterprise A can modernize these materials at a cost of 3,000 manat so that they can sell them later for 5,000 manat. The possible net selling price of these materials will be:

5,000 - 3,000 = 2,000 manats

When the net realizable value of unused inventories in subsequent periods exceeds their original value, the amount of the reduction recognized as an expense in previous periods is debited from the relevant sub-accounts of account 208 and credited to sub-account 611-7.

The following accounting entries are made when inventories are acquired:

• debit of relevant sub-accounts of account 201 and corresponding accounts 244, 431, 432, 433, 435, 445, 531, 532, 536, 538, 545 to the value of material resources, production (work and service) costs, goods and other inventories on credit of sub-accounts;

• When obtaining excisable raw materials and materials used in the production of products subject to excise tax, the debit of sub-account 241-2 and 244, 431, 432, 433, 435, 445, 531, 532, 536 to the excise tax calculated on those raw materials and supplies, On credit of relevant sub-accounts of accounts 538, 545;

• debit of relevant sub-accounts of account 521 and credit of sub-account 241-2 when offsetting excise tax paid on purchased raw materials and supplies;

• in case of non-reimbursement of excise tax paid on purchased raw materials and supplies on debit of relevant sub-accounts of account 201 and credit of sub-account 241-2;

• on debit of sub-account 241-1 on calculation of value added tax in connection with acquired material resources and on credit of relevant sub-accounts of accounts 244, 431, 432, 433, 435, 445, 531, 532, 536, 538, 545;

• on debit of relevant sub-accounts of account 521 and credit of sub-account 241-1 when offsetting value added tax on acquired material resources;

• Debit of relevant sub-accounts of account 201 and credit of sub-account 241-1 in case of non-reimbursement of value added tax on acquired material resources.

Interest expenses incurred on liabilities related to the acquisition of inventories, goods and other inventories are reflected in the debit of sub-account 751-1 and in the credit of the relevant sub-accounts of accounts 434, 537.

When entering free of charge

When inventories are acquired free of charge or at face value at the expense of government subsidies, the accounting entity recognizes those inventories at cost.

Material inventories received free of charge from other persons or discovered as a result of inventory are recorded at market price.

When inventories are received free of charge, they are debited from the relevant sub-accounts of account 201 and credited to the relevant sub-accounts of account 611.

When accessed by the founders

Raw materials and supplies imported by the founder are included in the balance sheet of the enterprise at a value agreed with the founders (provided that they do not exceed the market price).

The following accounting entries are made for the acquisition of material resources by the enterprise with the issuance of shares:

• debit of relevant sub-accounts of account 302 and credit of relevant sub-accounts of account 301 for issuance of shares;

• debit of relevant sub-accounts of account 201 and credit of relevant sub-accounts of account 302 to include inventories.

When entering from its own domestic production

The initial cost of inventories received from domestic production is measured by their cost.

In this case, the debit of the relevant sub-accounts of account 201 and the credit entry of the relevant sub-accounts of account 204 are made.

Where it is not possible to determine the fair value of inventories obtained as a result of an exchange, its value is measured at the fair value of the asset (s) transferred. Where it is not possible to determine the fair value of the transferred asset (assets), the value of the inventories acquired is measured at the carrying amount of the transferred asset (assets).

The following accounting entries are made in connection with the material resources obtained as a result of the exchange:

• on debit of relevant sub-accounts of accounts 201, 202, 205, 207 and credit of relevant sub-accounts of accounts 431, 432, 433, 435, 445, 531, 532, 536, 538, 545; When the excise tax is obtained as a result of the exchange of excisable raw materials and materials used in the production of the product subject to excise tax, the excise tax calculated on those raw materials and materials shall be debited from sub-account 241-2 and 431, 432, 433, 435, 445, 531, 532, 536, On credit of relevant sub-accounts of accounts 538, 545;

• debit of relevant sub-accounts of account 521 and credit of sub-account 241-2 when offsetting excise tax paid on purchased raw materials and supplies;

• in case of non-reimbursement of excise tax on raw materials and materials used in the production of products subject to excise tax, on debit of relevant sub-accounts of account 201 and credit of sub-account 241-2;

• on debit of sub-account 241-1 on VAT calculation and credit of relevant sub-accounts of accounts 431, 432, 433, 435, 445, 531, 532, 536, 538, 545;

• VAT offset on debit of relevant sub-accounts of account 521 and credit of sub-account 241-1;

• In cases where VAT is not reimbursed, on debit of relevant sub-accounts of accounts 201, 202, 205, 207 and credit of sub-account 241-1;

• the value of assets provided for exchange purposes on the debit of relevant sub-accounts of accounts 171, 172, 174, 175, 177, 211, 212, 214, 215, 217 and on the credit of relevant sub-accounts of accounts 601, 611;

• Debit of relevant sub-accounts of accounts 171, 172, 174, 175, 177, 211, 212, 214, 215, 217 and credit of relevant sub-accounts of account 545, value added tax assessed on assets provided for exchange purposes, tax liability to the budget at the time of its creation, on the debit of the relevant sub-accounts of account 545 and on the credit of the relevant sub-accounts of account 521;

• Debt of relevant sub-accounts of accounts 431, 432, 433, 435, 445, 531, 532, 536, 538, 545 and 171, 172, 174. On credit of relevant sub-accounts of accounts 175, 177, 211, 212, 214, 215, 217.

• Material inventories are carried at market value when they are received as a result of the disposal of construction and equipment. This operation is reflected in the debit of the relevant sub-accounts of account 201 and in the credit of the relevant sub-accounts of account 611.

Raw materials and supplies may be released into the production process to meet the internal needs of the enterprise, may be sold, may be provided free of charge, or may be destroyed for any reason (obsolescence, loss, theft, etc.).

Release of raw materials and supplies can be carried out at the enterprise on the basis of a request for the release of materials and an internal invoice. If raw materials are sold, their output is documented with an electronic invoice.

Estimation of output of raw materials and supplies for production or other reasons According to item 25 of the National Accounting Standard No. 8 "On inventories", the initial cost of inventories can be calculated on the basis of "initial income - initial expenditure" (FIFO) or weighted average cost formula. An entity shall apply the same formula used in calculating the cost of inventories to all inventories that are identical in nature and use. Different methods can be used to calculate the cost of inventories that have different characteristics and are used differently by the entity.

The initial cost of inventories, excluding inventories of non-replaceable items, as well as goods produced and intended for special projects, is calculated on the basis of "initial income - initial expenditure" (FIFO) or weighted average formula. An entity shall apply the same formula used in calculating the cost of inventories to all inventories that are identical in nature and use. An accounting entity has the right to use different methods to calculate the cost of inventories that have different characteristics and are used differently by the entity.

When raw materials are used within the enterprise, their value is deducted from the credit of account 201 "Material resources" to the account 202 "Production (work and services)", 711 "Commercial costs", 721 "Administrative expenses", 731 "Other operating expenses".

Table 5. When raw materials and supplies are constructed or repaired in an economic manner, their value is deducted from the credit of account 201 to the debit of account 113 (http://www.muhasib.az/Muhasibat/ehtiyatlar/xammal_3.php).

Table 5: When raw materials and supplies are constructed or repaired in an economic manner, their value is deducted from the credit of account 201 to the debit of account 113

N	The content of the operation	Debit	Credit	Amount
1	The cost of raw materials and supplies used in the production of the product is written off	202 "Production (work and service) costs"	201 "Material resources"	-
2	Packaging materials used in the sale of finished products and goods	711 "Commercial Expenses"	201-3 "Packaging materials"	-
3	Materials used in the construction of the warehouse building by the economic method.	113 "Capitalization of costs related to land, buildings and equipment"	201 "Material resources"	-

Source: Rules of accounting in accordance with International Financial Reporting Standards and National Accounting Standards for Commercial Organizations.

Table 6: The following accounting entries are made when the raw materials and supplies provided free of charge are removed from the enterprise

N	The content of the operation	Debit	Credit	Amount
1	The cost of raw materials and supplies provided free of charge is written off	343 "Retained earnings (unpaid losses) for previous years"	201 "Material resources"	1 000
2	VAT on non-refundable raw materials and supplies	343 "Retained earnings (unpaid losses) for previous years"	521 "Tax liabilities"	180

Source: http://www.muhasib.az/Muhasibat/ehtiyatlar/xammal_3.php

Sale of raw materials and supplies

When inventories and other inventories, as well as excise tax on raw materials and supplies used in the production of goods subject to excise tax, are transferred to other assets held for sale, they are debited from the relevant sub-accounts of account 206 and credited to the relevant sub-accounts of account 201. In this case, the excise tax on raw materials and materials used in the production of products subject to excise tax shall be debited from the relevant sub-accounts of account 206 and debited from the relevant sub-accounts of account 521, and debited from the relevant sub-accounts of account 206 and 241-2. An accounting entry is made for the credit of the sub-account.

When expenses related to the sale or gratuitous transfer of other assets held for sale are reflected in the accounting, adjustments are made to reduce their value (if any) in the debit of the relevant sub-accounts of account 208 and in the credit of the relevant sub-accounts of accounts 206. cost or possible net realizable value is recorded in the debit of the relevant sub-accounts of accounts 701, 731 and in the credit of the relevant sub-accounts of accounts 206. Accrued income for other assets held for sale is recorded as a debit to the relevant sub-accounts of accounts 171, 172, 177, 211, 212, 217 and a credit to the relevant sub-accounts of accounts 601, 611. If the submitted finished products and goods are products subject to excise tax, the amount of excise tax assessed shall be reflected in the debit of the relevant sub-accounts of accounts 171, 172, 177, 211, 212, 217 and in the credit of the relevant sub-accounts of account 521. Value-added tax accrued on products, goods and other assets held for sale is debited from the relevant sub-accounts of accounts 171, 172, 177, 211, 212, 217 and credited to the relevant sub-accounts of account 545, and in the event of a tax liability to the budget. An accounting entry is made for the debit of the relevant sub-accounts of account 545 and the credit of the relevant sub-accounts of account 521.

Income from sales of inventories, other assets held for sale and other inventories is reflected in the debit of the relevant sub-accounts of accounts 601, 611 and the credit of the relevant sub-accounts of account 801. Accrued expenses on sold, gratuitously transferred and written-off inventories, other assets held for sale and other inventories are debited from the relevant sub-accounts of account 801 and credited to the relevant sub-accounts of accounts 701, 711, 721, 731.

Excess inventories of the enterprise are credited to the account of the materially responsible person at the place of operation and their amounts are reflected in the debit of the relevant sub-accounts of account 201 and credit of the relevant sub-accounts of account 611, relating to the income of the accounting entity.

A taxpayer shall be obliged to classify any goods in his possession and intended for subsequent sale or use in the production of goods, works or services.

When keeping inventories, a taxpayer shall be obliged to reflect in the accounting the value of goods produced or purchased on the basis of production costs or purchase prices. The taxpayer must also include the costs of storage and transportation of these goods in their cost.

When accounting for inventories, a taxpayer may assess the value of obsolete or obsolete defective goods or goods (products) that cannot be sold at a price higher than the cost of production (purchase price) for other reasons based on the price at which they can be sold.

If the taxpayer does not keep individual records of the goods at his disposal, he has the right to keep records of inventories using the method of valuation at average cost.

2.3. Analysis of the current state of supply of raw materials to the enterprise

Account 201 of the Chart of Accounts will be used in the production process maintained by the entity at the reporting date

- raw materials,
- materials,
- packaging materials,
- purchased semi-finished products and components, constructions and details (parts),
- fuel,
- Spare Parts,
- construction materials,
- other materials

covers generalized information about.

Initial cost of inventories, interest accrued on those supplies by suppliers on credit, surcharges and commissions paid to organizations engaged in procurement, sales and brokerage activities, cost of commodity exchange services, import duties paid on acquisition of raw materials and supplies. It is determined depending on the

cost of acquiring this material (excluding value added tax), including transportation, storage and other costs incurred by the forces of external organizations.

201 The following sub-accounts can be opened on the "Material stocks" account:

• 201-1 "Raw materials and supplies"

• 201-2 "Purchased semi-finished products and components, constructions and details"

• 201-3 "Fuel"

• 201-4 "Containers and packaging materials"

• 201-5 "Spare parts"

• 201-6 "Other materials"

• 201-7 "Materials set aside for processing"

201-1 in the sub-account "Raw materials and supplies": raw materials and basic materials (including construction materials in construction companies) that form the basis of the product and are part of it, or one of the necessary components of its preparation; auxiliary materials involved in the production of the product or used for economic needs, technical purposes and to assist the production process; processing, etc. the availability and movement of agricultural products supplied for.

201-2 "Purchased semi-finished products and components, constructions and details" sub-account "Construction structures of purchased semi-finished products, finished components (construction company) and finished construction products and components required for processing or assembly costs obtained in the order of production cooperation to complete the product (construction) and the movement is recorded. Products purchased for assembly, but the cost of which is not included in the cost of the product, are recorded in account 205 "Goods".

Sub-account 201-3 "Fuel" includes the operation of vehicles, technological needs of production, production of oil products (oil, diesel fuel, kerosene, gasoline, etc.) and lubricants, solids (coal, peat, wood) intended for energy production and heating of buildings. etc.) and the availability and movement of gaseous fuels.

Sub-account 201-4 "Containers and packaging materials" records the availability and movement of all types of containers (except those used as household inventory), as well as materials and parts used for the manufacture and repair of containers (parts for the manufacture of boxes, etc.). In order to ensure the protection of loaded goods, items intended for the provision of wagons, barges and ships with additional equipment are recorded in sub-account 201-1 "Raw materials". Trade, sales and supply enterprises keep records of full and empty containers in account 205 "Goods".

201-5 "Spare parts" means machinery, equipment, vehicles, etc. acquired or prepared in connection with basic operating needs. the availability and movement of spare parts intended for replacement and repair of worn-out parts, as well as spare and circulating car tires. The accounting of the exchange fund for complete sets of machines, equipment, engines, junctions, aggregates created in the repair departments, technical exchange points and repair plants of enterprises is also carried out in this sub-account.

201-6 "Other materials" sub-account of industrial waste (sawdust, cut and piece); irreparable waste products; valuables obtained from the disposal of fixed assets, but not available for use in the enterprise, such as materials, fuel and spare parts (scrap metal, waste raw materials); worn tires and rubber waste, etc. availability and movement are taken into account. Production wastes and secondary material values used as solid fuels are recorded in sub-account 201-3 "Fuel".

Sub-account 201-7 "Materials set aside for processing" keeps track of the movement of materials set aside for processing and included in the cost of products to be made from them in the future. Expenses paid by third parties for the processing of materials are debited directly to the accounts of the products obtained from such processing.

Receipt of raw materials and supplies to the enterprise 201 Depending on the debit of the account "Material stocks" and where it comes from 244 "Accounts receivable", 431 "Long-term payables to suppliers and contractors", 531 "Short-term payables to suppliers and contractors", etc. reflected in the credit of accounts.

Materials actually used for production and economic purposes are credited to account 201 "Material inventories" and debited to other relevant accounts intended for accounting of production costs.

Sale of raw materials and supplies is debited to account 611 "Other operating income" and credited to account 201 "Material inventories". At the same time, the amount received from buyers for these materials to the enterprise is debited to account 211 "Short-term receivables from buyers and customers" and credited to account 611 "Other operating income".

For example.

Table 7: The company is engaged in the production of shoes and received 11,800 manat (including VAT) leather and fabrics from a local manufacturer. The goods purchased during the month were used for the production of shoes

N	The content of the operation	Debit	Credit	**Amount**
1	Purchase of leather and fabrics	201-1 "Raw materials and supplies"	531 "Short-term payables to suppliers and contractors"	10 000
2	VAT on purchased materials	241 "Reimbursed VAT"	531 "Short-term payables to suppliers and contractors"	1 800
3	Payment to the consignor for the received materials - the principal amount	531 "Short-term payables to suppliers and contractors"	223 "Bank settlement accounts"	10 000
4	Payment to the consignor for the received materials-VAT	531 "Short-term payables to suppliers and contractors"	226 "VAT sub-account"	1 800
5	Reimbursement of paid VAT	521-3 "Tax liabilities - VAT"	241 "Reimbursed VAT"	1 800
6	Disposal of materials into production	202 "Production costs"	201-1 "Raw materials and supplies"	10 000

Source: https://muhasib.az/Muhasibat/teshkili/hesab_yeni.php?n=201

To increase sales and profits in light industry enterprises in the Upper Karabakh region, it is essential to provide the enterprise with raw materials and use them efficiently. On the one hand, failure to obtain the required amount, range, and quality

of materials or their untimely delivery can lead to downtime, inefficient replacement, and consequences (deterioration of product quality, increase in cost, etc.). On the other hand, the creation of unnecessary reserves of raw materials, low-processed materials leads to the freezing of funds, which hurts the enterprise's financial condition. In this regard, the analysis process should determine the optimal amount of material and technical resources required for regular operation.

For the analysis, the enterprise uses the ratio of the supply of critical material reserves.

The supply ratios for all essential inventories indicate excess inventories for some materials and a deficit for others.

It is essential to analyze the supply of raw materials in light industry enterprises located in Upper Karabakh in market relations. In this regard, it is necessary to agree with the views of AR Kankovskaya and AB Tarushkin. They believe that it is crucial to analyze the state of raw materials in its warehouses periodically. Analysis (Ayres R.U., Ayres L.W., and Warr B. 2014):

- assessment of compliance of actual reserves with standards;
- ensures the detection of unnecessary reserves.

When comparing the processes of entering materials into the warehouse and releasing them for production, unnecessarily less processed materials can be found. These are materials that have not been used for a year. These raw materials must be sold because the storage of these materials requires certain costs and leads to the freezing of funds in the economical turnover of the enterprise (Рожнова О.В. 2003).

III CHAPTER. DIRECTIONS FOR IMPROVING THE USE OF RAW MATERIALS IN THE TEXTILE ENTERPRİSE IN UPPER KARABAKH

3.1. Improving the accounting of raw materials

The existence of Azerbaijan's administrative-command system has failed to shape the practice of developing accounting standards that meet the interests of its various users. The development of the primary state of accounting was organized without the involvement of democratic institutions, without the consent of theoretical and practical accounting. The process of maintaining the accounting standard was carried out vertically "from top to bottom" and without prior submission to a detailed discussion by accounting specialists. This. not only the deformation of accounting in the former USSR and its departure from the world development line, but also the distortion of the method of development and adoption of the standard itself. The public institutions responsible for developing the measures were interested in unifying the reporting forms by taking action independently of the enterprise and giving inaction and weight to the records. Given the needs of users of accounting information in a centrally planned economy, independent institutions can't operate on accounting principles.

The first attempt to draft a law on accounting in the USSR (then called the Law on Accounting and Statistics) was made in the 1960s. The draft law, unlike the normative acts of 1923, was highly general. However, under the administrative command system, it was not even accepted in such an editorial office.

The formation of a market economy in Azerbaijan has led to another economic unit, a non-state form of economy. Thus, new independent structures can influence accounting standards, namely the Azerbaijan Association of Accountants, domestic and foreign audit firms and accounting services, auditors, and i.a. created. The role of accounting as the primary source of information for external users has increased. The range and category of users have significantly expanded. In connection with this, new independent professional accounting staff has begun to form (Abbasov Q., Səbzəliyev S.M. 2003: s.44).

Auditing activity has expanded in the country. If in developed market economies, the audit has already passed three stages of its development - from the approved to the directional risk, it is only the first step in Azerbaijan. The entry into force of the Law on Auditing in 1994 laid the foundation for establishing a large number of audit firms and establishing a structure that sets national auditing standards.

There is a great need in the country to conduct audits following world standards. However, the organization of such a service has never existed in Azerbaijan before. In this regard, the study of the experience of leading market economy countries, which form the national accounting and auditing standards, is of great importance for the country. It should be borne in mind that the formation of national accounting and auditing standards and the transition to the organization of accounting on international principles is a one-way process.

The United States occupies one of the unique places to study such experience, which has more organizational and economic objects than market economy countries. Nearly one million accountants in the United States - auditors and several million service computer systems and i.a. deals with the accounting of diverse areas. At the same time, 15% of accountants-auditors are engaged in state and public enterprises, 60% in private business, and 25% in individual independent practice. They try to reflect their interests in the development of generally accepted accounting and reporting standards.

It should be noted that in the future, in the development of generally accepted accounting and reporting principles, it is necessary to pay attention to the formation of national auditing standards.

- One of the most critical tasks facing the light industry enterprises in the Upper Karabakh region is the proper warehousing organization. Thus, the obtained raw materials or spare materials should be kept under control in specially designed buildings and adapted places. As we know, the enterprise's raw materials and spare parts differ from each other and, in this regard, must be distinguished from their storage. The raw materials or materials stored in the warehouse are placed in

different places according to their classification and condition. If we explain the variety and situational factors in more detail, we can show such indicators as decay time, flammability, weight, and frequent use of mass. The application of the classification and situational factors I have mentioned helps facilitate the enterprise's acceptance, storage, release, and, most importantly, control of materials.

As mentioned above, quantitative accounting must be appropriately organized to ensure materials' proper and construction movement. The most crucial factor for this is the placement of ready-made measuring and weighing devices in the warehouse and the delivery of their use to the staff. It should also be noted that the warehouse must have fire protection equipment, complete control over the guards, the doors must be locked, and the windows must be closed with iron partitions. Encoding will make things even more accessible.

- As we explained in the general grouping of costs, the bulk of variable expenses are transportation costs. For this reason, it is expedient to select warehouses that are consumers of materials and raw materials and place them in nearby areas. In addition, the reduction in transportation costs means that at the end of the year, the expenses included in the price of accounting will be further reduced.

- The protection of any material values in the enterprise, control over it, or general control over its delivery to the consumer falls on the material-responsible persons. For this reason, the recruitment or reassignment of financially responsible persons in the enterprise and their dismissal should be carried out by developing and developing specific procedural rules. The first of these procedural rules is that the accountant's consent, especially the chief accountant, must be expected during the above actions of the materially responsible persons.

- In general, it should be noted that the release sheets are drawn up for each product release, and these releases must be signed by the chief accountant or his deputy, or the head of the supply shop. This factor shows that every security guard, financially responsible person who has control must have an example of the signature of the chief accountant or his deputy, or only the shop's head. The Instruction states that these two documents, namely zabor cards and receipts, should

be used when new materials or raw materials are produced. The Instruction also determines the amount and volume of materials allocated to each workshop every month and reflects them in the records. Also, when choosing these factors, the amount of material and raw materials in the shop and available should be determined.

- In any case, variable and non-constant, the increase in fixed costs must be analyzed and checked more seriously than the cost. Excess costs related to the enterprise's raw material reserves may occur in the following cases:

- Improper and economical use of limited raw material resources

1) High content of human products in the composition of tea products

2) loss of details in work in progress

3) Excessive implementation of the developed production program

4) When releasing any product's material or raw material longer than 20 km, a red or other color warning strip shall be placed on the receipt. This invoice is called a signal request, and it is already on the back of the invoice for the specified reasons why it happened, and the shop manager or the foreman must provide this explanation.

5) Spare materials or raw materials released from warehouses to workshops do not enter directly into production. Instead, they are first kept in their storage cells and warehouses in their workshops. During the implementation of such a transition, spare materials are not removed from the production process. As a result, only 201 raw materials change their place in the total composition of the account. In general, the consumption of any materials and raw materials occurs when any product is produced from it.

6) Therefore, the full and correct use of efficiency indicators in the production of any product will reduce costs at all stages of production and increase profits. For this, there are norms and standards separate from the output of each product.

Efficient use of materials is one of the main ways to increase production efficiency. Great attention is paid to the economical use of resources in the economic and social development of the republic. In the context of market relations, the

sometimes erratic compliance with contractual obligations in different countries requires the use of different types of production resources more economically and more efficiently. For this purpose, accurate accounting of raw materials and supplies available in each economic entity must be organized, and serious and comprehensive fight against waste, misappropriation and other negative situations must be carried out in each production unit. The experience of enterprises proves that improving the efficiency of production is based on the efficient use of raw materials, supplies and other resources. More efficient and more efficient use of the material resources of the republic attracts attention as one of the most important problems in the work of production efficiency. Provision of various sectors of the Azerbaijani economy with the necessary amount of raw materials, materials, fuel and other resources should be accompanied not only by increasing their volume, but also by the efficient and economical use of these means in the production process. Material costs have a very large share in the cost of goods produced and work performed. In areas with high material capacity (eg, construction, food, etc.), the share of products in the cost of production is on average 80-85 percent. The increase in the productivity of social labor on the basis of technical progress 7 leads to a constant increase in the share of past labor in production costs. The independent development of the republic's economy in recent years should result in the attraction of more and more material and technical resources into the economy. It is no secret that Azerbaijan's raw material and material resources are very limited. Reproduction of many of their species is virtually impossible. Therefore, the reduction of material capacity of products should be understood as a direct saving of natural resources. In the extractive industry, more labor and capital are spent per unit of output than in the manufacturing industry. Therefore, it is more profitable to save material resources by improving production in the manufacturing industry. Savings in equipped labor will reduce capital investment in raw materials and processing. The increase in production is accompanied by an increase in material resources, as well as an absolute increase in costs. Therefore, it is necessary to increase the amount of savings obtained by lowering the material capacity. In recent years, more material is

required to develop products that have been mastered. Relatively new industries, such as electronics, kiya, electrical engineering, radio engineering, etc. development is accompanied by changes in the material capacity of products. It is no secret that the improvement of techniques and technology of material processing, the creation of modern technology are important directions in reducing the material capacity of products. The level of material capacity of products is sometimes determined by the quality of raw materials and supplies. Expanding their range, durability, improving the quality of materials, improving the technical and economic parameters can significantly reduce the share of unit costs. Improving the consumer properties of materials is a major source of their economical use in production (Səbzəliyev S., Abbasov Q. 2015).

Another way to reduce the material capacity of products is to significantly improve the performance of machinery and equipment. The industry has achieved good results in this area. The efficiency of production in different economic entities of the republic is determined by the dynamics and interrelation of three main indicators. Material capacity, fund capacity and labor capacity are these indicators. Each of them in itself characterizes one aspect of labor costs. An increase in labor productivity, a decrease in labor capacity is an indicator of savings in live labor, and a decrease in material capacity and fund capacity is an indicator of savings in materialized labor. Their reduction together provides the growth rate of production and national income, creates conditions for increasing the efficiency of the use of fixed assets, reduces labor costs. The material capacity of the product can be reduced under the influence of improvements in the technology of production. At the same time, under the influence of advanced scientific and technical progress, new types of products are emerging that use more expensive and less expensive materials. As a result, the material capacity of these products is increasing. We must not forget that in many cases the cost of raw materials, fuel and energy must be combined with natural factors. In the accounting practice of the Republic of Azerbaijan, the accounting of material and production resources is regulated by the Law on Accounting and other normative documents. Material and production resources,

being part of the current assets of enterprises, in other words, property, are used for the following purposes: a) in the production of goods, performance of work, provision of services; b) for the management needs of the enterprise; c) for sale as an exception; 9 d) as low-value and perishable items; e) as finished products; f) obtained in the form of goods from other legal entities and individuals and intended for sale without additional processing, etc. The current assets of the enterprise include: material and production stocks (raw materials, supplies, fuel, low-value and perishable goods, finished products, goods, etc.); cash (in bank, cash desk); receivables and i.a. According to this topic, labor items include raw materials and basic materials, fuel, spare parts, containers, low-value items, etc. divided into groups. Raw materials and basic materials form the material basis of products. In this case, raw materials include agricultural products (grain, cotton, etc.) and industrial products (ore, coal, etc.), and materials, while metal, fabric, sugar, and so on. understood. Auxiliary materials are used to influence the raw materials and base materials and to give the products certain consumer properties (eg, car paints and varnishes, pepper for the production of kobasa, etc.). The distribution of materials into basic and auxiliary materials is conditional and stems from the technological features of production. For example, starch is recorded in the group of auxiliary materials in the textile industry and in the food industry. Purchased semi-finished products should be understood as materials that have passed a certain stage of processing, but are not considered finished products. They play a key role in the production process. Recyclable waste means parts that remain in the process of processing raw materials and materials, but partially retain their consumer properties (eg, scrap metal, cut boards, optics, etc.).

Fuel, packaging and packaging materials, spare parts are classified as auxiliary materials, and certain needs are recorded in separate groups. 10 Fuel is divided into technological (for technological purposes, engine (fuel) and household (burning) groups. Containers - designed for packaging, loading and storage of materials and products (eg, bags, boxes, etc.). Spare parts for machinery and equipment It is designed to repair and replace worn-out parts and components. Low-value items - a

separate group of materials. This group includes machines, equipment, tools, as well as special tools and accessories, special clothing and footwear, temporary structures, etc. within the current service limit. Inventories of finished products and goods intended for sale and resale are recorded in an independent group. At the same time, the following are not included in the inventory: work-in-progress and property used for production. unregulated i occupies a leading position in the system. Such inventories are carried at cost, depending on the method of acquisition. When inventories are purchased from other entities subject to reimbursement, their actual cost may include:

a) the amount paid to suppliers under the contract;

b) the amount paid to other organizations for information and consulting services related to the acquisition of resources;

c) customs duties and other payments;

d) premiums paid to intermediary organizations (procurement, foreign trade, etc.);

e) costs associated with the delivery of inventories (including cargo insurance);

f) other costs incurred in acquiring inventories.

It should be noted that the costs incurred in bringing the inventories intended for sale to serviceable condition are also included in their actual cost. 11 General and other similar expenses that are not directly attributable to the acquisition of inventories are not included in the actual cost of acquisition. The actual value of the reserves invested in the authorized capital of the enterprise is agreed with the founders. When different types of inventories are produced by the enterprise itself, their actual value is determined depending on the amount of costs incurred. When inventories are acquired free of charge, their market value is used to determine their actual cost. When inventories are acquired in exchange for other property (other than cash), their actual cost is determined depending on the carrying amount of the property being exchanged.

3.2. Ways to increase the efficiency of the use of raw materials of the enterprise

The issues of efficiency of inventory and cost management include:

- optimization of the total amount and structure of inventories;

- minimizing the cost of servicing them; ensuring effective control over their movement.

- The total amount of cash frozen in reserves during the technological (production) chain is essential for financial managers and analysts: that is why these assets, which at first glance seem different, can be combined in one group.

- Resource management is of great technological and financial importance.

It is impossible to do without such forced diversion, but the desire to minimize the indirect losses caused by this process is quite natural. To a certain extent, these losses are conditionally equal to the income from investing in any alternative project (for example, putting money in a bank with interest). These indirect losses can, in some cases, turn into direct losses. Research shows that when assets are forcibly sold, such as when a company goes bankrupt, many working capitals are insolvent, and the proceeds from their sale can be much less than book value. The above are formalized resource management models in companies with an organized and rigorously structured production-technological process.

Regardless of whether formalized models are used or not, the leaders of any company follow certain resource management principles and choose their financing strategy. These principles provide answers to the following two questions:

1) What should be the structure of resource sources?

What should be the volume of reserves?

The first question can be answered with the help of one of four models of behavior: ideal, aggressive, conservative, and compromise. The essence of the perfect model is that short-term liabilities, new creditor debt, should fully cover working capital. However, this approach is hazardous, as all special funds must be invested in non-current assets. Moreover, in case of possible difficulties with

creditors, some of them will have to be sold, which is associated with various problems, including temporary ones.

The aggressive model assumes that long-term liabilities (private and debt capital) are the non-current assets and working capital system, apart, i.e., the sources of coverage (payment) of the minimum necessary for implementing current economic activities.

The conservative model assumes that long-term liabilities cover the variable portion of working capital (paid for). In this case, there is no short-term creditor debt, and there is no risk of loss of solvency. However, it should be noted that the statement that the creditor has no obligation does not need to be fully understood.

The compromise model is more realistic. In this case, non-current assets, the systemic part of working capital, and about half of their variable region are covered by long-term liabilities.

To answer the second question related to the efficiency of resource management, it is necessary to determine the following:

a) Is it possible to optimize the resource management policy in principle?

b) What are the minimum required reserves?

c) when should the next batch of stocks be ordered?

d) What should be the optimal volume of the ordered batch?

The solution to the optimization problem developed involves the selection of objective criteria. Such a criterion for determining the number of inventories is the costs associated with maintaining the level of stocks. They mainly consist of two elements: storage costs and the cost of placing and executing orders. These two elements are inversely proportional to each other. For example, the larger the consignment, the higher the cost of maintaining it (as there should be sufficient storage) and the lower the cost of transporting (no need to use the services of a transport organization several times).

$$EOQ = \sqrt{\frac{2 \times F \times D}{H}}.$$

With such volumes of average batch of raw materials and average stocks, the company's service costs will be minimal. Within this theory, resource management schemes have been developed. These schemes allow you to formulate a procedure for updating stocks through a number of parameters, as well as to determine the level required for the next order. One such scheme consists of the following models:

RP = MU x MD;

SS = RP - A U x AD;

MS = RP + EOQ - L U x LD,

Here AU is the daily demand for raw materials, unit; AD - is the average period of order fulfillment (from the moment of placement to the moment of receipt of raw materials), days; SS - is the minimum probable minimum level of reserves, unit; MS - is the maximum level of reserves, unit; RP - is the level of time when stocks are ordered, unit; LU - minimum daily demand for raw materials, unit; MU - is the maximum daily demand for raw materials, unit; MD - is the maximum number of days for order fulfillment; LD is the minimum number of days for order fulfillment.

For the financial manager, understanding the logic of production inventory analysis plays a very important role. Without going into detail about the methodology of the analysis, it should be noted that it is also based on an understanding of the principles of reporting resources. Depending on the accounting policy of the business entity and what methods of inventory accounting are used, it is possible to evaluate the investments in reserves differently and, consequently, to evaluate the parameters involved in determining the optimal management policy.

One of the important procedures (methods) of inventory analysis in the framework of intra-firm financial analysis is the assessment of their turnover. The main indicator is the turnaround time, calculated in days. It is calculated as the ratio of the average balance of reserves during the period to their daily turnover in that period. Acceleration of turnover leads to the attraction of additional funds to the economy, and the delay leads to their withdrawal from circulation, a relatively long

period of freezing of reserves (in other words, the immobilization of own working capital). The amount of funds additionally attracted (or withdrawn from circulation) is calculated by the following formula:

$$\Delta_b C = (b_ı - b_0) \times m_1 = \Delta_b \times m_1$$

here, $\Delta_b C$ - is the amount of additional funds raised (if $\Delta bC < 0$) or the amount of funds withdrawn from circulation (if $\Delta_b C > 0$); b_0 və b_1 - is the turnover of reserves during the base and reporting periods, respectively, in days; m_1 - is the daily actual turnover for the reporting period.

Analysis of production and inventories can be performed using models based on strictly determined factors. The formula is relatively simple to extract; For this purpose, a known method of factor analysis is applied. It consists in expanding the model by simultaneously adding and subtracting on strictly determined (determined, conditioned) factors (Səbzəliyev S., Quliyev V. 2014).

CONCLUSIONS AND RECOMMENDATIONS

It is clear from the study that these issues related to the accounting of inventories are regulated by Article 139 of the Tax Code. According to Article 139.4 of the Code, if a taxpayer does not keep individual records of the goods at his disposal, he has the right to keep records of inventories using the method of valuation at average cost.

It appears that the Tax Code allows for the registration of goods in two forms:

- with individual accounting of goods;
- Estimated on the basis of average cost.

Does the situation we are considering comply with these accounting and valuation rules?

When it comes to personal accounting, the assessment should be as follows:

- goods must be classified according to type, range, characteristics;
- Separated goods can be registered one by one, ie individually;
- the allocated goods can be registered individually in the form of a batch (lot);
- Goods can be registered one by one or in lot form according to the dates of purchase.

As can be seen, the definition of "individual accounting of goods" in the Code allows the taxpayer to take a multifaceted approach to the registration of goods. This also applies to FIFA accounting rules, which are accounting standards. Article 139.4 of the Tax Code covers this. In addition, this requirement of the Tax Code supports the first sale of the first purchase and one-on-one (individual) sale.

Both the accounting standards and the Tax Code allow for the accounting of light industry enterprises in Karabakh at average cost. However, taking into account the shelf life of the product, it is necessary to register here. Therefore, it is necessary to record each batch of purchased dairy products separately and record the sale of each batch separately.

In other words, the unsold part of 100 liters of product purchased on February 10, 2022 until March 12, 2022 must be retained and a new batch must be sold.

Assessment of inventories is carried out by the following methods:

numerical evaluation;

first income-first expenditure (FIFO);

final income - first expenditure (LIFO);

the average quantity;

slippery quantity.

Using these methods, it is possible to determine the exact amount of balances in commercial warehouses and, based on the information obtained, to address the issue of the effectiveness of the company's methods of conducting commercial activities.

Inventories are valued through three classic approaches - cost, revenue and comparative. Depending on the purpose of the valuation, the cost of inventories can be calculated as market value, investment value, fair value (for accounting purposes) and fair value (for insurance purposes).

Since a significant part of all financial resources of commercial organizations is concentrated in inventories, the valuation of inventories (inventories) can significantly increase the efficiency of enterprise management. Rovex appraisal company guarantees the accuracy, objectivity and reliability of the appraisal results. The cost of inventory valuation services depends on the size and specificity of the units being valued.

This form of accounting is more accurate in terms of both transparency and realism.

1. Research and studies In the Upper Karabakh region, improving the methodology for analyzing the material capacity of products (works and services) in light industry enterprises and reducing its level can create favorable conditions for the identification of reserves. For this purpose, the study results were summed up, and the necessary proposals were made to eliminate the identified shortcomings.

2. It is known that the research process begins with the development of a methodology for calculating each indicator and factor studied. The economic literature offers a method for calculating material capacity in various aspects. Among these methodologies, a special place is given to the calculation procedure as

the ratio of material costs to the volume of products (works and services) produced at comparable prices. However, the calculation of this rule does not fully meet the requirements of modern times and does not meet the needs of the principle of profit maximization. This is because the product index with comparable prices, which are traditionally included in the calculation when determining material capacity, is not flexible or elastic concerning the amount of sales revenue to the extent that it reflects the influence of various factors. The amount of income from the sale of products (works and services) (excluding value-added tax and excise taxes) includes all factors affecting material consumption, which is one of the leading indicators of production efficiency. Therefore, when calculating the material capacity of products (works and services) in the process of economic analysis, it is expedient to divide the cost of materials consumed in the production process by the amount of income from the sale of products (works and services) (excluding VAT and excises). This, in our opinion, is of great theoretical, methodological, and practical importance, as well as a step forward in improving the methodology of economic analysis.

3. The analysis shows that the main factors affecting the change of products (works and services) are multifaceted and complex. These factors are ultimately reflected in the profit margin, the final financial result of the enterprise's economic activity, in the absolute amount of income from the sale of products (works and services). From this point of view, it is especially noted in the economic literature that the effectiveness of the methodology of material capacity analysis depends on the classification of factors affecting its level by specific characteristics. Accordingly, the factors influencing the level of material capacity in the analysis process are "objective and subjective," "intensive and extensive," "dependent and independent of the activities of the enterprise," "internal and external," and so on. Blocking factors such as is essential for identifying new internal backup sources.

Among these factors, intensive factors, primarily scientific and technological progress, play an essential role. Therefore, the study of the nature of the functional relationship between the indicator of material capacity and the scientific and technical progress in the research process can play a unique role in improving the

methodology of economic analysis. As can be seen, in the conditions of modern market relations, the level of material capacity (material supply) is influenced by many factors of different nature. Due to many factors, it is practically impossible to calculate their impact in the process of economic analysis. Therefore, during the research, the factors affecting the level of material capacity should be investigated and evaluated by dividing them into a block of "internal and external" factors. The classification of elements under this rule allows determining the impact of factors that depend on the enterprise's activities (changes in material consumption norms) and independent (price factor).

4. From the above, it can be concluded from the dissertation that the material capacity is one of the essential quality indicators in characterizing the efficiency of the use of material resources in light industry enterprises in the Upper Karabakh region under market conditions. Two indicators of material capacity will be used:

a) Material costs per manat of a commodity product (without depreciation);

b) Material costs incurred in the production of one unit of an essential type of product.

In our opinion, the system of general and specific material capacity indicators, which characterize the efficiency of material use, is incomplete. Therefore in the analysis process, the exact weight of material costs per unit of consumer goods becomes an objective necessity. To determine the specific weight of material costs per unit of consumer-type product of the same type in machine building, it is necessary to divide the amount of total material costs by the total volume of production (taking into account the main consumer products).

5. In recent years, there has been a downward trend in the dynamics of material yield. There is a tendency to increase the level of material capacity, which is another quality indicator that characterizes the efficiency of the use of materials. Thus, this figure has increased in subsequent years. It is necessary to develop a program of measures to reduce it in the future (this is especially important in the absence of material resources).

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