

Organizing The Accounting Of Current Assets In Enterprises And Practical Analysis

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Abstract

This article examines the theoretical and practical aspects of organizing the accounting of current assets in enterprises. The composition of current assets, the principles of reflecting them in accounting records, turnover indicators, and their impact on liquidity are analyzed. Additionally, problems encountered in practice — excessive inventory accumulation, the prolongation of accounts receivable collection periods, and imbalances in cash flows — are evaluated through examples. At the conclusion of the research, recommendations for improving current asset accounting have been developed.

Keywords: current assets, accounting, inventories, accounts receivable, cash and cash equivalents, turnover, liquidity

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Introduction

In the context of a market economy, the effectiveness of an enterprise's operations depends largely on the management of current assets and the proper organization of their accounting. Current assets ensure the continuity of production, finance the operating cycle, and determine the capacity to cover short-term obligations.

If the composition and volume of current assets are not rationally structured, the enterprise will experience frozen funds, a breach of payment discipline, and a decline in profitability. For this reason, organizing current asset accounting in accordance with modern requirements, conducting regular monitoring through analytical

indicators, and making management decisions based on that data are pressing matters.

The objective of this research is to illuminate the mechanisms for organizing current asset accounting in enterprises and to assess the efficiency of their utilization on the basis of practical indicators.

Literature Review

Scientific views on current asset accounting and working capital management are extensively covered in both foreign and domestic literature. Brigham and Houston emphasize that working capital management directly affects an enterprise's financial stability and liquidity. Needles and Powers demonstrate that the correct recognition and valuation of current assets in the accounting system determines the reliability of financial reporting. Among CIS scholars, Savitskaya and Sheremet substantiate the importance of using a system of economic ratios to assess the efficiency of current asset utilization. In local research, current asset accounting is assessed as one of the primary sources of information for improving an enterprise's solvency, cash flow balance, and the quality of management decisions.

Content and Classification of Current Assets

Current assets are assets that are expected to be converted into cash within one operating cycle or within 12 months. They are generally divided into the following main groups:

- **Cash and cash equivalents** (petty cash, bank accounts);
- Short-term financial investments;
- **Accounts receivable**
- **Inventories** (raw materials, work-in-progress, finished goods, merchandise);
- **Other current assets** (prepaid expenses, etc.).

Each type of current asset must be recognized, valued, and disclosed in reporting in a clearly defined manner within the accounting policy, based on the specific characteristics of the enterprise's operations.

Core Principles of Organizing Current Asset Accounting

Effective organization of current asset accounting is carried out based on

the following principles:

- **Completeness and reliability of documentation.** Each business transaction is formalized on the basis of primary documents.
- **Uniform approach to valuation.** The valuation of inventories (e.g., FIFO or weighted average cost) must be applied consistently.
- **Analytical detail of accounting registers.** It is important to maintain separate records by debtor breakdown, inventory nomenclature, and cash flow directions.
- **Continuity of internal control.** Inventory counts, reconciliation statements, and timely monitoring are established.
- **Transparency of reporting data.** In financial reports, notes are provided on the composition of current assets, the probability of impairment, and associated risks.

Practical Analysis: Problems and Assessment

A number of typical problems arise in the practice of current asset accounting in enterprises:

Slow Inventory Turnover

In some enterprises, excess stocks of raw materials or finished goods accumulate. This situation increases warehouse costs and leads to funds being frozen outside the production process.

Prolongation of Accounts Receivable Collection Periods

If trade credit extended for the purpose of increasing sales volume is not controlled, overdue accounts receivable accumulate. As a result, the enterprise's current solvency declines.

Imbalances in Cash Flows

Even when accounting profit is positive, cash flow may be negative. This situation is particularly observed in enterprises with a high proportion of accounts receivable.

Lack of Timeliness in Accounting Data

In certain enterprises, because data is generated with a delay, management is unable to make decisions in a timely manner.

It is appropriate to use the following indicators when analyzing these situations:

Current Liquidity Ratio = Current Assets / Short-term Liabilities

Inventory Turnover = Cost of Goods Sold / Average Inventories

Accounts Receivable Collection Period (days) = (Average Accounts Receivable × 365) / Net Revenue

$$K_{ca} = T / CA$$

where K_{ca} is the current asset turnover ratio, T is the sales volume (net revenue), and CA is the average current assets balance.

Brief Analysis Using a Hypothetical Enterprise Example

The following situation was observed at a hypothetical manufacturing enterprise at the end of the year:

Indicator	Value
Volume of current assets	12.0 billion UZS
Short-term liabilities	8.0 billion UZS
Average inventories	4.5 billion UZS
Average accounts receivable	3.2 billion UZS
Annual net revenue	18.0 billion UZS

According to the calculation results:

- the current liquidity ratio was $12.0 / 8.0 = 1.5$;
- the accounts receivable collection period was approximately $(3.2 \times 365) / 18.0 \approx 65$ days.

While these results indicate that the enterprise's short-term solvency is satisfactory, the relatively high accounts receivable collection period suggests that pressure may be exerted on cash flow.

Directions for Improving Current Asset Accounting

Based on the results of the practical analysis, the following recommendations are provided:

- **Implementing digital accounting systems:** monitoring inventories, receivables, and cash flows in real time.

- **Strengthening credit policy:** segmenting customers by payment discipline and establishing credit limits.

- **Standardizing inventories:** determining minimum and maximum inventory levels based on demand forecasts.

- **Strengthening internal control:** conducting systematic inventory counts and taking swift action on overdue debts.

- **Integrating analytical reports into management:** evaluating departmental performance based on KPIs.

Conclusion

Properly organizing current asset accounting in enterprises is an important factor in ensuring financial stability, liquidity, and operational efficiency. The analysis shows that deficiencies in managing inventories and accounts receivable in particular have a negative impact on an enterprise's cash flow. For this reason, improving accounting policy, introducing digital monitoring tools, and making management decisions based on analytical indicators constitute a priority task today.

References

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