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INVENTORY UNDER THE INTERNATIONAL ACCOUNTING STANDARD AND ITS APPLICATIONS IN THE IRAQI ENVIRONMENT

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ABSTRACT

International accounting organizations have taken upon themselves the issuance of accounting standards and rules that regulate accounting treatments and the disclosure of financial information in the financial statements of economic units. with the aim of placing restrictions on the behavior of management, groups and parties interested in accounting information in both the recognition and measurement of a particular item and its disclosure and presentation in the financial statements, the need to develop that information requires the use of some modern techniques in the field of accounting for the purpose of reducing the gap between local and international accounting applications from by making comparisons between those applications and providing harmonious accounting procedures that help facilitate the entry of local markets by international companies, as well as helping local companies to develop their activities to enter the international markets, and from this point of view, the researcher chose the benchmarking method by making comparisons of accounting applications, which achieves search objective. The research started from a problem represented by the multiplicity of accounting and reporting methods for inventory in Iraqi economic units, which leads to the difficulty of applying the feature of comparability between these units. Financial accounting for inventory. The research came with a number of conclusions, the most important of which were:

1. *International standards achieve sobriety for local accounting practices more than internal standards, which do not reach the level of sobriety in international standards, as well as weak accounting information regarding international standards for users of financial statements, which would make it difficult to switch to international accounting applications, especially with regard to fair value and methods. Valuation of investments, financial derivatives and others.*
2. *The applications contained in the unified accounting system conflicted with the applications contained in international accounting standards in some accounting applications with regard to the recognition of inventory under the periodic and continuous inventory system and the subsequent processes of recording, measurement and display.*
3. *The international accounting standards included precise details of the applications related to the depreciation of the commodity stock, how to account for it, its registration in the accounting records, its recognition and its disclosure in the financial statements the researcher came up with a set of recommendations:*

- *Urging the accounting and regulatory standards board in iraq to be guided by international accounting standards, especially those that were addressed in the research when issuing local accounting rules, in addition to being guided by these standards to modify the unified accounting system, which reduces the discrepancy in the applied accounting practices and reliance on unified bases of measurement, presentation and disclosure, which the outputs of the modified accounting system are based on the international model of practices while preserving the privacy of the local environment.*
- *Urging the sectorial committee for accounting in iraq to develop special approaches to international accounting standards, local accounting rules and the unified accounting system in order to reduce the gap between those groups by clarifying and narrowing the differences based on the concepts of measurement, disclosure and presentation that are standardized and approved mainly to prove applications.*

Keywords: Disclosure and Presentation, Concepts of Measurement, Accounting Standards

INTRODUCTION

The inventory element represents a great interest for all industrial and service enterprises, if their continuity and growth has become dependent on the extent to which they adapt to their surroundings, which requires the continuation of production processes to achieve consumer requirements at the specified times and at the lowest possible cost, especially at present, and the protection of the products of production companies to avoid consumer reluctance to buy local goods due to their high prices compared to the prices of imported goods, therefore it is necessary to control the inventory planning processes, which constitute (15%-25%) of the cost of the product. Final at the very least, and to achieve this purpose and to help the administration achieve it came the accounting information system (a component of the administrative information system) by taking its role and therefore scientific studies have been focused in the search for modern techniques that contribute to the registration and control of the inventory element, and the concept of inventory control as an administrative function relates to inventory planning because they seek to achieve almost the same goal, both aimed at regulating the movement of inventory and maintaining and controlling the flow of materials to and from stores in the appropriate quantity, The right time without shortage or delay.

Through this part of the research, the researcher shows the scientific method used in preparing the research, the problem from which it was launched and the hypotheses adopted in solving the problem, as well as the importance of research in the Iraqi environment and what the research aims to do.

First: The Problem of Searching

The problem of research is the multiplicity of methods between economic units in reporting commodity stocks in the income and financial position lists and through the following question
Is it possible to standardize inventory accounting methods by applying IAS 2?

The Research Hypothesis

There's only one basic hypothesis for research: The application of IAS No. 2 in Iraq does not standardize financial reporting methods in inventory accounting.

Search Goal

The research aims to standardize inventory accounting methods among the various economic units in the Iraqi environment by applying IAS 2 as well as presenting the knowledge bases of the standard in question.

The importance of research is:

1. Application of IAS 2 on inventory in economic units in Iraq
2. Solving the problems facing inventory accounting in economic units in Iraq
3. Recommendations to the Iraqi Economic Unit with regard to International Standard 2
4. Standardizing financial reporting methods in economic units in Iraq

Theoretical Framework for the Study of Commodity Stocks

This research deals with the theoretical framework of commodity stocks in terms of definition, importance, objectives, pricing methods

Commodity Inventory

A set of tariffs for commodity stocks was received by a group of writers and researchers scientific societies and the table 1 below shows a set of commodity inventory tariffs

Table 1
SET OF COMMODITY INVENTORY TARIFFS

To	Identification	Definition	source
1	American Association of Chartered Accountants	"The range of tangible items of personal property acquired for sale in the normal business cycle, in the production phase for sale or currently expected to be used in the production of goods and services to meet sales needs"	A.I.C.P,1961:(27)
2	Kieso	"All goods owned and intended for sale during normal activity in commercial establishments or that stock is divided into three types of raw material stock, inventory of goods under operation and stock of complete goods in industrial facilities"	Kieso,1992:)337)
3	(Meigs, Megigs)	"Originally obtained for the purpose of resale through the normal economic activity of the enterprise or for the purpose of using or consuming it to produce goods to be sold in the future"	Meigs,1988:)340)
4	ali	"An asset retained for sale within the normal activity of the enterprise or held at some stage of production to be saleable or retained in the form of raw materials or tasks used in the production stages or in the submission of notes"	(Ali, 2004: 164).

Source: The number of the researcher yen based on the sources indicative of each definition.

Commodity Inventory Targets

Commodity inventory management objectives point to two opposing objectives: (Arab Accountant Forum, 2013, accdiscussion.com).

1. Reducing the volume of investments in inventory.
2. Meet customer demands for goods produced in coordination with the company's production and sales departments.

The conflict in previous inventory management objectives is that if the company retains the minimum inventory, it may fail to meet customer requests. If you keep a large amount of inventory to meet these demands, it means increased financial investment in inventory, and that's where good management comes in to balance the two objectives.

Inventory management objectives can also be seen as a comparison of returns and costs of inventory retention. Inventory retention is a financially costly process as a result of the volume of investments in it, and the retention of inventory has significant benefits, the most important of which is that adequate inventory helps the project to continue its industrial operations non-stop in its production lines. The main objective of inventory management is therefore to maintain an economic volume of inventory that balances those conflicting requirements, *i.e.*, the optimal size of the stock must be based on the process of swapping the benefits and costs resulting from the retention of this volume of inventory.

The Importance of Commodity Inventory

Commodity stocks are a vocabulary of non-cash current assets of interest to the majority of commercial and industrial enterprises, as this interest is low in service facilities. Commodity inventory has a direct impact on determining the outcome of the business of the enterprise from profit or loss, and its financial position statement. The order of the inventory item in the financial position list "in order of liquidity" comes immediately after the cash items, debtors and arrest departments, and the cost of the goods is one of the largest values on the income list, so any error in the evaluation of commodity inventory affects the income and financial position lists for the period and subsequent periods as commodity inventory affects the last period in a given period, is the commodity inventory last term with the highest real value, this will result in the first commodity inventory showing The duration for the next period is the highest real value of the error amount.

It shows inventory at the end of the previous period, shows the cost of goods sold below their real value, shows net profit on the income list above what it really is, and shows the property rights shown in the financial position list below their real value, these effects on the two periods are equal and opposite in the direction where they cancel each other out (Fucking, 2007).

The decrease in the last period inventory for the first year is a decrease in net income for this year, and the opposite occurs in the following year as this error increases net income and it can be said that over two accounting periods (consecutive) the effects of the error in commodity inventory on net income are equal in the sense that the total net income for two years together becomes what if the error does not occur, and therefore it may be conceivable that this type of error does not represent importance or risk, but this is The perception is illogical because it ignores the fact that the main objective of the accounting process is the accuracy of the annual net income figures (Khalid Amin Abdullah, Accounting Assets, (Oman, 1995).

The importance of commodity inventory is high when planning the activities of the facilities and therefore the inventory is of interest and care and management of the facility, in order to make sure that it is used as efficiently as possible and the objectives and policies of the establishment as it achieves the integrated inventory control system (Abdul Nasser Abdul Rahman, previous reference: 16).

The importance of commodity stocks can be summarized as follows:

1. Money invested in inventory is often relatively important for total assets.
2. The value of the stock of the goods on the total and therefore on the net profit of the period as the inventory at the end of the period has a parcel relationship to profit.
3. End-of-period inventory affects the calculation and adjustment of the cost of goods, especially under the periodic inventory system, and the cost of goods sold is known to be one of the most important elements of the cost when calculating operating income or activity income.
4. The error in calculating the value of the cost of sales and end-of-period inventory has a significant impact on the indicator's high indication of its effectiveness in assessing the performance of the enterprise and the error in stock valuation affects many indicators or financial ratios that are the basis for rationalizing management decisions, investors, creditors and government.
5. The error in the inventory valuation at the end of the period affects both the income and financial position lists and the determination of the total and net profit, owner's rights and assets.

Types of Commodity Inventory

The types of commodity inventory vary depending on the nature of the organization, its product and the specificity of its work, but in general it can be divided into:

1. Raw materials or raw materials.
2. Inventory of partially assembled materials or parts or those awaiting their role in a manufacturing or production cycle process.
3. Ready-made goods that have been completed production or manufacturing process.
4. Transit inventory is an inventory that is in the process of moving from one place to another, such as moving from manufacturing place to distributor.
5. Additional inventory, which is a reserve amount if the amount of supply and demand is not confirmed or to avoid sudden events affecting the quantity or quality of the product (Duaa Abu Saif, 2019).

Inventory Registration (Recording Inventory)

There are two main ways to register inventory to calculate the cost of sales:

1. Periodic inventory system.
2. Perpetual inventory system.

Each ledger calculation method (Ledger Account) is used for inventory but has different roles accountingwithahmedsamir.com.

Periodic Inventory System

According to the periodic inventory method, the inventory is inventoried at the end of each year, or when the company's financial position list is prepared, and the periodic inventory is concerned with the actual inventory and not just the notebook inventory, meaning that the promise of quantities actually present in the stores is limited and limited to the cost. (accounting.m3l0ma.com)Where both inventory and cost of foods sold are not continuously updated, purchases are not recorded in the Purchases Account and each sale transaction is recorded through a single journal, so the cost of goods sold does not exist during the accounting period and is determined at the end of the accounting period by entering a closure.

Perpetual Inventory System

In this way, inventory movement is recorded with each inventory addition (incoming) and each inventory discount (issued) so that the inventory balance is instantly affected by each transaction (accounting.m3l0ma.com), and both inventory and cost of goods sold are continuously updated and updated. Some other transactions may also require an inventory account update, for example sales/purchase returns. Purchases are deducted directly from the inventory account while two entries are made in the journal for each sale, one to record the value of the inventory sale and the other to record the cost of the goods sold and the purchase account is not used in the permanent inventory system (accountingwithahmedsamir.com).

The difference between periodic inventory and continuous inventory.The fundamental difference between periodic inventory and continuous inventory is, in accounting terms, and the financial accounting restrictions that the accountant makes in the company's books using the purchase account in the periodic inventory method or the inventory account in the continuous inventory method(accounting.m3l0ma.com).Warehouse books in periodic inventory and continuous inventory. In any case, the movement of incoming and issued in the store books is recorded from add-on permits and exchange permits from the store, in accordance with customary models, such as:

1. So in addition to the store.
2. So he cashed a store.
3. Transfer notice from store to store.
4. Item card.
5. Inventory and receipt.
6. The minutes of the year's inventory.

Commodity Inventory Pricing Methods

IAS Adopted Four Ways to assess Commodity Stocks

The actual cost method or identification of Cost Used if the number of commodity inventory units is relatively limited and expensive units, each inventory unit is associated with its cost and the cost of units is collected to determine the cost of the inventory at the end of the period.
Advantages: Not based on hypotheses but on real numbers.

As for the Defects

The difficulty in implementation is required for the high accuracy of tracking the costs of inventory units and also applies only to relatively limited units and activities.

1. The first incoming method is first issued(FIFO)(First in, First out).It is based on the assumption that the disbursement of goods from the stores is done first, meaning that the stock balance of the commodity stock is drained first and then purchased first, and so the inventory of the last period becomes the quantities finally purchased.

Advantages

1) Agree with the logical sequence of things.
2) The cost of the last term inventory reflects the prevailing prices in the market.

Defects

Do not link the cost of sales with the prevailing market prices at the time of sale. The Arab Society of Chartered Accountants recommends the use of this method in the following cases (AAC, 2001):

1. The case of the large cost of raw materials units.
2. If exchange times do not recur significantly during a single cycle.
3. If material prices do not fluctuate significantly during a single cycle.

Weighted Average Method

It is based on the assumption that the exchange from stores for sale or production is not restricted by a particular sequence and determines the cost of the goods sold and the cost of the commodity inventory at the end of the period on the basis of the average unit cost of the goods available for sale during the year.

Advantages

1) Melt the noticeable difference between the prices of the last-term inventory units and the prices of units that contributed to the cost of the goods sold.
2) Do not require an effort to hold commodity inventory records and adjust the movement of goods flow.

The disadvantages are that the average unit cost does not represent real prices. This method is recommended in the following cases:

1. If the materials in the warehouses are made up of large and large units and cost simple (Abu Hashish, 2005: 94).
2. Where the prices of purchasing goods are volatile up and down, the use of this method limits the effects of fluctuations on both the cost of sales as well as the cost of inventory and the value of both total profit and net profit (Matar, 2000).

It must be ensured that all previous valuation and pricing methods track price movements and do not follow the movement of quantities.

What is the Preferred Method of Stock Pricing?

Although there is no optimal method suitable for all facilities under all circumstances, the accountant should choose the method consistent with the nature of the materials and the circumstances of the facility and must take into account the implications of each method with regard to income, stock value and taxes, and must take into account the principle of consistency accepted in accounting, *i.e.*, each enterprise must adhere to the same method as it chooses from year to year (Abu Hashish, 2005)

Inventory Accounting under International Standards and the Local Environment

International Accounting Compatibility

Accounting compatibility is a process of harmony and compatibility of accounting practices by setting limits on differences between them, reducing consistent standards of logical differences and achieving compatibility in accounting processes between different countries, the international accounting compatibility is seen as "the degree of similarity and integration between the various local accounting standards and the accounting methods on which the financial statements are based. Based on this process, the move towards similar accounting will be carried out away from differences and variations in applications, and compatibility does not seek to eliminate all differences but seeks to reduce those differences globally in order to reach a degree of better comparison (Abdul Halim, 2007).

Compatibility can be defined as a process by which accounting moves from total differences in applications towards compatibility, *i.e.*, all users focus accounting standards on an accounting method or on a number of limited and converging methods (Clare 2005).

International accounting compatibility can be traced back to the first international conference of accountants held in 1904 in St. Louis, America, and the call for universality came at the 7th International Conference held in Amsterdam, Netherlands in 1957, when Kraayenhof, former President of the Netherlands Institute of Accountants, was invited to the idea of a unified group of accounting rules, and in The 9th Conference in Paris in 1967 formed an international working group, with the international coordinating committee for the accounting profession, and at the tenth conference in Sydney in 1972, an 11-member committee was formed and later formed in Düsseldorf, Germany, in 1973 by the International Accounting Standards Committee, which is responsible for the preparation and dissemination of international accounting standards (Saleh, 2012).

The importance of consistency in the application of accounting standards at the international level will achieve the credibility of published financial statements by providing two important features: (Salah, 2008)

General acceptance at the international level, as it is prepared under consistent accounting standards.

- Comparability at the international level because it is largely linked to a group derived from measurement and disclosure rules.

One of the most important advantages achieved when providing consistency in accounting standards at the international level is

1. Providing credibility and comparability, which will deepen the confidence that traders in international financial markets give to these statements, which encourages the flow of investments and improves their efficiency, thereby reducing the cost of financial transactions executed by their clients by providing appropriate decision-making information that enables them to analyze and evaluate investment and credit risks and how to make it easier for them to balance them.
2. Harmonization of international accounting standards is an effective way to reduce the gap between accounting methods and practices applied in the accounting profession and facilitate procedures for the inclusion of foreign companies in international financial markets by significantly reducing the accounting measurement differences that appear in their financial statements.
3. Perhaps one of the most important advantages of this consistency, particularly for developing countries, is that it will encourage the competent authorities to improve the level and quality of these standards, which are universally accepted, as well as that they will save effort when setting these standards. Salah, 2008.
4. The possibility of comparing international financial information, such a comparison excludes misunderstandings about the reliability of foreign financial statements and removes one of the most important constraints on the flow of international investment.
5. To facilitate the unification of foreign branches, as the standard standards make it easier for companies with branches scattered around the world to standardize the results of their operations with uniform lists because they depend on the basis of standard measurement, presentation and disclosure and have only the problem of currency conversion.

6. There is no need to prepare multiple sets of financial statements for companies looking to list their shares on global exchanges because they will prepare financial statements on the basis of local and international standards.
7. Improving administrative decisions in international companies, the financial statements presented are easy to understand from the decision makers.
8. International sobriety standards of domestic accounting practices achieve more than their internal standards, which do not reach the level of sobriety in international standards (Salmani, 2012).

Although the IASC's currently 41 accounting standards have been replaced and withdrawn (13) to remain (28) accounting standards and (17) financial reporting standards, which in itself are essential in providing the desired consistency of accounting practices for professionals in the organizing countries of the Committee, the main problem with these standards, which negatively reflects on the element of consistency, is that there are many alternatives that are permitted. By following them in the application of both measurement and disclosure rules (Al-Rubaie, 2015).

IFRS International Accounting Standards

Before addressing the standard, first, you must know the origin and concept of accounting standards and who issues them .Since the establishment in 1973 of the Financial Accounting Standards Board in 1973, the Financial Accounting Standards Board has established an inductive scientific approach and input" inductive approach: this approach in the formation of the theory means starting to study, analyses and examine partial cases, phenomena and observations, then develop the assumptions that solve the problem, interpret the phenomenon, and then test these assumptions experimentally if the imposition of what has become a principle or law proves to be the case. Scientifically, it is moving from private to public (Hanan, 2003), and has made the process of regulation and standard-setting political and social in nature after intense criticism campaigns against the bias and submission of the Accounting Principles Authority (Auditing Practices Board) of the American Institute (AICPA) to the pressure of the dominant audit offices in the United States the big eight at the time and now the big five (Hanan, 2005).

Many accounting thinkers emphasize that standard-setting should be a socio-political process. The development and establishment of accounting standards is the result of a political action primarily more than a logical conclusion or knowledge of empirical research because standard-setting is a social decision. Standards are restrictions on conduct so they must be accepted by the parties concerned and acceptance of standards can be compulsory, optional or a combination of both types and in a democratic society, acceptance is so complex that it requires possible marketing on the political scene (Horngren, 1973).

The 1976 report of the National Association Accountants, known as Metcalf report, the Accounting, emphasized the political nature of the standard-setting process.

In 1973, the Financial Accounting Standards Authority (FASB) was tasked with forming the conceptual framework for accounting theory and issuing practical application standards (Hanan, 2005).

As of 2003, the Financial Accounting Standards Authority (FSA) had achieved remarkable success in terms of practical application standards, with 150 accounting standards(SFAS) issued by the Authority.

Which dealt with the principles previously existing by amendment, reformulation and clarification and the standards of the Authority represent generally accepted accounting principles from the profession and from the Investment and Exchange Commission and practitioners in working life.

IAS2 (Inventory)

IAS (2) "Inventory", describes the accounting processing of inventory. It was essential to determine the amount of cost that must be recognized as an asset under the name of inventory, which would appear within the assets in the financial position list. Inventory is recognized as an expense in the income list when revenues related to its sale are recognized when that inventory is sold.

Inventory can be defined as the sum of goods purchased by the enterprise for sale or manufacture in the normal activity cycle of the facility. The inventory in commercial establishments usually consists of only one component, the ready-made goods, while the inventory in industrial facilities consists of the following three elements: (Abu Nassar & Hamidat, 2020) .Raw materials used in raw materials manufacturing process. Goods under operation (*i.e.,* not completed until the end of the financial period) Work in Process.

Finished Goods

Since the inventory is a commodity intended for sale during the normal operating cycle of the enterprise, *i.e.*, it will be converted into cash within a period usually less than a year, it is one of the basic components of the assets in circulation and is an essential component of working capital.

The basic principle of IAS 2 is "inventory is proven at the cost price or net value that can be achieved. Whichever's less?

Local Accounting Environment and Factors Affecting it

The local accounting environment was only a series of contributions made by the official authorities to achieve accounting objectives, which provides useful information to beneficiaries, and the local accounting environment is based on the accounting applications of economic units by the accounting rules issued by the Accounting standards board of the Republic of Iraq as well as applications contained in the official accounting systems and binding application to economic units.

The accounting systems applied in the local investment environment are both the unified accounting system and the unified accounting system of banks and insurance companies, which are applied according to the activity practiced by the investment economic units, so we will address the accounting system applied in the companies research sample, which is the unified accounting system and the local accounting rules issued by the Accounting standards board and the supervisory in the Republic of Iraq, which represents (14) accounting bases, which represents the accounting environment in Iraq (Al-Rubaie, 2015).

Accounting Applications in the Local Environment:

The Unified Accounting System Classified Inventory by Types of Materials Stored by my Agencies

1. Raw materials and raw materials store.
2. Fuel and oil store.
3. Reserve tools store
4. Packaging materials store.
5. Miscellaneous store.
6. Full and incomplete production store and works under implementation.
7. Store of goods for sale.
8. Store of other materials.

The inventory was defined in accordance with accounting rule No. 5 (all tangible physical assets held by the Economic Unit for the purpose of trading, or use in the normal course of its activity, or still in the production or manufacture stages, and the amounts of documentary credits and payments made by the Economic Unit to obtain these assets).

Reference comparison of accounting applications for inventory calculation in the Iraqi environment in accordance with the international accounting standard (2) inventory.

The applications of the local accounting environment, namely the unified accounting system and the accounting rule (5) accounting for treasury, were largely in accordance with international standards except for the following.

1. The definition in the system (p. 63) meets the requirements of the standard except to modify the term (cost of money) to be (cost or verifiable value) of the funds.
2. The consolidated accounting system should specify the reference to the adoption of the cost or net collection value, whichever is lower, for the purpose of recognizing this item and the term (which is measured on the

basis of the verifiable cost or value, whichever is lower) can be added after the definition in the system (p63) of this item.

3. It requires the addition of a special account within the production stock account/136 containing (Tam Sub-Production Stock/1366) for the purpose of accounting the cost of the total secondary production stock, which is assessed at the cost or value of collection, which is considered a reduction in the cost of the main full production.
4. The accounting system is adjusted by adding accounts (total production cost transferred to stores, cost of goods sold)

The unified accounting system is based on periodic inventory as a method of accounting for this item, which requires that the system include everything that would account according to the method of continuous inventory and rely on the costs of the treasury according to the method of cost or collection value, whichever is less then more manageable to control this important item in the financial statements.

Adapting the unified accounting system to international standards (inventory) the unified accounting system requires an adjustment in terms of reliance on the method of continuous inventory, which has become a necessity for control to control this important component of the economic unit's assets and for the purpose of using the continuous inventory system requires the following. Add a counter-calculation of the cost of production within the revenues in which the cost of full production is classified by the company and converted to the full production warehouse and under the name (the cost of full production transferred to the warehouses) and by tab (4114 and 4124) and by the type of extractive industry whether or transformational as stated in the unified accounting system and under the following restriction:

1) ** H/Total Production Stock 1361
2) ** h/Incomplete production stock 1362
3) ** H/Cost of full production converted to warehouses 4114
4) Add an account (cost of goods sold/353) within an account (purchases of goods and land for sale/35) for the purpose of proving the cost of the goods sold in the process of selling those goods with the modification of the name of the account to be (the cost of the goods and land sold) to be in sale according to the following:

   ** H/Bank 183

   **h/net sales 41

And it proves a restriction at the cost.

** H/Cost of goods sold 353

** H/stock 13

5) Under the continuous inventory method, when commodity stocks are assessed at net verifiable value (below cost), one of the two methods is used:

   Use the direct reduction method according to the following restriction:

**h/Losses falling commodity stock prices 396

** H/stock 13.

A- Use the indirect reduction method with a configuration dedicated to falling inventory prices and according to the following:

**h/Losses falling commodity stock prices 396

** H/Custom falling commodity stock prices 237

- Example: Below are financial transactions at the expense of inventory at General Electric Industries Company during fiscal year/2018:
- 1/1 the balance of the class 2000 units was the price of 20 dinars per unit.
- 5/1 3000 units at a cost of 80,000 dinars at a commercial discount of 10% and transportation expenses
- Insurance is 1800, 1200 respectively.

- 8/1 Operation A was disbursed 3500 units.
- 10/1 Order 2500 units at a price of 26 dinars per unit.
- 15/1 1500 units at a price of 22 dinars per unit.
- 1/20 exchange for operation (b) 2000 units.
- 22/1 Return to stores 1000 units of the previous amount disbursed on 8/2
- 23/1 500 units of operation B were transferred to Operation A
- The previous order was issued on 10/2
- 28/1 The facility returned 500 units to the supplier out of the quantity received on 15/2
- 29/1 Exchange for operation (a) 1000 units.
- 1.30 A sudden inventory of the warehouse was carried out, revealing a deficit of 200 units, which was considered a natural deficit.
- Required:
- The statement of the necessary accounting restrictions based on my method first is disbursed first and under the periodic and continuous inventory systems.

Continuous Inventory System

Table 2
THE WAY INCOMING FIRST IS FIRST SPENT

History	**Statement**	**Contained**			**Expenditure**			**Balance**		
		Amount	**Price**	**Value**	**Amount**	**Price**	**Value**	**Amount**	**Price**	**Value**
1/1	balance							2000	20	40000
5/1	3,000 units in stores.	3000	25	75000				2000 3000	20 25	40000 75000
8/1	Going for operation A3500 and Sharpness				2000 1500	20 25	40000 37500	1500	25	37500
15/1	1,500 units in stores.	1500	22	33000				1500 1500	25 22	37500 33000
20/1	We go to the operation in 2000 units				1500 500	25 22	37500 11000	1000	22	22000
22/1	1,000 units of the amount spent on 8/2	1000	25	25000				1000 1000	25 22	25000 22000
25/1	2,500 units in storage.	2500	26	65000				1000 1000 2500	25 22 26	25000 22000 65000
28/1	Supplier's wearer 500 units				500	22	11000	1000 500 2500	25 22 26	25000 11000 65000
29/1	Going to operation A 1000 units				1000	25	25000	500 2500	22 26	11000 65000
30/1	Deficit of 200 units				200	22	4400	300 2500	22 26	6600 65000
	Balance							2800		71600

The first period inventory is proven within the opening entry.

5/1 75,000 h/stock of raw materials and raw materials 131
75,000 h/processors 261

8/1 77,500 h/Commodity Supplies 32
77,500 h/stock of raw materials and raw materials 131

15/1 33,000 h/stock of raw materials and raw materials 131

33,000 h/processors 261
20/1 48,500 h/Commodity Supplies 32
48,500 h/stock of raw materials and raw materials 131
22/1 25,000 h/stock of raw materials and raw materials 131
25,000 h/commodity supplies 32
25/1 65,000 h/stock of raw materials and raw materials 131
65,000 h/processors 261
28/1 11000 h/processors 261
11,000 h/stock of raw materials and raw materials 131
29/1 25,000 h/Commodity Supplies 32
25,000 h/stock of raw materials and raw materials 131
30/1 4400 h/Incidental expenses 392
4400 h/stock of raw materials and raw materials 131

Note: Accounting processors do not differ under the weighted rate methods and are first issued only in the method of evaluation of the cost of the materials, which are explained in the table above.

Periodic Inventory System

Table 3
THE WAY INCOMING FIRST DISTRACTS FIFO

History	Statement	Contained			Expenditure			Balance		
		Amount	Price	Value	Amount	Price	Value	Amount	Price	Value
1/1	balance							2000	20	40000
5/1	3,000 units in stores.	3000	25	75000				2000 3000	20 25	40000 75000
15/1	1,500 units in stores.	1500	22	33000				2000 3000 1500	20 25 22	40000 75000 33000
22/1	1,000 units of the amount spent on 8/2	1000	25	25000				2000 3000 1500 1000	20 25 22 25	40000 75000 33000 25000
25/1	2,500 units in storage.	2500	26	65000				2000 3000 1500 1000 2500	20 25 22 25 26	40000 75000 33000 25000 65000
8/1	Going for operation A3500 and Sharpness				2000 1500	20 25	40000 37500	1500 1500 1000 2500	25 22 25 26	37500 33000 25000 65000
20/1	We go to the operation in 2000 units				1500 500	25 22	37500 11000	1000 1000 2500	22 25 26	22000 25000 65000
28/1	Supplier's wearer 500 units				500	22	11000	500 1000 2500	22 25 26	11000 25000 65000
29/1	Going to operation A 1000 units				500 500	22 25	11000 12500	500 2500	25 26	12500 65000
30/1	Deficit of 200 units				200	25	5000	300 2500	25 26	7500 65000
	Balance							2800		72500

The same accounting restrictions are proven in FIFO except for the value of the issued and stored incoming and are proven according to the values in the table 3 above.

Note: Accounting processors do not differ under the weighted rate methods and are first issued only in the method of evaluation of the cost of the materials, which are explained in the table above.

THE RESEARCH CONCLUDED WITH A SET OF CONCLUSIONS

1. International compatibility makes it easy for users of financial information to properly translate this information and thus enables them to make better decisions as appropriate accounting information with the specific qualities of convenience and reliability is the primary source in making and arranging investment decisions on which investors depend in making their investment decisions.
2. International accounting consistency is an effective way to reduce the gap between accounting methods and practices in the world as well as to save time and effort to obtain internationally accepted accounting standards.
3. The international standards of sobriety of domestic accounting practices achieve more than internal standards that do not relate to the level of sobriety in international standards, as well as poor accounting information regarding international standards among users of financial statements, which will make it difficult to switch to international accounting applications, especially with regard to fair value and methods of evaluating investments, derivatives and others.
4. Applications in THE CAP conflicted with those contained in IAS in some accounting applications with regard to inventory recognition under the periodic and continuous inventory system and subsequent registration, measurement and presentation.
5. IAS contained accurate details of applications for the depreciation of commodity inventory and how to account for them, record them in accounting records, recognize them and disclose them in financial statements.

THE RESEARCHER MADE A SET OF RECOMMENDATIONS

a. The Council of Accounting and Supervisory Standards in Iraq was urged to be guided by international accounting standards, especially those addressed in the research when issuing local accounting rules in addition to guiding these criteria to modify the unified accounting system, which reduces the disparity in accounting practices applied and relying on uniform basis for measurement, presentation and disclosure, which starts with the outputs of the accounting system modified to the international model of practices while maintaining the privacy of the local environment.
b. He urged the Iraqi Association of Chartered Accountants, the Association of Accountants, Auditors and Scientific Bodies represented by Iraqi universities to hold scientific courses on international accounting standards to raise awareness among users of financial statements of the need to move towards accounting applications compatible with international accounting standards, which will help make comparisons at the total level of the financial market, especially in light of the entry of international companies into the Iraqi market, which depends on international accounting standards mainly to prepare their financial statements.
c. He urged the Sectoral Accounting Committee in Iraq to develop approaches to international accounting standards, local accounting rules and the unified accounting system in order to reduce the gap between these groups by indicating and narrowing differences based on the concepts of measurement, disclosure and standard presentation, which are mainly adopted to prove applications.
d. Be precise by the Accounting and Supervisory Standards Board in Iraq when issuing accounting rules containing the accounting applications to be conducted in the light of economic events so as not to allow personal judgment to be applied with a view to obtaining financial statements free of personal judgment that can be relied upon in the statement of the financial position of the economic units and thus make appropriate decisions in the light of those statements.

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