

UDC 657

**THE ACCOUNTING OF FINISHED GOODS AND THEIR SALES ACCORDING
TO INTERNATIONAL FINANCIAL REPORTING STANDARTS
AND NORMATIVE DOCUMENTS OF THE REPUBLIC OF BELARUS**

VICTORIA STASELOVICH, NATALIA HODIKOVA
Polotsk State University, Belarus

The results of production of the organization are finished goods, the performed works, the rendered services. The main objective of the industrial enterprises of the Republic of Belarus `consists in complete providing the population with high-quality production. It is very important to pay special attention to the accounting of finished goods and their sales, as this is the main objective of any enterprise.

Accounting is carried out by the organizations of all countries of the world. It is considered "business language" as information of accounting is necessary for users for adoption of management decisions. However, national systems of the accounting of various countries have fundamental differences [1, p. 4].

Gradually there is a convergence of national standards of accounting and the reporting and IFRS.

The accounting of finished goods and their sales is considered in the Resolution of the Ministry of Finance of the Republic of Belarus on 12 November, 2010 No. 133 "About the approval of the Instruction on accounting of inventories" [2], and also in the Resolution of the Ministry of Finance of the Republic of Belarus on 30 September, 2011 No. 102 "About the approval of the Instruction on accounting of the income and expenses" [3] in the Belarusian legislation. The accounting of finished goods and their sales in IFRS is regulated by standards of IFRS (IAS) 2 "Inventories" [4] and IFRS (IAS) 18 "Revenue" [5].

The accounting of finished goods and their sales differs in the International and Belarusian standards. The characteristic of the accounting of finished goods and their sales according to the international standards is presented in table 1.

Table 1 – The characteristic of the accounting of finished goods and their sales according to IAS 2 "Inventories" and IAS 18 "Revenue"

Position	The characteristic of the accounting of finished goods and their sales
1	2
Definition of finished goods	According to the standard the finished goods are a part of inventories as which it is necessary to understand assets, which: – held for sale in the ordinary course of business; – in the process of production for such sale; or – in the form of materials or supplies to be consumed in the production process or in the rendering of services
Definition of realization process	The concept "realization" is absent in the IFRS
Definition of revenue	Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants
Measurement of finished goods	Inventories shall be measured at the lower of cost and net realisable value
Structure of the costs included in actual cost of finished goods	The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
Criteria of recognition as an expense	When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised
The methods of write-off the finished goods	<i>The methods used to determine the value of the ending inventory:</i> – specific identification of individual costs; – the first-in, first-out (FIFO); – weighted average cost formula
Moment of recognition of revenue	Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied: a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold

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Table 1 Conclusion

1	2
	b) the amount of revenue can be measured reliably; c) it is probable that the economic benefits associated with the transaction will flow to the entity; d) the costs incurred or to be incurred in respect of the transaction can be measured reliably
Disclosure	An entity shall disclose: a) the accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services; b) the amount of each significant category of revenue recognised during the period, including revenue arising from: <ul style="list-style-type: none"> - the sale of goods; - the rendering of services; - interest; - royalties; - dividends; c) the amount of revenue arising from exchanges of goods or services included in each significant category of revenue.

Source: own study based on the study of IAS 2 "Inventories" and IAS 18 "Revenue".

The characteristic of the accounting of finished goods and their sales according to normative documents of the Republic of Belarus is presented in table 2.

Table 2 – The characteristic of the accounting of finished goods and their sales according to the legislation of the Republic of Belarus

Position	The characteristic of the accounting of finished goods and their sales
Definition of finished goods	The finished goods are the products and semi-finished products which are completely finished with processing, conforming to the existing standards or approved technical conditions, including on completeness, accepted on a warehouse or the customer and supplied with the certificate or other document certifying their quality
Definition of realization process	Realization of goods (works, services), ownership admit estrangement of goods by one person to other person (performance of work by one person for other person, rendering services by one person to other person), transfer of property rights by one person to other person on a paid or gratuitous basis regardless of a way of acquisition of the rights for goods (results of the performed works, the rendered services), property rights or a form of the corresponding transactions
Definition of revenue	The revenue – the money or other property in terms of money received as a result of sales of goods at the prices, tariffs according to the contract
Measurement of finished goods	Inventories are accepted to accounting on actual cost
Structure of the costs included in actual cost of finished goods	<i>Product cost (works, services) - a cost assessment of natural resources, raw materials, materials, fuel, energy, fixed assets, intangible assets, and also other costs of production and realization</i>
Criteria of recognition as an expense	<i>When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised</i>
The methods of write-off the finished goods	<i>The methods used to determine the value of the ending inventory:</i> <ul style="list-style-type: none"> - prime cost of each unit; - weighted average cost formula; - the first-in, first-out (FIFO)
Moment of recognition of revenue	Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied: a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; b) the amount of revenue can be measured reliably; c) it is probable that the economic benefits associated with the transaction will flow to the entity; and d) <i>the costs incurred or to be incurred in respect of the transaction can be measured reliably</i>
Disclosure	It is reflected in accounting policies, financial statements, the statistical reporting

Source: own study based on the study of the legislation of the Republic of Belarus.

The comparative characteristic of the accounting of finished goods and their sales according to IAS 2 «Inventories» and IAS 18 «Revenue» and the legislation of the Republic of Belarus is presented in table 3.

Table 3 – The comparative characteristic of the accounting of finished goods and their sales according to IFRS and the legislation of the Republic of Belarus

Position	Similarities	Differences
Definition of finished goods	Inventories are assets held for sale	The concept of "finished goods" isn't present in the international standards. According to the standard the finished goods are a part of inventories
Definition of realization process	-	Define the concept of "realization" isn't present in the international standards
Definition of revenue	-	<i>According to IFRS 18, revenue includes only the gross inflows of economic benefits received and receivable by the entity on its own account. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue</i>
Measurement of finished goods	Actual cost	Inventories shall be measured at the lower of cost and net realisable value. The concept of net realisable value there is not in the Republic of Belarus
Structure of the costs included in actual cost of finished goods	<i>The cost of inventories shall comprise all costs, which are related to production</i>	-
Criteria of recognition as an expense	<i>When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised</i>	-
The methods of write-off the finished goods	<i>The methods used to determine the value of the ending inventory: prime cost of each unit; weighted average cost formula; the first-in, first-out (FIFO)</i>	-
Moment of recognition of revenue	<i>Conditions are identical, except for one</i>	The condition of recognition of revenue is, according to IAS 18 other than the Republic of Belarus: the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
Disclosure	It is reflected in accounting policies, financial statements	The information disclosed about the finished goods and their sales in statistical reporting in Belarus

Source: own study based on the study of the international standards and normative documents of the Republic of Belarus.

An important, labor-consuming, difficult site of the account at the enterprises is the accounting of finished goods and their sales. In this regard the role of control of transactions of the accounting of finished goods and their sales considerably increases.

Active work is carried out on a phased transition on application of International Financial Reporting Standards at the organization of accounting and tax accounting in Belarus for what changes are made to the current legislation.

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THE NOTION OF INNOVATIVE LOGISTICS

KATSIARYNA SUKHOTSKAYA, YANA POTOYALO
Polotsk State University, Belarus

Innovative Logistics is one of the new trends in the economy. The paper analyzes the approaches to this concept, the author identifies her own definition, she considers the stages of the development of innovative logistics and determines the significance of innovative logistics at the modern stage.

Innovation in economics is any new approach to the design, production or distribution of goods, resulting in getting an advantage over competitors by an entrepreneur.

The innovative approach is applicable to any kind of economic activity: innovations reduce production costs, improve product quality, increase of the possibilities of competition. The emergence of the innovations involves the orientation of the entrepreneur to the accumulation of capital and a creative approach to his work.

In general terms, innovative logistics refers to such a structural characteristic quality and organizational methods of logistics, which is dominated by innovative forms of organization and management technologies to ensuring sustainable generation and implementation of innovations in all its functional areas.

The subject of innovation in logistics is optimization of the trajectory of economic flows circulating in the circuit (network), reduction of the logistics cycle time, the rationalization of the overall costs of product distribution, improvement of the efficiency of the supply chain [1, c. 38].

As scientific direction, innovative logistics is a branch of logistics disclosing management methodology controlling material and other streams in the trade, based on knowledge and innovation.

Innovative Logistics is aimed at improving governance through the use of various kinds of innovations aimed at improving the quality of customer service, increasing efficiency of flow processes and reducing total costs of their realization. The author has analyzed different approaches to the definition of an innovative logistics.

Some authors believe that the innovative logistics is the most urgent component of the logistics activities, designed to study the need and the possibility of introduction of progressive innovations in the organization of current and strategic management of stream processes to identify and use additional reserves through rationalization (optimization) of this control [2, c. 57].

Others adhere to the following definition: Innovative Logistics - is the use of innovation in logistics in the form of the achievements of scientific and technological progress in relation to the improvement and modernization of the means of transport, storage and handling machinery, packing and filling equipment, new types of packaging materials.

Some emit a broader definition of "logistics innovation", which includes both an innovative logistics and innovations in it.

The author of this definition shows this circuit in Figure 1.

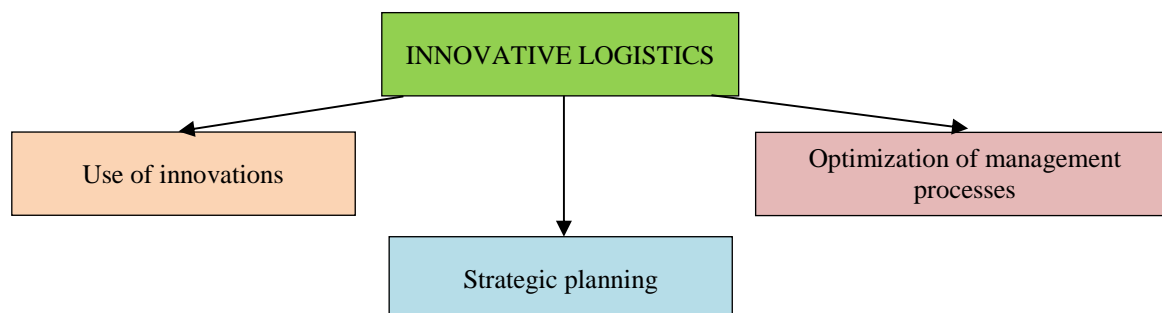


Fig. 1. Diagram identifying innovative logistics

Source: own development.