

Scottish International Conference on Multidisciplinary Research and Innovation – SICMRI 2026

SPECIFIC FEATURES OF CURRENT ASSET ACCOUNTING

Eshmatova Nodira

Master's Student, Jizzakh Polytechnic Institute

<https://doi.org/10.5281/zenodo.21903843>

Annotation. This article examines the specific features of current asset accounting and their importance in ensuring the financial stability and effective management of enterprises. Particular attention is paid to the accounting of inventories, receivables, cash, and other current assets. The study highlights the importance of accurate recognition, valuation, classification, and control of current assets for improving the reliability of financial information and supporting effective management decisions.

Keywords: current assets, accounting, inventories, receivables, cash, asset valuation, financial reporting, internal control.

Current assets represent one of the most important components of an enterprise's financial resources and play a key role in ensuring the continuity and efficiency of business activities. Their effective accounting is directly related to the financial stability, liquidity, solvency, and overall economic performance of an enterprise. Since current assets are constantly involved in the operating cycle, their composition, value, and movement change frequently. This creates specific requirements for their recognition, measurement, classification, documentation, and control.

The relevance of studying the specific features of current asset accounting is determined by the significant role these assets play in the daily activities of enterprises. Current assets include inventories, trade receivables, cash and cash equivalents, short-term investments, and other resources that are expected to be realized, sold, or consumed within the operating cycle. The effective management of these assets requires accurate and timely accounting information. Any errors in their recognition or valuation may lead to inaccurate financial reporting and negatively affect management decisions.

Efficient accounting of current assets is particularly important for maintaining an optimal balance between liquidity and profitability. An insufficient amount of current assets can create difficulties in purchasing raw materials, paying suppliers and employees, and financing operational activities. At the same time, excessive investment in inventories or receivables may result in inefficient use of financial resources, additional storage costs, delayed cash flows, and reduced profitability. Therefore, reliable accounting information is necessary to determine the appropriate structure and volume of current assets.

Inventory accounting constitutes an important part of this process. Inventories are directly connected with production and sales activities, and their movement can significantly influence production costs and financial results. Accurate recording of the receipt, consumption, valuation, and balance of inventories allows enterprises to prevent shortages, identify excessive or obsolete stocks, and improve the efficiency of resource utilization. Consequently, effective inventory control and regular reconciliation of accounting records with actual balances are essential elements of current asset accounting.

Trade receivables also require special attention because they represent funds that have not yet been received by the enterprise. A high level of overdue receivables can negatively affect liquidity and increase financial risks. Proper recognition, classification, valuation, and monitoring of receivables enable enterprises to control payment periods, identify overdue amounts, and assess the probability of collection. Effective receivables accounting therefore contributes to improving cash flows and strengthening the financial position of an enterprise.

Scottish International Conference on Multidisciplinary Research and Innovation – SICMRI 2026

Cash and cash equivalents are characterized by the highest level of liquidity among current assets and are essential for fulfilling short-term financial obligations. At the same time, their high liquidity creates additional risks related to unauthorized transactions, errors, and inefficient use. Accurate cash accounting, regular reconciliation of bank and accounting records, and effective internal control are therefore necessary to ensure the safety and rational use of monetary resources.

The development of digital technologies has created new opportunities for improving current asset accounting. Modern accounting information systems can automate the recording, processing, and analysis of transactions related to inventories, receivables, and cash. Digital technologies make it possible to obtain timely information about asset balances and movements, reduce manual errors, strengthen internal control, and improve the efficiency of financial reporting. The growing volume and complexity of business transactions make the digitalization of accounting processes increasingly important for modern enterprises.

The accounting of current assets has been extensively examined in the fields of financial accounting, management accounting, and financial management. Existing research generally emphasizes that current assets are a critical component of an enterprise's financial resources because their effective management directly influences liquidity, solvency, financial stability, and operational continuity. Scholars have therefore focused considerable attention on the principles of recognition, measurement, classification, valuation, and control of current assets.

Classical accounting literature considers current assets as resources expected to be converted into cash, sold, or consumed during the normal operating cycle of an enterprise. Weygandt, Kimmel, and Kieso emphasize the importance of proper classification and measurement of current assets in ensuring the reliability of financial statements. Their research highlights that accurate accounting information regarding inventories, receivables, and cash is essential for assessing an enterprise's financial position and making appropriate economic decisions.

The theoretical aspects of working capital and current asset management have also been studied extensively. Brigham and Ehrhardt emphasize that effective management of current assets requires maintaining an appropriate balance between liquidity and profitability. According to their approach, excessive investment in current assets may reduce the efficiency of capital utilization, whereas insufficient current assets may create difficulties in meeting short-term obligations. Therefore, determining an optimal level of current assets is an important element of financial management.

Inventory accounting represents one of the most widely studied areas of current asset accounting. Researchers emphasize that the correct determination of inventory cost, valuation, and movement is essential for accurately calculating production costs and financial results. International accounting practice provides specific requirements for inventory recognition and measurement. IAS 2 Inventories establishes principles for determining the cost of inventories and their subsequent measurement, which contributes to the comparability and reliability of financial information.

Receivables accounting has also received significant attention in accounting and financial management research. Atrill notes that effective receivables management is essential for maintaining adequate cash flows and reducing the risks associated with delayed payments. The literature emphasizes the importance of monitoring payment periods, assessing the creditworthiness of customers, identifying overdue receivables, and recognizing potential credit losses. These measures allow enterprises to reduce financial risks and improve the efficiency of working capital utilization.

The accounting and management of cash and cash equivalents constitute another important area of research. Financial management scholars emphasize that enterprises should maintain sufficient liquidity to meet short-term obligations while avoiding excessive accumulation of idle cash. Accurate recording of cash transactions, bank reconciliations, cash flow analysis, and

Scottish International Conference on Multidisciplinary Research and Innovation – SICMRI 2026

effective internal control are considered important mechanisms for ensuring the safety and efficient utilization of monetary resources.

International Financial Reporting Standards have significantly contributed to the development of modern approaches to current asset accounting. IAS 1 provides principles for the presentation and classification of current and non-current assets, while IAS 7 establishes requirements for reporting cash flows. IFRS 9 provides guidance concerning the recognition and measurement of financial assets and the assessment of expected credit losses. The application of these standards contributes to improving the transparency, comparability, and reliability of financial reporting.

Internal control is another important aspect highlighted in the literature. Researchers emphasize that current assets require continuous monitoring because they are frequently involved in business transactions and include highly liquid resources. Effective internal control mechanisms such as authorization procedures, segregation of duties, physical verification, reconciliation of accounting records, and regular monitoring can reduce the risks of loss, misuse, fraud, and accounting errors. Consequently, the quality of current asset accounting depends not only on accounting methods but also on the effectiveness of internal control systems.

Recent research increasingly focuses on the digitalization of accounting processes. The introduction of accounting information systems, enterprise resource planning technologies, electronic documentation, and automated data analysis provides new opportunities for improving the accounting of current assets. Digital systems allow enterprises to process large volumes of transactions more efficiently, obtain real-time information about asset balances, and reduce the risk of manual errors. These technologies are particularly relevant for enterprises with complex organizational structures and significant transaction volumes.

The literature also demonstrates the close relationship between current asset accounting and financial analysis. Accounting information regarding inventories, receivables, and cash provides the basis for calculating liquidity and turnover indicators. Inventory turnover, receivables turnover, working capital ratios, and cash conversion cycle indicators can be used to assess the efficiency of current asset utilization. Therefore, the integration of accounting and analytical procedures can improve the quality of managerial decision-making and help identify inefficient use of financial resources.

The analysis of the specific features of current asset accounting demonstrates that the accuracy and effectiveness of accounting procedures have a significant impact on the financial stability and operational efficiency of an enterprise. Current assets are characterized by their high level of mobility, frequent changes in composition, and direct involvement in the operating cycle. Therefore, their accounting requires timely recognition, appropriate valuation, correct classification, detailed documentation, and effective control. The results of the study indicate that improving these areas can increase the reliability of financial information and support more effective management decisions.

One of the key results concerns the accounting of inventories, which generally represent a significant component of current assets. The analysis shows that inaccurate recording of inventory receipts, consumption, and balances can lead to distortions in financial statements and inefficient use of resources. Regular physical inventories, reconciliation of actual balances with accounting data, and detailed analytical accounting by type and location can improve the reliability of inventory information. Particular attention should also be given to identifying slow-moving, obsolete, or damaged inventories, as their continued recognition at inappropriate values may overstate the actual value of enterprise assets.

The results also demonstrate the importance of appropriate inventory valuation. The selection and consistent application of an appropriate valuation method have a direct effect on the cost of goods sold, production costs, and reported financial results. Therefore, accounting policies should clearly establish the procedures for determining inventory costs and subsequent measurement. Compliance with relevant accounting standards can improve the comparability

Scottish International Conference on Multidisciplinary Research and Innovation – SICMRI 2026

and reliability of financial information and reduce the possibility of subjective valuation decisions.

Another significant finding relates to trade receivables. Receivables represent an important part of current assets but may create liquidity risks when customers fail to make payments on time. The study indicates that enterprises should maintain detailed analytical records of receivables according to individual customers, contractual terms, maturity periods, and collection status. Regular monitoring of overdue receivables and timely assessment of their collectability can help management identify potential financial problems and take corrective measures. The recognition of expected credit losses also contributes to a more realistic presentation of the value of receivables.

Cash and cash equivalents require a different approach because of their high liquidity and immediate role in meeting short-term obligations. The results show that accurate cash accounting should be supported by regular bank reconciliations, proper authorization of transactions, and continuous monitoring of cash flows. Effective control over cash can reduce the risk of unauthorized transactions, accounting errors, and inefficient use of monetary resources. At the same time, maintaining an optimal level of cash is important because excessive idle cash may reduce the efficiency of resource utilization.

The study further confirms that current asset accounting should be closely connected with internal control. Since inventories, receivables, and cash are continuously involved in business transactions, they are exposed to risks of loss, misuse, incorrect recording, and unauthorized operations. The implementation of segregation of duties, authorization procedures, physical verification, reconciliation, and regular internal reviews can significantly reduce these risks. A strong internal control system also increases confidence in the accuracy of accounting information and financial statements.

Another important result is the growing role of digital technologies in current asset accounting. Automated accounting systems and enterprise resource planning technologies can improve the speed and accuracy of recording current asset transactions. Digital tools make it possible to monitor inventory balances, track receivables, analyze cash flows, and generate financial reports more efficiently. The use of automated systems also reduces repetitive manual operations and minimizes the probability of human errors. Therefore, digitalization can be considered an important direction for improving the quality of current asset accounting.

The analysis also shows that current asset accounting should not be limited to the preparation of financial statements. Accounting information should provide a basis for analyzing the efficiency of current asset utilization. Indicators such as inventory turnover, receivables turnover, current ratio, quick ratio, and cash conversion cycle can help management evaluate the effectiveness of working capital utilization. The integration of accounting and financial analysis enables enterprises to identify inefficient use of resources and develop measures to improve liquidity and profitability.

An important aspect of the discussion is the need to differentiate accounting approaches according to the economic characteristics of individual current assets. Inventories require detailed control over physical movement and valuation, receivables require monitoring of payment and credit risks, while cash requires strict control over transactions and liquidity. Applying identical accounting and control procedures to all current assets may therefore be ineffective. A differentiated approach allows enterprises to respond more appropriately to the specific risks associated with each category of current assets.

The results indicate that improving current asset accounting requires the integration of several complementary measures. These include strengthening analytical accounting, improving valuation procedures, increasing the effectiveness of internal control, conducting regular reconciliation and inventory verification, monitoring receivables, improving cash flow accounting, and expanding the use of digital technologies. The combination of these measures

Scottish International Conference on Multidisciplinary Research and Innovation – SICMRI 2026

can increase the accuracy and transparency of accounting information while reducing financial and operational risks.

The discussion also demonstrates that the effectiveness of current asset accounting depends on the qualifications of accounting personnel. Modern accounting requires employees to possess not only knowledge of accounting principles but also an understanding of financial analysis, taxation, internal control, and digital accounting technologies. Continuous professional development and training can therefore contribute to improving the quality of accounting procedures and ensuring compliance with changing accounting requirements.

REFERENCES

1. Atrill, P. (2019). *Financial Management for Decision Makers* (9th ed.). Pearson.
2. Brigham, E. F., & Ehrhardt, M. C. (2017). *Financial Management: Theory & Practice* (15th ed.). Cengage Learning.
3. Weygandt, J. J., Kimmel, P. D., & Kieso, D. E. (2020). *Financial Accounting* (11th ed.). Wiley.
4. Kieso, D. E., Weygandt, J. J., & Warfield, T. D. (2020). *Intermediate Accounting* (17th ed.). Wiley.
5. Gitman, L. J., & Zutter, C. J. (2015). *Principles of Managerial Finance* (14th ed.). Pearson.
6. Ross, S. A., Westerfield, R. W., Jaffe, J., & Jordan, B. D. (2022). *Corporate Finance* (13th ed.). McGraw-Hill Education.
7. Subramanyam, K. R. (2014). *Financial Statement Analysis* (11th ed.). McGraw-Hill Education.
8. International Accounting Standards Board. (2024). *IAS 1: Presentation of Financial Statements*. IFRS Foundation.