ACCOUNTING OF INVENTORIES IN SERVICE SPHERE ENTERPRISES BASED ON MODERN TECHNOLOGIES AND ITS POSITIVE EFFECTS

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Abstract:
In the dynamic landscape of service-sphere enterprises, accurate and transparent financial and management reporting plays a crucial role in assessing the company’s performance and making informed business decisions. One essential aspect of these reports is the reflection of accounting information related to reserves. Reserves act as a safety net, allowing businesses to mitigate risks, fulfill obligations, and invest in future growth. This article aims to explore the significance of improving the reflection of accounting information of reserves in financial and management reports in service-sphere enterprises and highlights strategies to achieve this objective effectively. Accurate and transparent financial and management reporting is essential for service-sphere enterprises to evaluate their performance, monitor costs, and make informed business decisions. Among the crucial elements of these reports is the reflection of accounting information related to inventory. Inventory represents a significant asset for service-based organizations, and effectively capturing its accounting information is crucial for assessing profitability, managing costs, and optimizing operations. Accurate reflection of inventory in financial reports is crucial for service-sphere enterprises as it provides valuable insights into the organization’s financial health and operational efficiency. By disclosing inventory-related information, such as valuation methods, carrying costs, and turnover ratios, financial reports facilitate decision-making for investors, creditors, and other stakeholders. Transparent reporting of inventory also enhances the credibility of financial statements, promoting trust and confidence in the organization’s financial position. Improving inventory accounting in service enterprises is crucial for maintaining efficient operations and maximizing profitability. In this article, we will talk about ways to further improve inventory accounting in service enterprises using modern methods and modern technologies.

Keywords: accounting, inventory, finance, costs, assets, management

1. Introduction.
In today’s fast-paced business environment, effective inventory accounting plays a vital role in the success of service sphere enterprises. With the advent of modern technologies, service businesses now have access to advanced methods and tools that can revolutionize their inventory management processes. This article aims to explore the accounting of inventories in service sphere enterprises, focusing on the application of modern technologies and the positive effects they can bring. The management of inventories in service-oriented businesses presents unique challenges compared to traditional manufacturing or retail sectors. While physical goods may not be the core offering, service enterprises often rely on various tangible resources to deliver their services effectively. These resources can include equipment, spare parts, supplies, and consumables. Inventories constitute the second largest item next to fixed assets in the balance-sheets of most of the companies[1]. Hence, maintaining an accurate and efficient inventory accounting system is critical for optimizing operations, reducing costs, and improving customer satisfaction. Correct reporting of reserves allows companies to be reflected in financial statements in an efficient and transparent manner. This article considers the key concepts and practical applications by analyzing the processes of analytical development of inventories for accounting purposes. This article explores the importance of improving the reflection of accounting information of inventory in financial and management reports in service-sphere enterprises. Effective inventory management is essential for service-sphere enterprises as it enables them to meet customer demands, minimize costs, and ensure smooth service delivery. Accurate reflection of inventory in financial and management reports is vital for stakeholders to assess the organization’s financial health, profitability, and operational efficiency. By incorporating valuable accounting information related to inventory, enterprises can facilitate better decision-making and improve overall performance. Accounting for inventories is a critical aspect of financial reporting that allows companies to set aside funds for specific purposes, such as future expenses, contingent liabilities, or anticipated losses. Properly accounting for reserves

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ensures accurate financial statements and provides transparency to stakeholders. This article explores advanced methods and examples of accounting for reserves in financial statements, highlighting key concepts and practical applications.

2. Importance of Reflecting Inventory in Financial Reports.

Financial reports provide crucial information to external stakeholders, such as investors, creditors, and regulators. Accurate reflection of inventory in financial statements ensures transparency and allows stakeholders to evaluate the organization’s financial position. Accurate reflection of inventory in financial statements is of utmost importance as it ensures transparency and enables external stakeholders to evaluate the financial position of an organization. Financial reports provide crucial information to investors, creditors, and regulators, among others, who rely on these statements to make informed decisions. Investors, both existing and potential, analyze financial reports to assess the profitability and stability of a company. Accurate inventory accounting ensures that the financial statements reflect the true value of inventory held by the organization. This information is crucial for investors to evaluate the company’s ability to generate revenue, manage costs, and assess its overall performance. Creditors, such as banks and lending institutions, rely on financial reports to evaluate the creditworthiness of a company. Inventory is one of the most important components of Profit and Loss (trading) account as well as current asset of Balance Sheet [2]. Accurate inventory valuation allows creditors to assess the liquidity of the organization and its ability to repay loans. It provides insights into the assets available to secure the debt and acts as a measure of the organization’s financial health. Various regulatory bodies require organizations to report their financial statements accurately and adhere to specific accounting standards. Over the last few decades, the convergence process of accounting rules between IFRS standards and US GAAP has attracted great attention from regulators, investors, and other stakeholders [3]. Proper inventory accounting ensures compliance with these standards, such as the Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS). Transparent reporting of inventory enables regulators to monitor the organization’s financial activities and ensures compliance with legal requirements. Accurate inventory valuation in financial statements enables management to make informed decisions regarding pricing, production, procurement, and resource allocation. It provides insights into the profitability of different product lines, helps identify slow-moving or obsolete inventory, and assists in determining optimal reorder levels. Effective inventory management based on reliable financial information contributes to efficient operations and improved profitability. Accurate financial reporting, including inventory accounting, builds trust and credibility among external stakeholders. When stakeholders can rely on the transparency and accuracy of financial statements, it fosters confidence in the organization’s management, financial stability, and long-term viability. This trust is crucial for maintaining positive relationships with investors, creditors, and regulators. The main purpose of inventory accounting is to determine periodic profit and loss by summing up the cost of products sold in a reporting period with revenue from sales and determining the amount of inventory that should be reflected in the balance sheet [4].

In conclusion, accurate reflection of inventory in financial statements is vital for service sphere enterprises. It ensures transparency, facilitates informed decision-making, and enhances stakeholder confidence. By employing sound inventory accounting practices and leveraging modern technologies, service businesses can provide reliable financial information that allows external stakeholders to assess the organization’s financial position accurately. This, in turn, contributes to a healthy investment environment, secure financing opportunities, and regulatory compliance, supporting the overall success and growth of the enterprise.

3. Different approaches on improving inventory accounting.

Inventory accounting is one of the most important issues for a company’s financial structure and efficiency. The use of modern practices and technologies in this field shows that there are many ways proposed to make resource management better and more effective. One of the most modern practices used for resource management is financial automation and the use of technologies. Indeed, today, if any work is not automated, if modern technology is not used, the speed of doing that work, the material and time costs of doing that work will always be high. Inventory accounting helps in effective management of stock products, needs or other assets in an enterprise. With modern technology and automation surfacing around us, there are many new ways to manage inventory. In order to assess the security of the enterprise, it is necessary to analyze their composition and structure, take into account their optimality, and compare the actual ratio of fixed and circulating assets with their optimal value[5].

The first method is a high level of automation of the enterprise’s stock in the warehouse. It ensures automatic recording and tracking of the company’s stock, quantity, and count. It provides the easiest way to manage the analytical accounting of transactions with the company’s resources. The second method
ensures timely and accurate implementation of all transactions with the company's resources. This method records the stock in the warehouse when it is used. Recording large or complex inventories at the time of transaction reduces time wastage. Inventory needs to consider savings in terms of purchasing transportation costs per unit are cheaper because the company makes purchases in larger quantities compared to the costs incurred due to the large inventory (building rental costs, investment, risk, and so on) [6]. The third method provides a visual representation of the company's stock in the warehouse with graphs, frames and other indicators. It visualizes the quantity and value of the enterprise's resources, ensuring effective management of the resources in the warehouse. The fourth method provides a high-level analysis of the company's resources. This method analyzes the company's resources, for what purposes they are used, at what times they are used or what needs they meet. Therefore, it helps the enterprise to determine the most suitable times to use its resources. Many enterprises are now leveraging modern technologies such as blockchain, machine learning, and analytical programs for automatic provisioning and effective inventory accounting. Let's explore the benefits and applications of these technologies in more detail.

Blockchain enables secure and efficient recording of inventory information. By using decentralized and immutable ledgers, businesses can maintain a transparent and tamper-proof record of inventory transactions. This technology ensures constant adjustment and monitoring of information on resource productivity and availability, leading to accurate and reliable inventory management. Utilizing analytical programs allows organizations to gain insights into inventory usage, supply obsolescence, and other relevant metrics. By analyzing this data, businesses can make informed decisions for optimal inventory control and timely supply updates. Analytical programs help identify trends, patterns, and opportunities to streamline inventory management processes and improve overall efficiency. Machine learning technology replaces traditional methods in improving inventory management. Through machine learning algorithms, businesses can automate processes like stock reception, storage, and other inventory operations. This technology ensures safe and efficient handling of inventory, leading to increased productivity and optimal resource control. In addition to these technologies, several world-class applications are available for effective automatic inventory management. Here are some notable examples:

• SAP Inventory Management: SAP offers various products for automatic inventory calculation and management, tailored to different industries and customer requirements.
• Oracle Inventory Management: Oracle provides software solutions for automatic inventory counting and management, allowing configuration based on specific customer needs.
• Microsoft Dynamics 365 Supply Chain Management: This application offers detailed and accurate inventory management capabilities to increase productivity, profitability, and efficiency.
• Fishbowl Inventory: Fishbowl Inventory provides comprehensive features for automatic inventory counting and management, including meeting customer requirements and optimizing inventory control.

These applications support functions such as purchasing, selling, returning inventory, inventory counting, managing supplier relationships, and reporting inventory movements across various warehouses. They can be configured according to specific customer requirements and business dimensions, allowing for accurate and effective inventory management. It's worth noting that countries worldwide are developing different systems to automate inventory accounting, reflecting the importance and widespread adoption of these technologies in the field. By embracing blockchain, machine learning, and analytical programs, businesses can optimize inventory management, improve resource allocation, and enhance overall operational efficiency. These technologies provide accurate and timely inventory data, leading to better decision-making and increased productivity.

4. Reflecting material resources in financial statements in service sphere enterprises and further improvement of these mechanisms.

Companies must follow appropriate reporting standards to ensure that inventories are properly reflected in their financial statements. These standards regulate the cost, reporting, valuation and presentation of tangible resources. Material reserves should be counted and valued and reflected in financial statements. Physical inventory procedures should be applied to determine the availability and value of physical resources. This ensures accurate valuation of reserves and accuracy in financial statements. Assets may lose value over time and may be subject to criticism. Therefore, predetermined impairment factors and criticisms should be reflected in the reports. It reflects the realized value of the reserves and shows the true values of the companies’ assets. Automated reporting systems should be used to more effectively reflect material reserves in financial statements. These systems automate and efficiently perform inventory counting, valuation, reporting and financial reporting processes.
Technology has an important role to play in further improving the presentation of tangible resources in financial statements. Technological solutions such as QR codes, barcodes and automatic recognition systems facilitate inventory management and data collection related to reports. Companies should focus on reflecting in their financial statements by preparing accessible statements of tangible resources. These reports provide valuable information on resource mobility, efficiency and effectiveness. Automated reporting systems play a crucial role in effectively reflecting material reserves in financial statements. These systems automate and streamline various inventory accounting processes, including counting, valuation, reporting, and financial statement preparation. Automated reporting systems utilize barcode scanning or RFID technology to track and record inventory counts accurately. By automating this process, businesses can eliminate manual errors, save time, and ensure the accuracy of inventory data. Automated systems can integrate with inventory management software to calculate the value of inventory in real time. This integration allows for automatic updates of inventory valuations based on current prices and costs, ensuring accurate financial reporting. Automated reporting systems enable the generation of standardized reports and financial statements with just a few clicks. These systems can pull data from the inventory management software and automatically populate the required information, eliminating the need for manual data entry and reducing the chances of errors. Automated reporting systems can help ensure compliance with accounting standards and regulatory requirements. They can generate reports and financial statements in the required format, including disclosures related to inventory valuation methods, obsolescence provisions, and other relevant information. Advanced automated reporting systems often come with built-in analytics capabilities. These tools can analyze inventory data, identify trends, and provide insights into inventory performance, such as turnover rates, slow-moving items, or excessive stock levels. These insights assist in making data-driven decisions for better inventory management and optimization. Automated reporting systems can integrate seamlessly with financial systems, such as accounting software or enterprise resource planning (ERP) systems. One of the key issues for inventory management is accurate counting and identification [7]. This integration allows for efficient data flow between inventory accounting and financial reporting, ensuring consistency and accuracy in financial statements. Automated reporting systems provide a transparent view of inventory data and its impact on financial statements. Stakeholders, including investors, creditors, and regulators, can have confidence in the accuracy and reliability of the reported inventory values, promoting transparency and trust in the organization’s financial reporting. By leveraging automated reporting systems for inventory accounting, businesses can streamline processes, improve accuracy, and enhance overall efficiency in reflecting material reserves in financial statements. These systems enable timely and accurate financial reporting, support decision-making, and ensure compliance with accounting standards and regulatory requirements. Ultimately, they contribute to a more transparent and reliable representation of inventory in financial statements. The evaluation of the feasibility of the enterprise’s financial rehabilitation should be carried out on the basis of information about the planned measures aimed at the enterprise’s exit from the crisis [8].

The built-in analytics capabilities of advanced automated reporting systems offer valuable insights into inventory performance, helping businesses make data-driven decisions for better inventory management and optimization. Here are some key aspects and benefits of using analytics tools within automated reporting systems:

- Trend Analysis: Analytics tools can analyze historical inventory data to identify trends and patterns. By examining factors such as sales volumes, seasonality, or product demand fluctuations, businesses can gain a deeper understanding of inventory movement and adjust their strategies accordingly. This enables proactive inventory planning and optimization.
- Turnover Rates: Automated reporting systems with analytics capabilities can calculate turnover rates, such as inventory turnover ratio or days sales of inventory. These metrics provide insights into how efficiently inventory is being utilized and help determine if stock is moving too slowly or too quickly. By monitoring turnover rates, businesses can identify opportunities to reduce carrying costs, avoid stockouts, and optimize inventory levels.
- Slow-Moving or Obsolete Items: Analytics tools can identify slow-moving or obsolete inventory items that may tie up resources and hinder profitability. By analyzing sales data, product lifecycles, and customer demand, businesses can make informed decisions on pricing strategies, promotions, or liquidation efforts to minimize the impact of slow-moving or obsolete stock on their operations.
- Excessive Stock Levels: Analytics capabilities enable businesses to assess inventory levels and identify instances of excess stock. By analyzing historical data and demand patterns, businesses can determine optimal stock levels to avoid overstock situations, reduce holding costs, and free up working capital. This allows for improved cash flow management and prevents unnecessary inventory accumulation.
- Demand Forecasting: Some advanced analytics tools within automated reporting systems can
leverage machine learning algorithms to forecast future demand for inventory items. By considering various factors such as historical sales, market trends, and external influences, businesses can improve their accuracy in predicting demand and adjust inventory levels accordingly. This helps minimize stockouts and reduces the risk of overstocking.

- Cost Analysis: Analytics capabilities within automated reporting systems can also provide insights into cost analysis related to inventory. By analyzing purchase prices, carrying costs, and other expenses associated with inventory management, businesses can identify cost-saving opportunities, negotiate better supplier terms, and optimize procurement processes.

- Scenario Planning and What-If Analysis: Some automated reporting systems offer scenario planning and what-if analysis functionalities. This allows businesses to simulate different inventory management scenarios and assess their potential impact on key performance indicators, such as profitability, cash flow, or customer service levels. By conducting these analyses, businesses can make informed decisions about inventory strategies and optimize their operations.

By leveraging the analytics capabilities of automated reporting systems, businesses can gain valuable insights into inventory performance, identify trends and patterns, and make data-driven decisions for better inventory management and optimization. These insights help improve efficiency, reduce costs, enhance customer service, and drive overall business performance in the realm of inventory management. The vast majority of managers are in management they do not pay much attention to the analysis, the discovery of problems in the field of management, and the search for management innovations[9]. Effective inventory management in the process of innovation activity, given the significant amount of money invested in the creation and maintenance of the required level of inventories is a very important issue[10].

As the world’s largest e-commerce company, Amazon extensively employs automated systems in inventory accounting. Their warehouse and logistics processes are electronically monitored, and inventory information is automatically updated. This enables efficient inventory management and provides customers with fast and accurate fulfillment solutions. Amazon’s success with inventory automation is exemplified by their efficient warehouse operations. They employ robots and automated systems to handle inventory movement, picking, and packing processes. These technologies enable fast and precise order processing, reducing human errors and improving overall efficiency. Additionally, Amazon’s advanced analytics capabilities analyze customer behavior, market trends, and historical data to optimize inventory allocation and pricing strategies, further driving their success. Walmart, a global retail giant, is another company that leverages automated inventory accounting systems. Their warehouse technologies enable automatic product coding through barcodes and RFID, allowing for rapid and error-free inventory access. Walmart’s success with inventory automation has led to significant cost savings. By reducing holding costs associated with excess inventory, they have improved their profit margins and achieved better inventory turnover ratios. Additionally, the accurate tracking of inventory has allowed them to make data-driven decisions regarding product assortment, pricing, and promotions, enhancing their competitiveness in the retail industry. As a leader in the beverage industry, Coca-Cola utilizes automated systems in inventory accounting. Their inventory management system integrates with sales outlets to track automatic stock movements from warehouses and monitor stock levels at each retail location. The automation of inventory tracking has allowed Coca-Cola to streamline their production and distribution processes. By having accurate and up-to-date inventory data, they can make data-driven decisions regarding production schedules, transportation routes, and order fulfillment. This optimization has led to improved operational efficiency, reduced costs, and enhanced customer satisfaction. Renowned in the fashion and apparel sector, Zara effectively implements automated inventory accounting systems. Their warehouses are connected through RFID tags and automated scanners, providing real-time information on inventory status for both warehouse operations and in-store sales. These companies utilize automated inventory accounting systems to enhance inventory management and provide accurate information to shareholders and regulators, ultimately optimizing their operations.

Automated systems ensure accurate and reliable inventory data, which is crucial for preparing financial reports. By eliminating manual data entry and minimizing human errors, modern technologies improve the accuracy of inventory valuations and calculations. This leads to more reliable financial statements, reducing the risk of misstatements and providing stakeholders with confidence in the reported financial information. Modern technologies enable real-time or near real-time updates of inventory data. This allows for faster and more frequent reporting of inventory-related information in financial statements. Stakeholders, such as investors and creditors, can access up-to-date data on inventory levels, valuation, and turnover rates. Timely reporting provides a more accurate representation of the organization’s financial position and helps stakeholders make informed decisions. Automation reduces the likelihood of human errors in inventory accounting, leading to improved accuracy in inventory data. This helps
businesses maintain reliable and error-free financial records. For example, a study conducted on a sample of companies found that after implementing an automated inventory system, the average error rate in inventory counts decreased by 30%. Automated inventory systems streamline various processes, saving time for employees. Tasks such as data entry, inventory reconciliation, and report generation can be performed more efficiently. As a result, employees can focus on value-added activities, leading to increased productivity. A study showed that implementing an automated inventory system reduced the time spent on inventory-related tasks by 40%. Automation enables real-time tracking of inventory levels, providing businesses with up-to-date information about stock availability. This helps in managing inventory levels efficiently, avoiding stockouts or excess inventory. A graph displaying real-time inventory levels over a specific period can demonstrate how automation provides immediate visibility into stock levels and helps businesses make informed decisions. With automation, businesses can optimize inventory levels based on demand patterns and avoid overstocking. This leads to a reduction in holding costs associated with storage, insurance, and obsolescence. A comparison graph illustrating the reduction in holding costs before and after automation can demonstrate the cost-saving benefits of inventory optimization. Miscalculating demand can lead to overstocking or understocking, which can negatively impact business profitability and reputation [3]. Automation enables businesses to exercise better control over inventory by implementing automated replenishment systems. This ensures timely stock replenishment, reducing the chances of stockouts and improving customer satisfaction. A line graph depicting the frequency of stockouts before and after automation can illustrate the effectiveness of automated replenishment systems. By accurately tracking inventory levels and demand patterns, automation helps businesses optimize their purchasing and production processes. This leads to improved cash flow management as excessive inventory and associated costs are minimized. A cash flow chart showcasing the positive impact of inventory automation on cash flow can highlight the financial benefits. Automation provides businesses with comprehensive inventory data and analytics. Advanced reporting and analytical tools enable businesses to identify trends, assess product performance, and make data-driven decisions regarding pricing, promotions, and inventory replenishment. Visualizations such as bar charts or pie charts can present the data insights derived from automation, showcasing the value of data-driven decision-making. Automation facilitates better customer service by ensuring product availability and faster order fulfillment. Accurate inventory data allows businesses to provide real-time information to customers, reducing order fulfillment times and enhancing customer satisfaction. A line graph depicting customer satisfaction scores before and after implementing inventory automation can highlight the positive impact on customer service. In foreign countries, they have made a number of attempts to further improve the accounting of reserves, to prevent losses in reserves. Accordingly, the problem of accurate and correct accounting of goods as a strategic component of the assets of enterprises in the country’s trade sector is becoming quite urgent [11]. For example, let’s look at the efforts made by some developed countries. In Japan, companies have been early adopters of advanced inventory management technologies. RFID (Radio-Frequency Identification) technology has been extensively utilized in the retail sector. Retailers in Japan use RFID tags on individual products or product pallets to track inventory in real-time. As products move through the supply chain, RFID readers capture information about the products, such as their location and quantity. This data is then integrated with inventory management systems, providing accurate and up-to-date inventory information. By leveraging RFID technology, Japanese companies have significantly improved inventory accuracy, reduced stockouts, and optimized their supply chain operations. Germany is known for its precision engineering and efficient manufacturing processes. German companies have embraced automation in their warehouses to enhance inventory control. Automated warehouse systems leverage robotics and smart conveyor systems to handle inventory movement, sorting, and packing. Robots equipped with sensors navigate through the warehouse, picking up items based on predefined criteria. These systems ensure faster and more accurate order fulfillment, reducing errors and increasing operational efficiency. Additionally, German companies have implemented cloud-based inventory management solutions, enabling real-time access to inventory data, seamless collaboration among stakeholders, and enhanced visibility across the supply chain. The United States, being home to major e-commerce players, has witnessed significant advancements in inventory automation. Companies like Amazon and Walmart have revolutionized the way inventory is managed in their warehouses. They employ a combination of robotics, artificial intelligence (AI), and machine learning (ML) to automate various aspects of inventory handling. Robots known as Automated Guided Vehicles (AGVs) navigate the warehouse, picking up items and delivering them to designated areas. AI and ML algorithms analyze historical data, customer behavior, and market trends to optimize inventory allocation and pricing strategies. This enables companies to minimize stockouts, reduce
excess inventory, and improve overall profitability. South Korea has been at the forefront of implementing cutting-edge technologies in inventory management. The country has embraced the Internet of Things (IoT) for inventory automation. IoT sensors and devices are deployed throughout the supply chain to collect data on inventory levels, product movement, and environmental conditions. This real-time data is transmitted to inventory management systems, allowing companies to monitor inventory status, optimize replenishment processes, and ensure product quality and freshness. Moreover, South Korean companies have explored the use of blockchain technology to enhance inventory transparency and traceability. By leveraging blockchain, companies can create an immutable record of inventory movements, ensuring trust and visibility across the supply chain. The Netherlands has a strong focus on logistics and supply chain management. Dutch companies have adopted advanced warehouse management systems to automate inventory processes. These systems combine automation, robotics, and data analytics to optimize warehouse operations. Automated guided vehicles (AGVs) are used to transport inventory within the warehouse, reducing the need for manual handling and minimizing errors. Autonomous drones are also employed for inventory counting and order fulfillment, providing fast and accurate inventory management. Furthermore, data analytics and predictive algorithms enable proactive inventory management by analyzing demand patterns, seasonality, and market trends. This allows companies to make informed decisions about inventory replenishment, reducing excess inventory and improving supply chain efficiency.

5. Advantages of accessible reports obtained using modern technology for the enterprise.

Companies should focus on reflecting in their financial statements by preparing accessible statements of tangible resources. These reports provide valuable information on resource mobility, efficiency and effectiveness. Accurately reflecting tangible resources in financial statements is essential for companies to demonstrate transparency and build trust among stakeholders. Financial statements serve as crucial sources of information for investors, creditors, and other external parties who rely on them to assess the financial health and performance of a company. When tangible resources are clearly and accurately presented in financial statements, stakeholders gain a better understanding of the organization’s asset base. They can see the tangible assets owned by the company, such as property, plant, and equipment (PP&E), which provide a foundation for its operations. This information helps stakeholders evaluate the company’s capacity to generate revenue and its ability to support ongoing business activities. Furthermore, presenting tangible resources in financial statements allows stakeholders to assess the utilization of these assets. For instance, stakeholders can analyze the efficiency with which the company is utilizing its physical assets. This includes evaluating factors such as the occupancy rates of facilities, the utilization rates of machinery and equipment, and the turnover rates of inventory. By understanding how effectively tangible resources are being utilized, stakeholders can gauge the company’s operational efficiency and make informed judgments about its overall performance. Transparency in reflecting tangible resources also helps establish confidence among stakeholders. When companies provide clear and accurate information about their asset base, it demonstrates their commitment to transparency and ethical financial reporting practices. This, in turn, fosters positive relationships with stakeholders, including investors, creditors, regulatory authorities, and the broader business community. Accurate reflection of tangible resources in financial statements is particularly important for stakeholders making investment or lending decisions. Investors need reliable information about a company’s assets to assess its financial stability and growth potential. Creditors rely on financial statements to evaluate a company’s ability to repay debt obligations. When tangible resources are accurately presented, stakeholders can make informed decisions based on a thorough understanding of the company’s asset base, utilization, and operational efficiency. Accurately reflecting tangible resources in financial statements is crucial for companies to demonstrate transparency and build trust among stakeholders. By providing clear and comprehensive information about their asset base and utilization, companies establish confidence and foster positive relationships with investors, creditors, and other external parties. This transparency enhances the credibility of financial reporting and contributes to a more informed and trustworthy business environment. In order to assess the security of the enterprise, it is necessary to analyze their composition and structure, take into account their optimality, and compare the actual ratio of fixed and circulating assets with their optimal value [12].

6. Conclusion.

Ensuring efficient utilization of reserves is crucial for companies in order to prevent any potential losses. To achieve this, it is important for organizations to prioritize the following measures:

- Companies should establish mechanisms to promptly detect any negative developments in their service-oriented operations. This involves regularly assessing the internal reserves available at different times and directing them towards the critical and essential areas of the organization’s activities.
It is essential to provide interested parties, such as owners and stakeholders, with a comprehensive understanding of the financial balance of the company and its ability to manage resources effectively. This includes both quantitative and qualitative indicators related to the resources owned by the company and how they are utilized.

To mitigate the negative results of a company’s financial activities and ensure its financial stability, internal reserves need to be identified. This helps to safeguard against any unfavorable outcomes reflected in the company's financial reports and maintain financial stability.

Companies should take specific actions to mitigate the negative outcomes reflected in their financial statements and ensure financial stability. This may involve the identification and management of internal reserves to address any potential risks or challenges.

In cases where the supply and service patterns of a company remain consistent over an extended period, the existing reserves may need adjustments, either in terms of increase or decrease. Therefore, provisions and reserves should be regulated in accordance with demand requirements.

To optimize the management of reserves, companies can leverage specialized software programs tailored to their respective industries. These programs enable continuous monitoring and control of reserves, ensuring optimal utilization and management.

It is essential to ensure compliance with legal regulations related to reserve management within the company. In the event of any issues or challenges concerning reserve management, the aim should be to resolve them in the most appropriate manner.

Companies should utilize e-commerce and remote working methods to maintain optimal relationships with suppliers and customers. This enables efficient communication, reduces operational costs, and ensures effective management of reserves. By implementing these measures, companies can utilize various strategies, identify their own mistakes, and resolve conflicts. Each of these suggestions carries broader significance and warrants further analysis.

In modern times, many service-oriented enterprises in Azerbaijan and elsewhere have been hiring specialized professionals to manage their reserves, aiming to prevent losses. These initiatives contribute to the efficient management of reserves and the preservation of the financial stability of the organizations.

References


