PalArch's Journal of Archaeology of Egypt / Egyptology

ACCOUNTING MEASUREMENT IMPACT OF CHANGES IN PRICE LEVELS ON FINANCIAL STATEMENTS AND FINANCIAL SUPPLY CHAIN ELEMENTS

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Murtada Rashid Salih, Mohanad Hamad Obaid, Aqeel Abdulhussen Oudah. Accounting Measurement Impact Of Changes In Price Levels On Financial Statements And Financial Supply Chain Elements--Palarch's Journal Of Archaeology Of Egypt/Egyptology 17(10), 2014-2021. ISSN 1567-214x

Keywords: Supply Chain Management, Access to Information, Management Accounting, Organizational Resource Planning System

ABSTRACT:
One of the primary objectives of management accounting is to provide users with the information needs and demands to assist in making economic decisions in relation to the business unit. Accounting information, including accounting management, plays an important role in allocating economic resources as a measure of measurement (assumption of monetary stability) and financial. One of the obvious assumptions is the preparation of financial statements for economic activities. In a system based on historical cost, assets and liabilities are measured at the acquisition cost. But with the change in the general level of prices due to economic conditions, such as inflation or stagnation, or change in technology, the value of money also varies accordingly, as a result, the value of the amounts reported in the financial statements is not reliable on the assumption that the money is stable. In public-based accounting, you can compare incomes and expenses in the best way, because the same currency is used. Key Words: Activity-Based Costing, Budget, Governmental Organizations, Operational Budgeting. The purpose of the present research is to create a resource-efficient system integrating resources and providing quick access to the correct information as a competitive advantage for organizations. The purpose of this study was to investigate the effect of implementing the purchasing module of the organization's resource planning system on the performance of supply chain management.

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INTRODUCTION

Today, the competition of business units is based on the production of goods and services based on the needs of the customer, but at the same time affordable. In addition, the process of globalization and the intensification of international competition, along with technological advances, have all contributed to the emergence of a new business environment to compete with the emergence of opportunities for further success [1 and 2]. As a result, many companies have moved towards a customer-oriented process to reduce the time spent to meet customer needs as well as the quality of the products and by effectively managing purchasing processes and engaging better with their suppliers, they are struggling to gain competitive advantage by finding that they cannot survive in a closed environment remote from others. This matter has led to a change in the attitude of companies to supply chain processes as a vital activity in creating value creation for customers. In the past decade, researchers focused on supply chain management issues in beneficial organizations. Research objectives may include adding value, reducing costs, or reducing response time in different parties involved in the supply chain [3 and 4]. Supply chain management consists of a series of approaches and methods for the effective integration of suppliers, manufacturers, distributors and customers in order to improve the long-term performance of individual companies and the entire supply chain in a coherent and high-performance business model. [5- 8]. Given that the purchasing power of the currency is not constant during the inflation period and changes in the value of the currency should be reflected in financial reporting to meet the needs and demands of users, so that actual and usable information can be used for various purposes. The discretion of users is that there are various systems for measuring financial items that are being investigated:

1- Historical Cost Accounting System - Nominal currency unit
2- Historical Cost Accounting System - Money with fixed purchasing power
3- Current value-based accounting system - Nominal currency unit
4- Value-based accounting system - Fixed purchasing power
5- Preservation-based accounting system - Physical capital

RESEARCH METHOD

The accounting systems, which are designed and implemented according to current financial flows approach, merely focus on the entry and exit of current financial resources. Consequently, the elements that are included in this accounting system and reflected in the main financial statements are current items and the accounting equation is modeled according to the type of cash accounting and adjusted liability. In the following order [9-11]:

Current financial resources (current assets) = reserves + net assets

Current financial resources (current assets) = current liabilities + reserves + net assets

In this measurement approach, which is commonly used in accounting systems based on the theory of funds and aimed at evaluating the financial responsibility of the financial resources in use in the legal area, the flow of current financial resources is guided and controlled towards predefined objectives. The balance sheet of any financial source presented in the form of an independent account reflects the status of current financial resources and the statement of income and expenses and changes in net assets also report the flow of current and current financial resources and changes in net assets of the independent account. Major financial statements of independent accounts that focus on this approach can be adjusted on the basis of adjusted cash or adjusted commitments. According to the theory of funds, the accounting equation above is based on the type of accounting framework used, on the one hand, and the current financial resources, on the other hand, the constraints on these resources. Current liabilities indicates definite limits and reserves are probable limits, and the net asset value of an independent account indicates the amount of financial resources available for new uses within the target framework. Accounting systems that are designed and implemented based on the flow of economic resources approach focus on the entry and exit of economic resources. In this approach, economic resources include all assets, both current and non-current, and intangible, which are to be used in the short and long term. Debts, both current and long-term, reflect the constraints on these economic resources. In such a situation, all items, whether current or non-current, in financial statements that are based on this measurement approach are reported. It is worth noting that in this approach, instead of spending, the cost is measured to provide the necessary ground for realizing the principle of compliance in the accounting of public and private sector profit units. The application of this approach to accounting for the activities of the governing bodies of large public sector will also help to realize the concept of intergovernmental law. The accounting equation governing this measurement approach is consistent with the full accrual accounting basis as follows:

Economic resources (assets) = debt + net assets

RESULTS

How to calculate profit or losses of Purchasing Power from Maintenance of Monetary Items:

The first step is to calculate the net monetary assets of the first period (monetary assets minus monetary liabilities) and convert them to the general index of prices at the end of the financial period.

The second step, in addition to all items related to the increase in the net assets of monetary assets from various sources (sale of goods, sale of assets, property, machinery and equipment, guaranteed profit, funds issued from the sale of shares, sale of bonds, miscellaneous income, etc.) And convert it using the general price index at the end of the financial period.

Step 3, minus all items related to the decrease in net assets of monetary assets from different sources (purchase of goods, operating and non-operating costs, purchase of property, machinery and equipment, stock trading, bond repayment, redemption of shares, paid dividends, tax on income, etc.) and convert it using the price index at the end of the financial period.

The fourth step, when all the above steps are calculated on the basis of the nominal unit (historical) and the purchasing power of the currency at the end of the financial period, can be deduced from the comparison of the sum of net proceeds of items of real monetary assets (nominal) with net items of items of homogeneous monetary assets;

If the net monetary assets based on the purchasing power of fixed currency are more than the net assets of the historical assets at the end of the financial period, the difference between the loss represented by the purchasing power of the holding of monetary assets and in the cases when the net monetary assets based on the purchasing power of the currency Constant (homogeneous) is considered to be the result of the profit from the purchasing power of monetary assets. The method of calculating the profitability of the purchasing power of the currency will be as follows:

$$\textbf{Profit or loss of purchasing power} = \left(\begin{array}{l}\text{Net monetary}\\ \text{assets of first}\\ \text{homogeneous}\\ \text{course}\end{array}\right) + \left(\begin{array}{l}\text{Net increase of}\\ \text{homogeneous}\\ \text{monetary assets}\\ \text{during the period}\end{array}\right) - \left(\begin{array}{l}\text{Net decrease of}\\ \text{homogeneous}\\ \text{monetary assets}\\ \text{during the period}\end{array}\right) - \left(\begin{array}{l}\text{Net monetary}\\ \text{assets of the end}\\ \text{of the period}\end{array}\right)$$

The findings indicate that in the financial ratios calculated at historical cost including current ratios, credit transfers, non-recurring turnover, leverage, capital, return on investment, return on assets, operating profit and net profit margin compared to the ratios calculated from the adjusted financial statements, significant difference was observed. For fast ratios, inventory turnover and current turnover, no significant difference was observed.

Table 1: Hypothesis and statistical results

Row	Hypothesis	Test Statistics					Result
		α	n	t-value	p-value	sig	
1	There is a significant difference between the current ratios on a historical basis compared to homogeneous ones.	0.05	38	-6.985	2.03	0.000	Accepted
2	There is a significant difference between fast-historical	0.05	38	-1.477	2.03	0.148	Rejected

	proportions compared to homogeneous.						
3	There is a significant difference between the ratios of depositors to creditors on a historical basis compared to homogeneous.	0.05	38	-3.391	2.03	0.002	Accepted
4	There is a significant difference between the turnover ratios of goods inventory on a historical basis compared to homogeneous.	0.05	38	-0.043	2.03	0.966	Rejected
5	There is a significant difference between the current flow ratios on a historical basis compared to homogeneity.	0.05	38	0.448	2.03	0.657	Rejected
6	There is a significant difference between the historical-non-rotational ratios versus homogeneous.	0.05	38	3.029	2.03	0.004	Accepted
7	There is a significant difference between the historical leverage ratio and homogeneity.	0.05	38	3.468	2.03	0.001	Accepted

8	There is a significant difference between the ratio of capital based on historical comparison and homogeneity.	0.05	38	-7.158	2.03	0.000	Accepted
9	There is a significant difference between the return on capital ratio on a historical basis compared to homogeneous.	0.05	38	10.585	2.03	0.000	Accepted
10	There is a significant difference between the return on capital ratio on a historical basis compared to homogeneous.	0.05	38	3.795	2.03	0.001	Accepted

According to the results of statistical analysis of the collected data, it is analyzed that inflation has an undeniable effect on the financial statements prepared on the basis of historical cost. The purpose of financial reporting is to provide relevant, reliable and accurate financial information for managers, investors, creditors, government, and other users of the information contained in the financial statements so as to help all decision-makers to make decisions and improve their selection criteria. Inflation is one of the realities that challenges the measurement unit in accounting and historic cost. One way of doing financial analysis is by examining the types of financial ratios and trends that focus on historical information. Since financial ratios are extracted and calculated from the items in the balance sheet and in the form of profit of the entity, therefore, by homogenizing the historical financial statements, in some key financial ratios, we see a significant difference in historical items.

CONCLUSION

The measurement approach and accounting framework are important concepts in accounting and financial reporting. Although each of these two concepts is independent from the point of view, and each of them takes on a role in the accounting system, they are related together and interact with one another. This dichotomy in the concept and integration of tasks has led, in most cases, to scholars and people of the accounting profession, knowingly or unknowingly, captures one's capabilities and capacities into another account. As stated earlier, the basis of accounting is an independent concept in accounting and financial reporting that focuses on the element of time, and its main function is to determine the timing of the identification, recording and reporting of transactions and other financial events. Meanwhile, the measurement approach is an independent concept whose main function is to summarize the type of financial event and the presentation of the type of elements in the financial statements. In simple terms, the measurement approach focuses on the importance of what should be measured and what items should be reflected in the financial statements. In this paper, we tried to discuss these two concepts theoretically, in order to clarify the capability and capacity of each of them, and the role and duty that they undertake in the accounting system. In my opinion, although these two concepts make their role and function in interacting and closely interacting with each other in such a way that their theoretical capabilities appear in practice and as two souls appear in one body, one should not ignore the function that it is considered in the theoretical foundations for them. Neglecting the theoretical function of these two concepts gives rise to comments that do not fit into a good theoretical foundation.

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