

Valuation of Inventory Methods in the Industrial Companies in Yemen

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Abstract— This study investigates methods of evaluation of Inventory in the Industrial Companies in Taiz city of Yemen during the period 2015-2016. 70 questionnaires were distributed to the CFOs and officials on the stores and some accountants in industrial companies. Data analysis through the Statistical Package for Social Sciences (SPSS) was the use of scientific statistical methods “Frequencies and percentages“. The results findings indicate that the industrial companies are used the automated controls on the inventory, not facing difficulties in the selection of the appropriate methods in the accounting of inventory, used the periodic inventory system, the weighted average method is the most commonly method, used the method of cost or market and in the process of inventory in the presence of chartered accountant and form a special committee. Based on the findings the study suggested that for consistency and uniformity all firms within the Industry should value and report their inventory using FIFO method.

Key words: First-In-First-Out (FIFO), Last-In-First-Out (LIFO), Weighted Average Price (WAP)

I. INTRODUCTION

Commodity inventories are usually the most important items appearing in the balance sheet. It is also one of the most important items that appear in the income statement. Failure to accurately determine the value of the inventory affects both the balance sheet and the closing accounts. As the increase or decrease in inventories leads to an increase or decrease in the accounting profit shown in the final accounts. It is important to know the methods and accounting systems used in accounting for inventory, because of the stock of a large role in industrial companies, as it represents one of the assets of current assets that have an impact on the performance of industrial companies as well as the large volume of money invested in it. In this modest study, the researchers will attempt to identify the methods and accounting systems used in accounting for stocks in some industrial companies in Taiz governorate (Ahmad and Al-homaidi 2018).

The motives for protection inventories differ among companies, depending on, if the inventory is intended for a process, for a flow of materials, or for a function it has to accomplish for a company Friberg, Nilsson & Warnbring, (2006). The inventory represents a large part (if not largest) portion of assets of manufacturing firms and as such, makes up an important part of the balance sheet items. It is, therefore, crucial for investors who are analysing stocks to understand how inventory is valued Investopedia, (2010). If materials are purchased exactly as required in production, the cost of a particular consignment could be immediately attributed to a specific job or production order. Frequently, however, materials are purchased in large quantities at different prices and issued to production in smaller lots. In attempting to establish costs of production, therefore, the cost accountant has the problem of identifying the material costs

of each issue of stock from the stores to production department of other department Adeniji, (2009). In practice, prices fluctuate due to a number of reasons such as: Inflation, changes in world commodity prices, buying from different sources, differences in quantity discounts, and others. It is clear that there may be a number of identical materials in the store bought at different prices. When one of these materials is issued, it is necessary to determine the price at which it should be charged (Investopedia, 2010). The most popular methods are discussed in the Statement of Accounting Standards (SAS) No. 4, on Accounting for Stocks, issued by the Nigerian Accounting Standards Board (NASB). SAS 4 recommends Stocks valuation methods like First-In-First-Out (FIFO); Weighted Average Price (WAP), Specific Identification (SI), Last-In-First-Out (LIFO), Standard Cost (SC), Based Stock (BS), Last Purchase Price (LPP) and Adjusted Selling Price (ASP) or Retail Inventory Method (RIM) for use by businesses.

The standard, however, lays more emphasis on three methods. These are: FIFO, LIFO, and WAP. In line with the Statement of Accounting Standards (SAS) No. 4, the selection of each of these methods is usually guided by the principle of matching of cost with revenue. In this study, efforts would be made to critically look at the various arguments on the superiority and relevance between FIFO and WAP inventory valuation method in the Nigerian textile industry.

It became important to identify the methods and accounting systems used in accounting for inventory because the role of stock is a large in industrial companies as it represents one of the assets of current assets that have an impact on the performance of industrial companies as well as the large amount of money invested in it.

This study will attempt to identify the Inventory valuation methods in the Industrial Companies in Yemen, Taiz.

The remainder of the paper is structured as follows. The next section is inventory, the next section provides the statement of the Problem to the study while the third section literature review. The fourth section objectives of the study, hypotheses of this study discussed in the fifth section. Sixth section show the significance of the study. The seventh section present scope of the study while methodology reported in section eighth. The section ninth shows data analysis and results. In the final section, some conclusions are drawn.

II. INVENTORY

Commodity inventory is usually the most important vocabulary appearing on the balance sheet. It is also one of the most important items that appear in the income statement. Failure to determine the inventory value accurately affects both the balance sheet and the closing accounts. The increase or decrease in inventory leads to an increase or decrease in

the accounting profit shown in the closing accounts Nour Hani Al – Ashi,. (2006).

Due to the importance of commodity inventory, we will address the following items:

A. Definition of Commodity Inventory

The inventory is defined as the asset held for sale in the normal course of the business or retained at a stage of production to be available for sale or held in the form of materials or tasks used in the production or service delivery phases Abdul Wahab Nasr Ali,. (2003). The American Society of Certified Public Accountants Commodity inventory is the set of tangible elements of personal property acquired for the purpose of selling in the ordinary course of business, which is in the stage of production for sale or is currently expected to be used to produce the goods and services necessary to meet the sales needs Ahmed Rajab Abdel-Aal,. (1988).

B. Importance of Commodity Inventory

The commodity inventory is one of the most important items of the current assets held by the establishment, because of the magnitude of the value compared to other assets, which is one of the important items that must be taken into account in determining the outcome of business, as determining the amount of profits for the establishment depends on how the institution to evaluate this Inventory. The importance of commodity inventory is not limited to the above. It is also one of the important issues that the management of an entity takes into account in formulating its policy. It works hard to ensure that the goods it needs are sufficiently available to meet the demands and thus increase its profits. At the same time, it is working hard to reduce this stock to the minimum possible, so that it has the liquid money to meet the requirements it may face, while at the same time reducing the costs incurred by maintaining large quantities of inventory Mohammed Ahmed Al-Badawi Baz,. (nd).

C. Components of the Commodity Inventory

The commodity inventory of industrial companies consists of three main components:

- Raw materials, which are kept by the project in warehouses for use in its production activity.
- Under-operating production inventory, which is still under-production (ie, incomplete production) and needs additional expenditure to complete its production processes to become "full production".
- Full production stock, which is the product units that have been completed and the stores have been deposited in preparation for their sale Ahmed Salah Attieh,. (2004).

III. STOCK INVENTORY SYSTEMS

There are three types of inventory control systems and before they are addressed it is necessary to distinguish between independent and dependent demand systems. Independent demand represents demand units that are affected by market conditions, which represent finished units in warehouses that are shipped to consumers. The dependent demand is represent the parts in the store represent the raw materials and the parts involved in the production process Hashem Nayef Hashim, (2008). It consists of several paragraphs:

A. Periodic Inventory System

Is an inventory that is made at specified intervals and is known and usually is at the end of the financial period Hamad Al-Ghadeer, (2000). Under this system, the goods purchased are to be recorded in the purchase account. At the end of the period, the actual inventory of the goods in the warehouse is carried out and the cost of inventories is determined at the lower of cost or market Ahmed Salah Attieh,. (2004).

All inventories are inventoried at a specific time and special lists are prepared for you, It also identifies those involved in the inventory process and provides them with pre-determined instructions Hamad Al-Ghadeer,. (2000). In this system, the cost and quantity of inventory is determined at any time through the actual inventory of the goods in the stores. The cost of the goods sold is deferred until the end of the accounting period and any losses under this system are borne by the cost of the goods sold.

This system is followed in the enterprise that deals in many commodities and small value Noor Hani Al-Ashi,. (2006).

Conditions for successful periodic inventory process

- Identify individuals responsible for the inventory.
- Stopped working in warehouses during the inventory process.
- Inventory coverage of all materials in stock.
- Prior inventory management Hamad Al-Ghadeer, (2000).

B. Continuous Inventory System

In this system does not rely on the actual inventory only for existing goods but depends on the maintenance of regular accounting records,

In this system, a separate account is calculated for each item of inventory and different commodities within the assistant ledger so that the inventory account is indebted to the increase and its adequacy is deficient. The management can control the inventory very accurately, since the follow-up is done at the level of each movement of one class. The use of this method manually needs to reduce the time and effort required compared to the periodic stock inventory method because the continuous inventory method requires requiring accurate bookkeeping and every exchange and supply movement is recorded. Noor Hani Al-Ashi,. (2006). The continuous inventory system is characterized by continuous control of the commodity inventory and the possibility of following up the minimum and upper limits of this inventory and its requirements to maintain a class label for each type of stock or material Mohammed Ahmed Al-Badawi Baz,. (nd). This system is followed in establishments dealing in low-value goods such as furniture and cars.

The pillars of this system:

- The goods purchased at the time of receipt shall be inspected by the inspection committee. If they are in conformity with the specifications, they shall be accepted and proved immediately to make the goods control account liable for the value and make the account of the creditors a creditor.
- When selling the goods, the account of the cash or the debtors will pay the value and the sales account a creditor on the basis of the sale price. At the same time, another

calculation will be made to reduce the account of the goods sold at the cost of the goods sold.

- The Department assigns staff at a certain time to inventory the goods in the stores and compare them with the records Ahmed Salah Attieh., (2004).

In the case of errors, a correction is made and if the error is large, the reason for the error is investigated and studied Mohammed Ahmed Al-Badawi Baz., (nd).

C. Sudden Inventory System

It follows the same method of periodic inventory except time. Periodic inventory is predetermined in terms of time, while sudden inventory can be made at any moment.

1) Advantages

It helps to detect errors early as it makes the storekeeper on alert or constant readiness, which reduces the proportion of errors, the main disadvantage of this inventory is difficult to implement in practice, due to the requirements of the inventory such as the preparation of lists and usually materials abroad and the balance of materials in Notebooks, so this type of inventory is suitable for the inventory of certain special materials Hamad Al-Ghadeer., (2000).

IV. THE NATURE OF THE SYSTEM USED

A. Electronic System

The companies use electronic computers to carry out the work of the stores as a result of the increasing work and the number of items traded and the need to accomplish these works quickly, in addition to the accuracy in giving information and follow the movement of materials to the extent that ensures the efficiency of performance Abdulmalik Ahmed Al-Maamari., (2011).

B. Manual System

Is the system in which companies use records to carry out inventory work such as inventorying, etc. This system is appropriate in small warehouses of limited categories Abdulmalik Ahmed Al-Maamari., (2011).

V. METHODS OF VALUATION OF COMMODITY INVENTORY

There are a number of methods acceptable to measure the inventory of goods and accounting. These methods are used to calculate the cost of inventory at the end of the period. No purpose of determining the costs incurred by the entity for the stock. The choice of accounting methods is an administrative decision on the accounting policies appropriate to the nature and objectives of the activity. The financial statements of the entity are comparable Abdul Wahab Nasr Ali., (2004). we will supply these methods in detail as follows:

A. First-in-first-out (FIFO)

This method is based on the assumption that the commodity inventory items that were first purchased are sold or used first Ahmed Rajab Abdel-Aal., (1988). Thus, the inventory items that are kept in stock at the end of the period are newly purchased or produced (representing the most recent purchases). This method is widely used as a basis for measuring commodity inventory for its inventory measurement on a basis very close to current prices

(reflecting current price levels). Based on the assumption on which this method is based, the following can be observed:

- 1) The sold units will be among the oldest units purchased or produced.
- 2) The end-of-period inventory units will be the last purchases or products.
- 3) That the end-of-period inventory will be updated with the latest prices at the date of budget preparation.
- 4) That in light of the continuous rise in prices, this method leads to an increase in gross profit and loss because the cost of goods sold will be low and vice versa in light of the continuous decline in prices Abdul Wahab Nasr Ali., (2004).

B. Last-In-First-Out (LIFO)

This method assumes that the latest inventory items purchased are sold or used first Ahmed Rajab Abdel-Aal., (1988). Thus, the remaining inventory items in stores at the end of the period are those that were purchased or produced first Abdul Wahab Nasr Ali., (2004). this method reflects the prevailing price levels at the time of purchase on previous dates. This method focuses on measuring the cost of goods sold with less importance to measure the cost of commodity inventory, Supporters of this method believe that the cost of goods sold is enabled in light of the high levels of current prices of stocks leading to a reduction in net income Ahmed Rajab Abdel-Aal., (1988).

Based on the assumption that this mechanism is based, the following can be found:

- 1) The units sold will be the most recent purchases or production and will be high in the event of continuous price increases (the upward trend in prices).
- 2) The inventory units will be from the beginning of period stock (the oldest purchases or production). And the cost of stock will be low end of the period under the upward trend prices (constant price increase).
- 3) This method achieves a better method of applying the principle of meeting the accounting period revenues with the same period costs (e.g. a cost update is charged to the statement of income to offset revenue from the sale of inventory).
- 4) This method reduces the total profit compared to the first method (FIFO) because the cost of goods sold will be high and vice versa in light of the continuous decline in prices Abdul Wahab Nasr Ali., (2004).

C. Weighted Average Price (WAP)

This method assumes that the cost of commodity inventory at the end of the accounting period represents the average of both the inventory at the beginning of the period and the cost of purchase or production during this period. The use of this rule is commonly used in projects that hold the commodity inventory for long periods and like projects dealing with relatively cheap elements of inventory Commodities are purchased at different times and at varying prices. This method reflects current price levels for both commodity inventory and the cost of goods sold (price upward trend).

In the case of high price levels, this method tends to counterbalance the effect of fluctuations in price levels. Therefore, the effect of this method on profits will be greater than that of LIFO and lower for the FIFO method and because

this method combines the costs of different payments from inventory limit the impact of extreme prices - the first and last period - which are heavily affected by the two methods (FIFO-LIFO). In the case of periods of decline in prices, they continue to trend towards balancing the impact of the decline in prices.

D. The Cost or Market Method Whichever is lower

Although cost is the most appropriate basis for measuring commodity inventory, however, given the decline in inventory value due to factors such as depreciation, obsolescence or falling price levels, the project may find it more appropriate to measure commodity inventories on a more conservative basis Market whichever is lower. According to this basis, the loss resulting from the impairment of the inventory is charged to the same period in which it is realized.

In the case of the application of the cost rule or the market whichever is less, the accountant must take into account several considerations, the most important of which are:

- Cost is calculated in one way to calculate the cost of end-of-period stock with method stability.
- To apply the precautionary principle in the sense that if the market value of the inventory is less than its cost, a provision for inventory price declines is required in the difference between the two values. This provision is charged to the profit for the accounting period.

VI. STATEMENT OF THE PROBLEM

Management of accounting on the inventory is facing a problem in the light of the multiplicity and different systems and methods of accounting for inventory and can be formulated problem by:

- 1) What are the factors influencing the choice of the method or system used in the accounting of stocks in industrial companies?
- 2) What is the extent of the administration's ability to choose the system and the appropriate method of accounting for the Inventory in the industrial companies in Yemeni?
- 3) What are the accounting methods for the inventory of industrial companies in Yemeni?

VII. LITERATURE REVIEW

Few of prior studies examined the FIFO, LIFO, and WAP methods such as (Baldenius and Reichelstein 2005; Carpenter, Boyle, and Ren 2012; Jenkins and Pincus 1998; Onoja and Abdullahi 2015), Hamoud and Momani (1996) identified the extent of disclosure of the policies and methods used in evaluating the commodity stock in Jordanian public joint stock companies, as well as identifying the factors that call on the Jordanian companies to use a certain method in evaluating their commodity inventory.

- 1) The percentage of disclosure of policies and accounting methods used to assess commodity inventory is insufficient, with the highest percentage of disclosure of stock valuation methods in the case of raw materials.
- 2) Jordanian companies do not apply the method of finally issued first.

- 3) Jordanian companies apply either the first-in-first-out method or the weighted average method.
- 4) The most important factors in selecting stock valuation methods were:
 - They give a closer look at the truth about the value of commodity inventory.
 - The method of finally coming out is very complex compared to the adopted methods.
 - Continue the same method that was adopted at the beginning of the operation.

Khalif's (1997) Studied and evaluated of international accounting standards and their applicability in Egypt, an applied study ". The aim of this study was to study international standards and their application in Egypt. The commodity stock valuation criterion was one of the criteria studied. The study showed that there are 45 possible problems for applying the standards issued by the International Accounting Standards Committee in practice in Egypt. These problems are related to seventeen international accounting standards, including the inventory standard. The potential problems for applying in Egypt are as follows:

- The method of applying the lower of cost or net realizable value.
- Assessment of commodity inputs when there is a significant decrease in their price.
- Cost allocation methods for inventory units of commodity inputs.
- Methods of allocating the cost of full inventory units or goods purchased for the purpose of sale.
- The criterion for judging the application of the standard cost method or the retail price method.
- The benefits of delays in paying the value of the imported stock from abroad.

Hassan (1998) analyzed the factors influencing the choice of accounting method for inventory Egypt, where the researcher used a sample of (35) single managers And 29 of the business sector. The study showed that the relative factors including the stock obsolescence and volatility of the levels Price changes, the cost of the accounting method, the nature of storage operations and stock handling one of the most influential factors in the decision to choose inventory accounting. One of the most important recommendations of the study is to abolish the accounting uniformity applied to the public business sector In the Arab Republic of Egypt for the different internal and external economic conditions surrounding it.

Baldenius and Reichelstein (2005) aimed to examine the management of commodity inventory from an incentive perspective. The study showed that the manager obtains special information about the revenues that can be to achieve in the future, the entry for the remaining performed on the basis of historical cost, can to achieve optimal incentives taking into account management efforts as well as production decisions and selling. The study also concluded that the first-in-first-out method is misleading from the method finally taken out for the purpose of bias. The study also found that there is support for the commodity inventory valuation policy on a cost or market basis, whichever is less, in cases where the manager receives new information after the initial phase shrinks.

Houmes and Chira (2015) provided a timely examination of the valuation effect of current initiatives to repeal LIFO by analyzing the valuation impact of the potential repeal of LIFO conditional on the pricing power of the firm. Results revealed a favorable (unfavorable) valuation effect for high (low) pricing power firms that are able (unable) to recover tax payments by reducing costs and/or charging higher prices. These results are robust to alternative measures of valuation (price and returns), as well as long and short event windows and suggested that certain firms may be able to offset post-LIFO repeal increased tax payments by increasing sales-output prices and or decreasing cost-input prices.

Onoja and Abdullahi (2015) investigated the inventory practice and reporting in the textile industry in Nigeria in order to ascertain the superiority between first-in-first-out (FIFO) and weighted-average-price (WAP) valuation methods. Used descriptive Statistics and chi-square statistics showed among others that FIFO method gives the realistic cost of closing stock as such more superior to WAP method of stock valuation in the Textile industry in Nigeria. Also, FIFO method is simple to understand and apply than WAP method which is difficult to operate, hence it is superior to WAP and therefore preferred to other methods.

VIII. OBJECTIVES OF THIS STUDY

The main objective of this study is to examine the Inventory valuation methods in the Industrial Companies in Yemen, Taiz. The specific objectives are:

- 1) To study the factors influencing the choice of the method or system used in the accounting of stocks in industrial companies.
- 2) The ability of the management in selecting the system and the appropriate method of accounting for the stock in the Yemeni industrial companies.
- 3) To know the accounting methods on the inventory of Yemeni industrial companies
- 4) To discover the difficulties that management faces in choosing the right path or system with its activity.
- 5) To find out whether companies are tracking the system electronically or manually.

IX. HYPOTHESES OF THIS STUDY

In order to assist in achieving the objective of the study, the following hypotheses are formulated:

- 1) There is no significant relationship between the choice of method or system to account for inventory with other factors affecting.
- 2) There is no significant relationship between the ability of the management in selecting the system and the appropriate method of accounting for the stock in Taiz industrial companies of Yemeni.

X. THE SIGNIFICANCE OF THE STUDY

The study will enlighten individuals and organizations on the appropriate valuation and reporting practices of inventory. To the global economy, the paper will enhance adequate contribution to the organization(s) that will be making use of the recommendations of the recent write-up, in terms of

effective inventory valuation. The research will also assist organizations that use inventory to evaluate the role played by inventory management system in safeguarding against fraud, waste, inefficiency, and inaccuracy and help in securing compliance with company's policies and evaluating the level of performance in all areas or divisions of the companies.

XI. SCOPE OF THE STUDY

This research work would be based on inventory valuation in Industrial companies in Yemen: superiority test between FIFO, LIFO, and WAP, evidence from selected Industrial Companies within Taiz City. The focus of the study was on inventory practice and testing the superiority between the FIFO, LIFO and WAP methods as it applies to the Industrial Companies.

XII. METHODOLOGY

This study is based on an analytical descriptive approach. The sample of this study consists of three industrial Companies of Taiz city in Yemen during the period 2015. The questionnaire was distributed to the CFOs and officials on the stores and some accountants. A sample size of seventy (70) respondents was drawn from the categories of the population. The required data for this study is primary; however secondary data was also used to support the primary data and also to provide for literature needed. Seventy (70) copies of the questionnaire were administered to the Industrial Companies in Taiz City in Yemen. Descriptive method of statistical data analysis is used because of the nature of objectives of the study.

XIII. DATA ANALYSIS & RESULTS

Forty-five (45) questionnaires were retrieved from the total of 70 distributed. This figure represents about 64 percent which is a good representation. Chi-square statistical technique result was also used to support the result of descriptive. The result came after the descriptive statistics result. These questionnaires were distributed to the CFOs and officials on the stores and some accountants and the results of the study were as follows:

- The Company used in inventory control process, controlled by:

Table (1): presents the results of this study shows that companies are using automated controls 71% do not use the manual control at all used equipment Enterprises automated and manual together by 29%.

Control systems	Repetition	Percentage%
Computer	5	71%
Hand	0	0
Both	2	29%
Total	7	100%

Table 1: Inventory Control Process

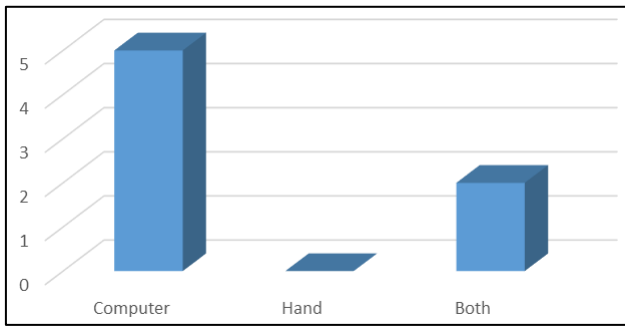


Fig. 1: Choice of Accounting Methods

– Are companies facing difficulty in the choice of accounting methods for inventory?

Table (2): Shows that these ratios indicate that industrial companies are not facing difficulties in the selection of the appropriate methods in the accounting of inventory by 86% and that the companies may encounter difficulty in selecting the appropriate methods by only 14%.

	Repetition	Percentage%
Yes	1	14%
NO	6	86%
Total	7	100%

Table 2: Choice of Accounting Methods

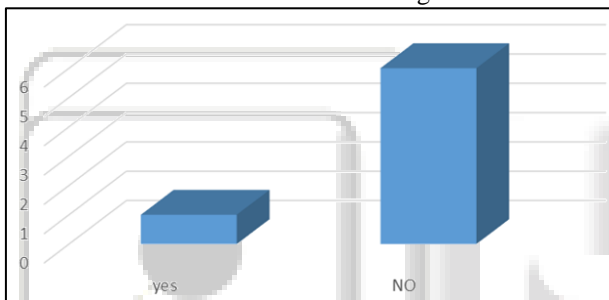


Fig. 2: Choice of Accounting Methods

– The Company applied in the inventory process inventory, inventory system:

Table (3): shows that companies are using the periodic inventory system by 71%, and track continuous inventory system by 29%, the company does not keep track of the sudden inventory system, and when the company didn't use the sudden inventory system this shows that the inventory control system is in a strong company.

Inventory Systems	Repetition	Percentage%
League	5	71%
Continuous	2	29%
Sudden	0	0
Total	7	100%

Table 3: Inventory System

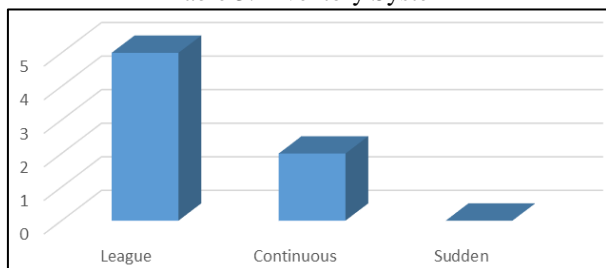


Fig. 3: Inventory System

The method used in the evaluation of inventory: (First, the way contained FIFO, Finally, the way contained LIFO and weighted average method WAP)

Table (4): shows that the weighted average method is the method most commonly used in inventory are used by 71% evaluated and that the first method set out (FIFO) is used by 29%, and didn't use (LIFO).

Methods of stock valuation	Repetition	Percentage%
First, the way contained FIFO	2	29%
Finally, the way contained LIFO	0	0
weighted average method WAP	5	71%
Total	7	100%

Table 4: Method Used in the Evaluation of Inventory

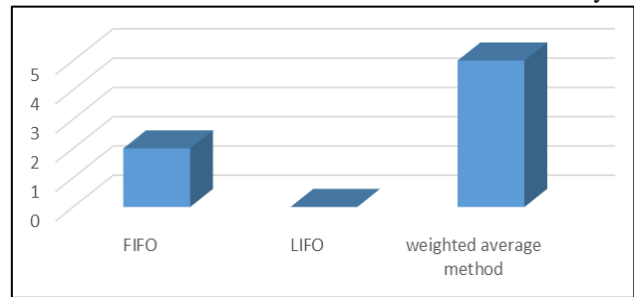


Fig. 4: Method Used in the Evaluation of Inventory

Inventories are valued using the basis of (Cost or market, whichever is less, Replacement cost, Historical cost and market price)

Table (5): Shows that companies used the method of cost or market by 57%, and used the method of the market price by 43%, and do not use the style of the replacement cost and historical cost.

Methods of stock valuation	Repetition	Percentage%
Cost or market, whichever is less	4	57%
Replacement cost	0	0
Historical cost	0	0
market price	3	43%
Total	7	100%

Table 5: Methods of Valuation of Commodity Inventory

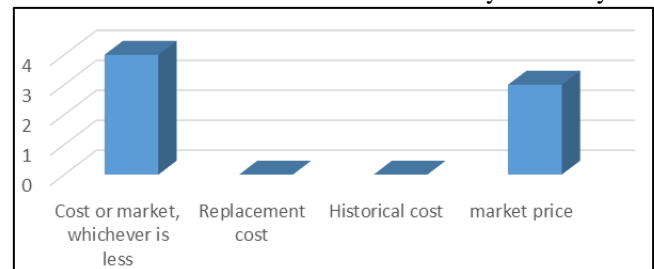


Fig. 5: Methods of Valuation of Commodity Inventory

The process of inventory has been achieved by (Accountant, The formation of a special committee and by warehouse staff)

Table (6): Shows that the companies in the process of inventory in the presence of chartered accountant by 50%, and also in the process of inventory to form a special committee of 50%, and the company didn't rely on process inventory by employees.

	Repetition	Percentage%
Accountant	5	50%
The formation of a special committee	5	50%
By warehouse staff	0	0
Total	10	100%

Table 6: The Process of Inventory

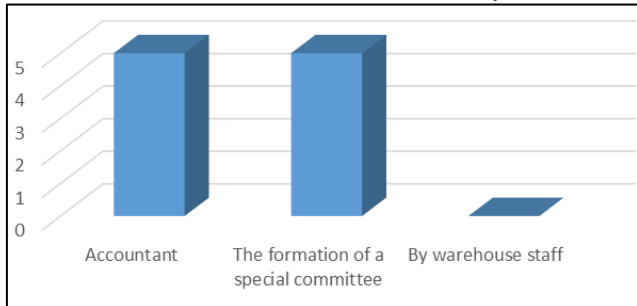


Fig. 6: The Process of Inventory

XIV. CONCLUSION

This study examines the methods of evaluation of Inventory in the Industrial Companies in Taiz city of Yemen during the period of 2015-2016. This study was distributed 70 questionnaires to the CFOs and officials on the stores and some accountants in industrial companies. Used SPSS software program to analyze the data. The results findings indicate that the industrial companies are used the automated controls on the inventory, not facing difficulties in the selection of the appropriate methods in the accounting of inventory, used the periodic inventory system, the weighted average method is the most common method, used the method of cost or market and in the process of inventory in the presence of chartered accountant and form a special committee.

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