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Explain the relationship between the selected inventory quality assessment profitability of the companies listed in Tehran Stock Exchange

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Abstract: The present research work, a framework for analyzing the choice of accounting policy for inventory management and the impact of these choices on earnings quality Innovation in companies listed on the Stock Exchange will provide the relation between firm specific characteristics such as size, Debt-to-capital ratio, working capital and industry and policy choices of accounting for inventory management and event leading to an increase / decrease in the quality of earnings will be described. The results of the analysis indicate that the hypothesis is that the choice of method of accounting for inventory and company size, the ratio of debt to There is no significant relationship between the amount of capital and working capital. The results indicate a relationship between the choice of accounting for inventory and the industry is Finally, the choice of accounting for inventory (FIFO) and there is no significant relationship profitability.
Key words: size, the ratio of debt to capital, working capital, industry classification, inventory

Expressed concern:
Exercise of options held by the directors in accordance with generally accepted accounting practices, which have caused a redistribution of powers between the contracting parties involved in the case say Managers may act opportunistically. Selection policy for inventory accounting methods as well as the accounting choices lead to different benefits and Tax reserves are different characteristics that may affect the company's accounting policy choice. These choices also create different cash flows of the company comes(Committee on Accounting Standards, 1384, 122). In this study, the question is what is the factors affecting the choice of inventory accounting methods. What is the method of choice on quality and profitability. In other words, the size of the company, amount of debt to capital, the amount of working capital You can select the type of industry and accounting methods to be effective or not? What is the impact on profit and the method of choice.
Evaluation of Inventories:
1. The first sentence of the first incoming:
In this method, the value of ending inventory of materials and goods purchases is calculated based on the last rate.
2. The weighted average:
Including moving weighted average (for the permanent record inventories) and the weighted average annual, semiannual or monthly (for recording periodic inventories) sets. In this method, the weighted average rate on the ratio of beginning inventory and purchases made until the valuation is calculated.
3. Identify the specific:
value of each inventory item based on the actual cost of the items that are available for those Azmvjvdyha that each is separately identifiable.
4. The first sentence of the last incoming:
inventories at the end of the first purchase price valuation and accounting standards are not appropriate for evaluation.
5. The basis of the method:
In this method a number of inventories as of the base or minimum balance required for activity (based on the prices established) business unit, And excess inventory valuation using another method of pricing can be calculated. This method is obsolete.
6. The retail method:
For those businesses that inventory items are very diverse and rapidly changing Ending inventory based on the retail price minus the percentage margin calculation and valuation (the Corporate Audit Standard No. 8.1388).
History Studies:

Table 1-1 summarizes the empirical studies of selected goods inventory accounting methods

The significant variables S, variable non-significant (NS)	The study period was	Methodology	Study
Change Management S, S Industry Audit S	1946-1971	Paired comparisons using the chi-square test	Algestone et al (1976)
Net sales NS, total assets NS, risk NS, management bonus scheme NS, capital Barry S, NS concentration ratio	1975	Mann-Whitney U test	Hagerman and Zmyjvsky
Savings estimate S, size S, industry classification S, the average rate of growth of S	1972-1975	This paired comparisons using Wilcoxon and sine	Biddle 1980
Size S, the ratio of the concentration of S, management bonus scheme S, the total debt to total assets S, Risk S, NS Barry capital	1975	Mann-Whitney U test	Zmyjvsky and Hagerman 1981
Tax benefits of S, size S, profit growth S, Dividend payout ratio NS, the ratio of net tangible assets of long-term debt NS, NS ratio of interest expense	1938-1978	Using time-series and T-test comparison between industrial	Morse and Records 1983
NS management bonus scheme	1974	Regression analysis	Bdalkhlyq 1985
Leveraging S, the focus NS, pay dividends, NS, current ratio NS, interest coverage NS, NS control	1974-1975	Paired comparisons of parametric or nonparametric test	Hunt 1985
Accounting earnings volatility NS, the debt-equity ratio of NS, Slippage S, volatility of S, size NS, concentrating capital S, inventory turnover S, members of the publishing industry, other industries NS	1960-1980	LIFO vs. FIFO analysis using T	Lee and Hys·h 1985
Net operating loss carry into the next phase S, lever NS, business line S, FY S, method of accounting depreciation and investment tax credit S	1983	Analysis using Logit	Custer and Simon 1986
Fluctuations in the cost of goods sold S, repeat liquidity S, focus on liquidity, S, volatility of S	1969-1980	Wilcoxon test and Mann 1989	Lee and Ptrvzy 1989
Invoice price of S, size S, Zvsnt S, stable S, obsolescence NS, tax losses NS, liquidity costs NS, contractual obligation NS, the relative size of NS, turnover ratio NS, NS discount rate	1962 -1981	Marco dynamic model - series	Lyndahl 1989
Managerial ownership level S, foreign ownership concentration S, size NS, volatility of S, lever NS, food industry, electronics and publishing S, NS timber industry	1980	Chi-square test and Logit	Nayhvs 1989
The NS, NS lever	Taiwan 1988	Mann-Whitney U test	Shiv 1990
Size S, the ratio of the concentration of S, capital Barry S, Risk NS, balance NS, foreign ownership NS, management bonus scheme NS, needs dividend NS, lever S	Canada 1984	T-test	Veteran Klaus R. Holm 1991
Estimated tax saving S, the amount of S, the average transfer tax losses to future periods NS, volatility of S, obsolescence of S, size S, S's current leverage ratio		T-test and chi-square	Kashyng Laklar, Hashtrud
Leveraging S, size S, Barry capital NS, NS managerial ownership	1988	Logit and T test.	Coe 1993
The NS, capital-intensity NS, the debt-equity ratio of NS, management bonus plan NS, current ratio NS, compared to sales of NS, industry type S	Saudi Arabia 1994	Mann-Whitney test and multiple regression, a parameter	Salah co Albvkhayt 1998

Research hypotheses:
Since this study is to determine the factors Election inventory accounting methods so research hypotheses are as follows:
Size hypothesis:
"Method of accounting for inventory listed is different according to the different sizes."
Assumption of debt to capital ratio:
"The choice of accounting for inventory and debt-equity ratio is a significant relationship."

Hypothesis in working capital:
"The choice of accounting for inventory and working capital, there is a significant relationship."
Hypothesis of the industry:
"Inventory accounting methods depending on the type of industry in listed companies is different."
Hypothesis comparison (comparison of methods for measuring the rate of profit)
"The choice of valuation method for Inventories FIFO There is a significant benefit related technologies."
About the study:
According to the research, the study population included all firms listed in Tehran Stock Exchange from 1388 to 1391, excluding investment companies (for lack of) is. Collect information by referring to the list of companies listed on the Stock Exchange website at the time it was collected. The information obtained during the four-year average assumptions used to test ingredient.
Research:
The hypothesis of this study was to obtain information needed to Mnzvrazmvn been referred to the website of the Stock Exchange After collecting data using chi-square tests were conducted to analyze the data.
Methods of data analysis:
Measurement of the dependent variable:
The research method of accounting for inventory is defined as the dependent variable. Usually three methods of accounting And means to apply the method of moving averages is the weighted average method. The method Inventories, FIFO, LIFO In terms of not being accepted, so use this method in Tehran Stock Exchange listed companies Drbvrs LIFO Been observed. Weighted Moving Average or have chosen as All companies listed on the FIFO method The dependent variables are known.
Measurement of the independent variables:
Size to test the hypothesis, the political cost. More choice of accounting, the Company's total assets and total net sales as defined. In order to separate large and small firms is the sum of net sales. For this purpose, the sample mean is the sum of net sales companies and companies with net sales exceeding Are average, companies large and small firms are assumed to have below average.
Debt to equity ratio:
To test the hypothesized relationship between methods of accounting for inventory and debt-to-capital ratios on all the companies in the sample during When the calculated and averaged them obtains, then the company into two companies up and down the debt-equity ratio Criterion is determined by dividing our mediocrity.
Working capital:
Hunt (1985) and Kashyng Vlklr (1992) Current ratio used in the study of accounting for inventory. The research interest of a Lbvkhayt in Saudi Arabia rather than the current ratio is the ratio of working capital. In this research, working capital is the difference between current assets minus current liabilities as defined. Two groups of companies to invest in Roll up and down to be divided. For the purpose of working capital firms averaged over four years company then divided into two groups: upper and lower our working capital.
Type of Industry:
Number of explanatory variables classified industry through the exchange is done.
Conclusion:
Accounting methods used by the company has economic implications and effects on the distribution of wealth. The companies hope to increase the wealth of their investment. Accounting methods used by investors' wealth effect Dard.antkhab accounting methods to improve the welfare of shareholders and maximizing welfare to work Rvd.adbyat Management Accounting Including studies of the relationship between the company and the specific accounting policies selected by the test administrator. Many of these studies are based on cross-sectional studies or comparisons of experimental designs Couple and the relationship between various features of the method of accounting and are firm. Select from different assumptions inventory and impact assessment The quality profitable business unit is an example of the accounting choices.
Analysis results for the fourth season of 78 sample firms is as follows:
First hypothesis:
The first hypothesis of no relationship between the choice of accounting for inventory and the company has been evaluated on the basis of the analysis, the choice of accounting methods Product and company size significa Ndard.v This is consistent with the hypothesis predicted. Consequently, according to an investigation conducted by Hagerman and ZmyjvskyLee and Hys·h 1985, 1989 and Shiv Nayhvs 1990s and, unlike the investigation Biddle 1980, Morse and Ricard, 1983, 1989 is Lyndahl. This result may be due to lack of knowledge about the method of accounting for inventory and opportunistic attitude or lack of selection procedures Accounting. It can be concluded that the political processes involved in their inventory accounting method.
The second hypothesis:
The second hypothesis of the relationship between the choice of accounting for inventory and debt-equity ratio is investigated. Test results show that the choice of accounting for inventory and debt-equity ratio There were

no significant capital relationship. The result of an investigation conducted in accordance with Custer and Simon 1986, Nayhvs 1989, 1990 and unlike the way the investigation Hunt 1985, Coe 1993. The results indicate that the amount of leverage and debt increasing or decreasing participation in the choice of accounting methods have an advantage. The borrowing agreements role in the selection of accounting policies have inventory.

The third hypothesis:

In this hypothesis, the relationship between the choice of accounting for inventory and working capital levels have been investigated. Test results have shown The amount of working capital in determining the amount of inventory can play a role in the selection of inventory accounting method is not effective.

Fourth hypothesis:

The relationship between inventory and accounting choice in the industry is the fourth hypothesis test. Analysis is done to the conclusion That the choice of accounting for inventory and type of industry there. Consequently, according to research results Algestone et al 1976, Biddle 1980, Lyndahl 1989, Salah is co Albvkhayt 1998.

The fifth hypothesis:

The fifth hypothesis relationship between the choice of accounting for inventory (FIFO) and profitability was examined. Test results show that the choice of accounting for inventory (FIFO) and there is no significant relationship profitability.

Suggestions of results:

Inventory valuation method, Asrqabltvjhybrbhaytmam of goods sold and gross profit is an important factor to be considered in the evaluation. Therefore, a method for evaluating inventory management, and if you want to choose your own It will change during the next financial period, Qadrkhvahndbvdk·harqamsvdnakhals up or down according to their demands. But one of the fundamental concepts of financial accounting with respect to uniformity and consistency, and the occurrence of such an event without justification enjoins The attached financial statements and notes of the investors with the knowledge of the inventory valuation method can be aware of management policies.

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