




Article

Qualitative Analysis of IAS 2 Capability for Handling the Financial Information Generated by Cost Techniques

Amer Morshed ^{1,*}  and Abdulhadi Ramadan ²

¹ Financial and Accounting Science Department, Faculty of Business, Middle East University, Amman 11831, Jordan

² Accounting Department, King Talal School of Business Technology, Princess Sumaya University for Technology, Amman 11941, Jordan; a.ramadan@psut.edu.jo

* Correspondence: amermurshed1@gmail.com or amorshed@meu.edu.jo

Abstract: Using a qualitative research design, this study examined the inventory valuation conflict between financial managers and auditors and its implications for the International Accounting Standard 2 (IAS 2). This study found that the conflict arose due to the lack of precise instructions in the IAS 2 regarding cost–unit calculations. It was recommended that the IAS 2 should provide more examples or use the chamber of commerce as a source of information to clarify what should be considered as the product cost of storage expenses. This study supported previous findings that job order costing was used for customized manufacturing, while process costing was used for standardizing manufacturing. It also highlighted the importance of process costing in evaluating equivalent units and normal and abnormal losses in production, which affect inventory value. This study concluded that cost techniques should be viewed as managerial tools for calculating the cost of a unit. Cost managers should use their expertise to develop the cost formula for their specific industry while maintaining confidentiality. This study contributed to the literature by highlighting the importance of process costing in evaluating inventory valuation and resolving conflicts between financial managers and auditors. It also provided practical implications for improving the treatment of inventory in the IAS 2. This included directing the implementation of stable policies and attaching some indices when computing equivalent units, abnormal losses, and product costs. This study's limitations included the use of a small sample size, and future studies should consider larger sample sizes from different industries and countries.

Keywords: IAS 2; IFRS's; SIC-1; process costing; job order costing



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1. Introduction

Financial information is becoming increasingly important, particularly for those involved in decision making (Roychowdhury et al. 2019). This information reflects the entity's financial performance as well as the operational process (Stolowy and Paugam 2018).

In the manufacturing industry, cost accounting generates and organizes operational information (Abou Taleb and Al Farooque 2021). Cost accounting is the process of recording all costs incurred in the production of the final product. In many cases, this information is then used to boost efficiency. As a result, there are several methods of calculating total cost, each of which operates in a slightly different manner (Wang and Wan 2020).

The accounting department encounters a large variety of product costing methods and methodologies when developing a manufacturing cost accounting method. Meanwhile, there are only a few basic methods of cost accounting, and these methods or their combinations serve as the basis for many other cost accounting systems (Yagi and Kokubu 2018). Job order and process costing are the most common costing methods used in the manufacturing industry (Burritt and Christ 2021). The process costing system has the greatest impact on financial reporting, particularly on the material flow used to calculate the cost of goods sold (Bansode et al. 2021).

The value placed on inventory is an important factor in determining profit in many industries. Inventory valuation is a debatable activity. As a result, a large number of techniques have been applied differently (Singh and Verma 2018). The required accounting treatment for inventories is defined in the IAS 2. The main point of dispute is the amount of inventory cost to be recognized. This is recorded as an asset until the relevant revenue is recorded. After which, it is recorded as a cost of goods sold under expenses. The IAS 2 also offers assistance with cost equations that are used to assign inventory costs (Polachová 2019).

The aim of this study is to compare job order and process costing techniques and their effects on financial reporting standards. It is also debated whether the scope of the IAS 2 should be expanded to explicitly include these costing techniques. This study intends to present clear accounting practices for those working in the manufacturing and auditing sectors on a global scale, regardless of whether they adhere to International Financial Reporting Standards (IFRS) or other financial reporting standards. The rationale for this research is to provide a comprehensive analysis of the impact of cost accounting techniques on financial reporting standards, as well as to identify the challenges and opportunities associated with their use. This study is significant because it will aid in the improvement of financial reporting quality in the manufacturing industry. This improvement will ultimately benefit investors and other stakeholders. This research will also contribute to the ongoing debate about the usefulness of the IFRS and its impact on financial reporting practices. These goals are met using a qualitative methodology with interviews conducted via Zoom with (1) financial managers, (2) auditors, and (3) academics from various regions.

This information collected from the interviewees reflects the ideal cost and financial reporting practices from various economies, industries, and capital sizes. As a result, the findings will be more generally applicable.

The implications of this research are significant for financial managers, auditors, and academics in the manufacturing industry. The findings shed light on the conflict between financial managers and auditors over the evaluation of inventory. This conflict is particularly related to the use of job order and process costing techniques. The research recommends that the IAS 2 should expand its scope to explicitly include these costing techniques. These techniques are crucial for evaluating inventory and the cost of goods sold in financial statements. This study also emphasizes the importance of maintaining the privacy of internal information to prevent competitors from gaining an unfair advantage. Finally, it highlights the need for multilateral discussion to settle disputes between cost managers and auditors over inventory value in the statement of financial position.

Section 2 contains the literature review; Section 3 elaborates on the methodology; Section 4 presents the findings; and the last two sections provide the discussion, implications, and conclusion.

2. Literature Review

Putri and Desi (2020) defined job order costing as a technique used when a process is performed to meet the specific needs of clients and each order is of limited scope. Work related to a job, according to Alfarisi and Boediono (2021), moves through processes and operations as a unit that can be identified continuously. Job order costing is most commonly used in manufacturing, but it can also be used in capital expenditures for repair work.

Among those who have contributed to this work are Garbowski et al. (2019); on applying the examined accounting policy components, it was determined that job order costing does not provide sufficient accounting treatment for the flow of manufacturing costs or work in process at the beginning and end of the period. Additionally, it does not adequately address fluctuations in manufacturing costs.

Duflou et al. (2012) defined process costing as a research method used when it is not feasible to determine individual units of a product, typically due to the ongoing nature of the manufacturing processes involved. They also stated that this costing method is

appropriate for industries such as pharmaceuticals, petroleum, and large-scale chemical production.

Porter and Heppelmann (2015) explained the differences between the two techniques, stating that job order costing monitors the main costs and allows for the direct allocation of material and labor to specific product units. Process costing records the primary costs and direct material and labor costs associated with each manufacturing process. Manufacturing overhead is an indirect cost of production that is allocated to the unit of production and the finished product. This allocation is done using process costing in an accurate flow base. According to Greenberg and Schneider (2010), job order costing accumulates manufacturing overhead costs and divides them by the number of units produced.

Using the financial report review methodology, da Costa Carvalho et al. (2007) stated that the determination of the cost of goods sold and the inventory for both works in process and finished goods are the link between cost accounting and financial reporting. According to Unerman et al. (2018), cost accounting is important because more accurate cost calculation leads to more reliable financial information. Eremina and Gazizov (2018) focused on the harmonization of cost accounting and the IAS 2. The IAS 2 stipulates the accounting treatment of units under production but does not specify the cost technique that should be suitable for a specific industry. The above literature review establishes a significant relationship between cost accounting and financial reporting. It also demonstrates that both job order costing and process costing are strongly associated with the IAS 2. Furthermore, there are differences and similarities between the cost methods mentioned.

This research will use procedures different from those used in other studies to provide a thorough discussion of the role of cost accounting in financial reporting. It will furthermore identify the differences between job order and process costing techniques.

3. The Methodology

This research examined the opinions of interviewees gathered from semi-structured interviews. The qualitative interviews for this research study had a total of 31 participants, which was lower than the number of individuals who were invited to participate. The study invited 64 cost and financial managers and 43 external auditors based on their profiles within their companies and on LinkedIn. However, only 17 cost and financial managers and 9 external auditors conducted the interviews due to a high number of rejections, email non-responses, or apologies before the interview. Additionally, 21 accounting academicians were selected, but only 8 interviews were conducted to avoid redundancy in the collected information. Despite the lower number of participants than expected, the data collected from these interviews were sufficient in covering the research aims and questions. In order to obtain practical information related to the study's purpose and discover generalized practical implications, the interviews took place in two stages. The first stage focused on the nature of the job and process costing methods and their impact on financial reports. The second stage focused on the classification of cost techniques as financial or managerial and the IAS 2. During the initial interviews of the second phase, the researchers realized that there was a dispute between auditors and financial managers regarding financial information in relation to inventory value. Accordingly, they started questioning financial managers and then auditors to compare their arguments. The accounting academicians' opinions were used sequentially as a neutral component to provide a complete analysis of the argument.

In line with the qualitative research contributions of (Morshed 2020) and (Walls and Mosher 2022) that the most valuable interviews should be postponed to confirm the results and resolve any conflict, four interviews were postponed until the end. These interviews were held with two cost managers from giant capital manufacturing companies with more than 3 decades of experience and advanced professional qualifications, a partner in one of the big four auditing companies in a country with an advanced economy, who represented himself as a cost system specialist, and finally, a chairman of an IFRS local council who had over 30 years' experience in financial accounting.

All selected interviewees expressed a strong interest in our study objectives. They believed that our research would add value to the ongoing problems faced in their daily operations, which enriched our research results. This resulted in a productive contribution to this research. The cost and financial managers and the auditors held professional certificates.

In addition to the sample selection criteria mentioned above, interviewees were chosen from as many countries and industries as possible in order to generalize the results and add value to a wide range of sectors.

The respondents represented the countries and industries as shown in the table below (Table 1). However, all interviewees were from listed firms except the academicians.

Table 1. Countries and industries of the respondents.

Country	Industry
Austria	Pesticide manufacturing
England	Pharmaceuticals
Hungary	Foodstuff manufacturing
Jordan	Oil refining
Qatar	Furniture
Pakistan	Auditing
UAE	Higher education

To gather relevant information for the research objectives, semi-structured interviews were conducted. Meetings were held over relatively open connections. As a result, some of the questions posed were not planned; only the most important questions to begin the conversation were planned.

Throughout the interviews, numerous questions were asked in an unscheduled way, providing flexibility to both the interviewer and the interviewee. This flexibility aided in the examination and explanation of additional features as well as in the recognition of other important details. This is in contrast to a structured interview, in which the questions are designed and arranged ahead of time. The following were the key interview questions:

1. What are the distinctions between job order and process costing?
2. What impact do these cost techniques have on financial reports?
3. Should these methods be classified as cost or financial accounting?
4. Is it appropriate to broaden the scope of the IAS 2 to include these cost methods?

Meetings were held in the form of dialogue from December 2021 to July 2022 in both Arabic and English, and the Arabic interviews were translated into English afterwards. Some face-to-face interviews were conducted; however, for transportation reasons, other participants' interviews were conducted remotely using Zoom.

These interviews were manually recorded, transcribed, and analyzed. Unique and agreed sentences by the interviewees are quoted in the findings section to illustrate the results. Therefore, these sentences abridge the entire text and eliminate any redundant dialogue by the interviewees.

To analyze our results, hermeneutic analysis, a coding technique, and comparative discussion were applied throughout the phases. Then, the researchers compared the results with the relevant literature. To achieve inter-code reliability, each researcher analyzed the interview manuscripts alone and then the results were discussed and combined.

4. Findings

4.1. First-Round Interviews

4.1.1. The First Round of Interviews Began with a Question

The question was about distinguishing between job order and process costing systems. Then, the interviewer asked the interviewees for their responses. The responses of the interviewees were recorded for analysis.

According to my experience on various industry scales, process costing is used with a continuous large process and many departments are involved in the production.

Other interviewees discussed the job order:

job order costing, which is usually associated with small industries or the customer response process.

The interviewees mentioned the techniques suitable for different industries:

Job order costing is particularly used when working in service-based businesses like health facilities, legislation, review and audit, counselling, and investment companies. Moreover, fixtures, furniture, and design industries. They added that process costing is suitable for producers like concrete block producers, fossil energy refining, processed food, and drug companies.

To summarize the interviewees' long discussion on this point and the results of the hermeneutic analysis: the scale and type of industry influenced which technique should be used. Manufacturing is customized for each particular consumer in job order costing, and direct costs for each job finished by a factory can be directly attributed to a job order. Process costing, on the other hand, is used to standardize manufacturing, as businesses must produce enormous quantities of identical products and allocate costs to processes. The cost per unit is then calculated according to the volume of production.

Several quoted sentences identified described the manufacturing overhead cost (MOHC) with both techniques. The interviewees mentioned that the treatment of the MOHC is more accurate with process costing because it allocates this cost to each process as it occurs. Meanwhile, job order costing specifies the overhead cost per unit at the start of the production process. It allocates this cost using a cost driver, for example, labor hours and machine hours.

The interview outcomes showed frequent mentions of differences in cost reduction, as some participants added:

With job costing, there are fewer opportunities for cost reduction because the order may be one-time. So, continuous improvement techniques such as learning curve and kaizen are not applicable, whereas, with process costing. Accordingly, these techniques are applicable because process costing is a continuous operation.

Yokozawa et al. (2021) supported this opinion by confirming that continuous improvement of employee skills with costing techniques such as process costing is a critical component of the kaizen system.

By applying hermeneutic analysis, conclusions could be drawn from the meeting outcomes about the two systems' accounting processes. It showed that process costing required less record keeping than job order costing. This is because in job order costing each job has its job card and all applicable costs are assigned to specific jobs independently. In contrast, in process costing, all costs associated with a single manufacturing process are aggregated and assigned to each product. This result is consistent with van Mourik and Wilkin (2019).

Other differences related to work in process, equivalent units, and losses (normal and abnormal) were debated. They will be discussed under the second key question because they are more closely related to the reporting process, as the interviewees mentioned.

4.1.2. The Second Part Focused on the Impact of These Cost Techniques on Financial Reports

The same interpretation technique was used in the discussion of participants' comments. It was concluded that both systems play critical roles in determining the inventory balance in the statement of financial position and the cost of goods sold in the statement of profit or loss. This conclusion is supported by Dosch and Wilson (2010) and Purnamawati et al. (2018).

Metzger (1990) studied this dilemma previously, and later Veil et al. (2011) conducted another study; both of these works consisted of a discussion of participants' responses

that the work in process is verified by the process costing system. This is due to the fact that once operations begin, products are moved among departments and are handled as Working In Process (WIP) completed.

Process costing, according to the costing managers, also provides critical data for financial reporting by distinguishing the treatment of normal and abnormal losses in production.

Costing systems, including process costing systems, are responsible for normal and abnormal loss in different ways.

Some interviewees expressed their views on evaluating the value of equivalent units and how only process costing can help in this evaluation of the finished goods and the cost of goods sold, as explained by [Hosseinzadeh-Bandbafha et al. \(2018\)](#).

The equivalent units in a process costing system are semi-finished units. They can be calculated as the number of somewhat finished units divided by the proportion of finalization among these units.

Interviewees added:

Because it is assumed that all units will be completed and sold to the customer, job order costing does not include any treatment for the equivalent units.

Other valuable contributions to the research are briefly mentioned.

For equivalent units, the process costing employs two methods: First in First Out (FIFO) and Weighted Average (WA). I can say that because we use both methods without a formal standard; some deviation occurs and affects inventory valuation.

The final brief remarks about the treatment of losses introduce the last two research questions and open the door to the connection between cost accounting and financial reporting.

4.2. Second-Round Interviews

In this phase, the method of analysis of the interviews was expanded to include coding themes, hermeneutic analysis, and comparative discussion ([McCaffrey et al. 2022](#); [Taylor et al. 2022](#)).

4.2.1. Should These Cost Methods Be Classified as Cost or Financial Accounting?

During the interviews, several expressions were captured, and unique sentences are quoted to arrive at the themes. These sentences summarize the entire text and eliminate any redundancy in the interviewees' speech.

Four themes were coded from the interviewees' contributions as follows.

1-Professional judgment

Interviewees contributed:

IFRSs are different from other General Accepted Accounting Principles (GAAPs) since they give the accountant the autonomy to select the accounting policies.

The IFRSs have not specified which system the user should use for the inventory: periodic or perpetual.

The IFRSs provide room for professional thinking, like the conceptual framework for financial reporting; the user can deviate from the standards by providing a proper justification.

2-Financial accounting is an information presentation

Interviewees contributed:

Financial accounting was founded to present the financial information to external users and not to generate the information.

If financial accounting will interfere in the process of calculating the cost, it also should interfere in corporate finance, like how to calculate the weighted average cost of capital or how to determine the dividend.

3-Privacy of internal information

Interviewees contributed:

These cost systems are linked to pricing strategies, and if we designate them as financial accounting, the company must reveal its price plan to competitors.

We cannot provide the pricing of materials to other users because it is confidential information.

... will reveal cost information and for what purpose; competitors will be able to assess our strength.

4-Variation between industries

Interviewees contributed:

Each industry should develop its cost formula based on its specific needs; it will not be appropriate to force cost managers to follow specific rules.

I do not think that financial accounting will be able to include all the features of the industries.

The last update of the IAS 2 was in 2003—how it will control the new industries in detail.

Given that cost managers should use their expertise to create the cost formula for the particular industry they are in charge of and should also believe in the need to maintain confidentiality, it is evident how these four themes are related to one another.

4.2.2. Is It Appropriate to Broaden the Scope of the IAS 2 to Include These Cost Methods?

The answer to the previous question suggests that broadening the scope of the IAS 2 to include these cost methods is not appropriate. However, as stated in the methodology section, there have been numerous disputes between cost managers and auditors. These disputes are over information generated by cost systems that relates to inventory value in the statement of financial position.

A multilateral discussion with the interviewees was coded according to relevant themes to analyze both cost systems, particularly process costing. The aim was to examine the IAS 2 in order to link both systems and come up with a strategy to help settle these disagreements. The quoted sentences summarize the long interview manuscripts.

1-Materiality

A follow-up question was posed to the interviewees: Since the IFRS distinguish between periodic and capitalized expenses for tangible and intangible assets, why are there no precise requirements for the inventory in the IAS 2? The following are the contributions:

Long-term investments—either tangible or intangible assets—are significant.

It is possible that similar laws may be introduced, but will the benefits outweigh the obstacles of implementation?

Regardless of how high the production cost is, inventory turnover reduces its worth in the statement of financial position as compared to buildings and factories.

When capitalized expenses are recognized as periodic expenses instead, the extent of the loss has a huge negative impact on retained earnings. This can even result in cumulative loss and capital reduction. Inventory manipulation, whether between product cost or period cost, has a small impact on equity.

As a result, materiality is a critical component of why the IFRS do not present the accounting treatment of inventories in detail. The questions of who will determine materiality, how it will be determined, and why there is still a debate between auditors and accountants regarding this topic require more discussion, as asserted by (Bolt and Tregidga 2022).

2-Storage costs

Some concerns were raised about storage costs, such as what should be considered as periodic or product costs.

As a cost manager, I've had a lot of disagreements with the audit team concerning storage costs; therefore, I want to develop a clear basis for resolving these conflicts.

There are two main viewpoints on the definition of this cost. The cost of storage, which is tied to manufacturing phases such as in the alcohol industry. Also, other inventory costs such as storing raw materials or finished goods are recurring expenses. On the other hand, others have defined the product cost of storage, which is related to the storage of raw materials, without which raw materials will be ruined.

The question of why these costs are not addressed clearly in the IAS 2 was raised. The responses focused on the variety of industries and the complexity of defining each cost term as well as the inability of certain companies to separate these costs. These answers were supported by (Trattner et al. 2019).

Solutions were suggested such as:

An interpretation should be issued to provide more examples.

In addition:

An interpretation should be produced to connect these costs with the chamber of industry norms in each country, stating what should be considered a production cost for each industry and using these norms as the basis for resolving any disputes.

As a consequence, storage costs cause some issues regarding inventory value; the IAS 2 should clarify these issues by offering more examples or using the chamber of commerce as a source of information.

3-Work in process

Many financial managers attempt to manipulate the equivalent units by evaluating them according to their benefits and managing their profit and loss.

This remark was repeated by the auditors several times as a problem they encountered while reviewing financial information.

The third party in the discussion, the financial reporting academicians, suggested that:

The corporation should utilise a fixed policy to evaluate the equivalent units and disclose them. This will be the point of contention between the parties, and IAS 2 should make a note of it.

The realized approach of using a fixed policy to evaluate the equivalent units could improve the IAS 2 and address various disagreements between accountants and auditors.

4-Abnormal losses

The discussion between financial managers and auditors can be summarized in these two sentences:

I have faced a number of financial managers who recognise the whole production losses as abnormal losses, even for non-manipulation purposes, but this still misrepresents the financial statements.

The manner in which abnormal losses are valued is sometimes disregarded by auditors, and IAS 2 does not provide clear examples of when abnormal losses might be recognised.

The third party in this debate, the financial reporting academicians, also criticized the IAS 2 on this matter, arguing that it should connect abnormal losses to the industry index and oblige entities to use and disclose a set strategy.

The realized method of connecting the IAS 2 with the industry index regarding abnormal losses has the ability to strengthen the IAS 2 and solve the accountant–auditor conflict.

5-Standard Interpretation-1 (SIC-1)

“SIC-1 Consistency-Different Cost Formulas for Inventories”, released in 1997, is the only interpretation issued by the Standard Interpretations Committee (SIC) for the IAS 2. The interviewees had three different views of what “the same cost formula” meant.

In the first opinion, it was interpreted as inventory valuation methodologies, FIFO, and weighted average. In the second opinion, it was defined as the formula used to calculate the standard cost per unit. The final point of contention was how to compute the net realizable value. Because the expression “the same cost formula” was still imprecise, the interviewees agreed that the IFRS should include more examples and explanations. This would resolve the disputes arising between auditors and financial managers regarding the financial information of the inventory.

5. Discussion and Implications

This study revealed an inventory valuation conflict between financial managers, who create financial information, and auditors, who review and confirm this information.

Despite the lack of research contributions investigating this quandary, a flow was used for presenting, discussing, and analyzing the case and the data gathered. This flow began with the distinctions between process costing and job order costing, followed by the relationship of these techniques with the IAS 2, then, its classification of these techniques in financial or managerial accounting, and finally, the resolution of the inventory evaluation conflict.

This study supports the previous findings that the main differences between the mentioned techniques were that manufacturing in job order costing is customized for each specific consumer, whereas process costing is used to standardize manufacturing. Furthermore, the MOHC is more accurate with process costing and also process costing requires less bookkeeping. Furthermore, process costing is involved in the continuous improvement of production and is used with kaizen (Tamim et al. 2023).

When the connection with the IAS 2 is explained, the importance of research gradually increases, as these costing techniques, particularly process costing, evaluate the equivalent units and the normal and abnormal losses in production, which affect the inventory value.

The research culminated in a debate which turned to the classification of job order and process costing as financial accounting or managerial accounting. The goal was to provide more detailed rules for the treatment of these techniques under the IFRS. Despite the escalating conflict between financial managers and auditors over cost evaluation, their responses were skewed toward the managerial accounting side.

The professional judgment of accountants is crucial in selecting accounting policies under the IFRSs, and financial accounting should be limited in its interference with cost calculations to maintain the accuracy of financial statements (Abed et al. 2022). Maintaining the privacy of internal information is essential to prevent competitors from gaining an unfair advantage. Industries should develop their cost formulas based on their specific needs. Broadening the scope of the IAS 2 to include cost methods may not be appropriate. However, multilateral discussion can help settle disputes between cost managers and auditors over inventory value in the statement of financial position. Materiality is a critical component of why the IFRS do not present the accounting treatment of inventories in detail. More discussion is required to determine materiality and resolve debates between auditors and accountants.

These themes demonstrate that cost techniques should be viewed as managerial tools for calculating the cost of a unit. Cost managers should use their expertise to develop the cost formula for the specific industry they are in charge of while maintaining confidentiality. It is clear how these themes relate to one another and how they relate to managerial issues more than to financial issues. Broadening the scope of the IAS 2 to include cost methods is not appropriate, as there is a conflict. Possible solutions were discussed under specific themes with the two main parties and academicians as a third party.

The themes discussed included materiality, storage costs, work in process, abnormal losses, and Standard Interpretation-1 (SIC-1). The IAS 2 should provide more examples or use the chamber of commerce as a source of information to clarify what should be considered as the product cost of storage expenses. The standard should require the use of a consistent policy to evaluate equivalent units to improve WIP inventory valuation

and effectively resolve disagreements between accountants and auditors (Basile 2022). The connection of abnormal loss to the industry index should be applied to distinguish what is normal and what is abnormal (Bin 2022). The SIC should include more examples and explanations to help resolve disagreements about the meaning of “the same cost formula” in the SIC-1. This includes using the same inventory evaluation method, WA or FIFO, using the same formula to calculate the unit cost, and using the same policy to evaluate the net realizable value. These practical implications can improve the IAS 2’s treatment of inventory in terms of cost methods.

6. Conclusions

Process costing and job order costing are crucial for the appraisal of inventory and the cost of goods sold in the financial statement. They are considered managerial accounting techniques. Disagreement over the inventory value arose between the financial reporting parties as a result of the lack of precise instructions in the IAS 2 regarding several areas of the cost unit calculation. This study looked into the possibility of including them more thoroughly in the IAS 2. According to the findings, the IAS 2 should direct the implementation of stable policies and attach some indices when computing equivalent units, abnormal losses, and product costs. Additionally, it should elaborate on what is meant by the expression “the same cost formula” used in the SIC-1.

The study was limited by the qualitative methodology’s features that allowed for the selection of the most qualified samples. In order to make the results suitable for large international sectors, it was also important to collect samples from different nations and sectors. A significant restriction of the study was the difficulties that were faced throughout the interviews. The majority of the participants initially apologized during the process of setting up meetings with the interviewees, but after numerous attempts, they were granted permission to hold the meeting. Because of this, the researcher had to extend the research time plan to maintain the methodology’s flow. Some gatherings had time limits.

During the interviews, there were some off-the-cuff remarks about how tough it is for the IFRS to keep up with technology and how these standards are retrospective rather than prospective. Therefore, it is advised that studies should be conducted on the impact of ABC on inventory valuation as well as the difficulty in differentiating between product and period costs. In addition, given recent significant inflation, the possibility of using LIFO under the IAS 2 and the estimation of net realizable value are interesting areas to study. Furthermore, the consequences of the IFRS’s difficulty in catching up and being retrospective should be investigated.

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