



THE NATURE OF FINISHED PRODUCTS AS AUDIT OBJECTS

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Abstract: *In the article , improving the conditions for doing business, consistently continuing reforms related to the development of entrepreneurship, expanding support mechanisms for entrepreneurs, and providing them with the necessary financial and infrastructural resources are today's urgent issues. Achieving this goal makes rapid development of the industrial sector one of the priority tasks in any human society.*

Keywords: *goods, material resources, audit of finished products, innovative products.*

Today, the reforms implemented in our country are aimed at the further development of our economy. The production of products meeting world standards in our country is one of the most urgent issues today. At the **opening ceremony of the Tashkent International Investment Forum**, held on March 24, 2022, President Sh.M. Mirziyoev expressed an opinion about the need to "encourage the production of high-value-added products through deep processing of our rich raw materials within the framework of the industrialization of our economy ."

Today, economic entities can achieve high profitability due to the increase in the quality of their products and the volume of their sales in the market . For this reason, today in our republic, all economic entities increase the quality of their products, produce new innovative products, and they also aim to export to foreign countries . The increase in the types of ready-made products produced in our country, the creation of innovative products requires their documentation, accounting and auditing based on international standards.

Before we move on to the audit of finished products, let's briefly touch on what the finished product is, how it is recognized according to international accounting standards, and at what prices it is evaluated.

Issues of audit of finished products have been researched by a number of scientists in our republic.

The main purpose of improving the audit of finished products is to study the theoretical, methodological and organizational problems of the audit of finished products and to develop scientific and practical recommendations for solving these problems.

To achieve this goal, the following tasks are set in improving the audit of finished products:

- To substantiate the essence and importance of finished products, as well as their characteristics as audit objects;
- To reveal the content and essence of work, auditing actions, methods and procedures related to the stages of planning and conducting audit of finished products;
- Evaluation of the current state of information sources of audit of finished products and their improvement base the directions;
- To document the input, sale and output of finished products, to indicate the procedures and



methods of checking the status of their reflection in accounts and reports.

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According to the International Accounting Standard No. 2 called Inventories: Inventories are the following assets:

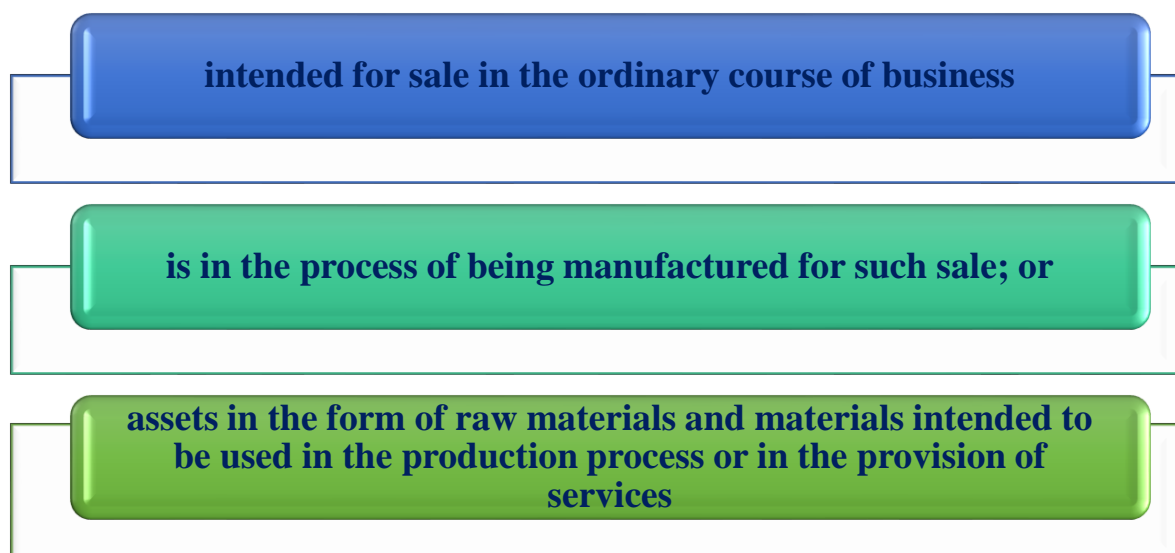


Figure 1. No. 2 Criteria for recognition of finished products based on the standard "Commodity material reserves" in accordance with international accounting standards.

In accordance with the national standard of accounting of the Republic of Uzbekistan (national accounting standards No. 4) "Inventories";

Inventories are material assets that are kept for the purpose of later sale in the course of operation and are in the process of production, as well as used in the process of production of products, performance of work or provision of services, or for the implementation of administrative and socio-cultural tasks.

There are different approaches of foreign and domestic economists to finished products.

Russian scientist According to **Bykovskaya** , **Finished products** are fully finished products and semi-finished products received in the warehouse of the organization or customer (buyer), processed in accordance with current standards or technical conditions.¹

Professor K.B.Urazov, one of the economists of our country, defined that the **finished product**

¹ Bykovskaya, N. V. (2020). The features of the finished product are taken into account. In *Current issues of economics and accounting in agriculture* (pp. 20-22).



means finished products that have passed all the technological processes of production, do not require further processing, meet the state standards and technical conditions in terms of their quality, and are received in warehouses ².

Depending on the type of activity of economic entities, the finished products produced by them may be different. For example, ready-made products of textile companies are clothing products, ready-made products of construction companies are ready-made products of cement, brick, reinforcement, foam blocks, porcelain products, tea cups, bowls and other products.

Finished products are an important type of current assets of enterprises. Their turnover rate depends on supply and demand, quality, production volume, price and other factors. In turn, the volume of sales, cash receipts, income and other indicators are directly related to the purchase of finished products. That is why finished products are one of the important objects of accounting and auditing.

According to "International Accounting Standards" No. 2 and "National Accounting Standards" No. 4, the finished products are calculated in the following grades.

Evaluation of finished products based on the regional standards of accounting and national standards of accounting

No. 4 Accounting according to national standards		No. 2 Accounting in accordance with the standards of the ring account	
No	Grade	No	Grade
1	At true cost	1	Cost
2	Plan (normative) assessment	2	Net selling price
3	At net realizable value (less than cost)		

No. 4 According to the national accounting standards, finished products are calculated at the following rates:

- when removed from production - at actual cost;
- For items whose price is difficult to determine realistically - in the planned (normative) price.

In cases of loss of marketability, low quality or damage - at the net sales value (at a value lower than the cost).

Valuation of finished products is carried out in one of the FIFO or AVEKO methods specified in the company's accounting policy, just like production stocks.

Number 2 is considered in the following values according to international accounting standards :

- Net realizable value is the selling price less the costs of completing production in the ordinary course of business and the estimated costs necessary to make the sale.

Fair value is the price that would be received to sell the asset or paid to transfer the liability in an ordinary transaction between market participants at the valuation date.

² Urazov K.B., Pulatov M.E. Accounting. Textbook. -T.: "Innovative Development Publishing House", 2020, 316 pages .



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