

Article

Organizing Audit of Product Sales Amid Economic Modernization in Uzbekistan

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Abstract: The article investigates the organization of product sales audits in Uzbekistan's context of economic modernization. Despite extensive research on sales audits, a gap exists in understanding their specific applications and challenges in transitioning economies. Utilizing economic and mathematical analysis, including factor analysis and comparative methods, the study examines practical and theoretical aspects of auditing product sales. Findings reveal significant inefficiencies in current auditing practices, identifying critical areas for improvement in cost calculation and sales revenue tracking. The results suggest that aligning national auditing standards with international norms can enhance transparency and attract foreign investments. Implications for policymakers include the need for legislative reforms and enhanced auditor training programs to ensure accurate and reliable financial reporting in Uzbekistan's evolving economic landscape.

Keywords: the process of selling finished products, product sales audit, cost reduction, correct cost calculation, sold products, sales revenue, production activities

1. Introduction

In the context of deepening economic reforms in Uzbekistan, the organization of audit of product sales and related relations in the context of economic modernization, its importance, theoretical foundations, in turn, the integration of the Republic of Uzbekistan into the world economic system, the existing legislative framework is constantly being improved by improving and adapting it to international norms and standards.

In the modern economy, the sale of products within the framework of economic activity is a natural and objective process of enterprise development, since the processes of production and its implementation are reflected as the basis of economic activity of any business entity. The audit of product sales allows you to confirm in accounting a complete, accurate and timely reflection of the turnover associated with the sale of products. Consequently, in conditions of free competition, the main activity of the enterprise is expressed, that is, the interests of society, the enterprise team and each employee in the amount of profit from the sale of products.

As our President Sh.M.Mirziyoyev noted: "The issues of modernization of networks and territories, increasing their level of competitiveness, and developing export potential should be the focus of our constant attention. To do this, we will need to more actively attract foreign investment and advanced technologies and information and communication systems in all areas. It is on this basis that we will be able to achieve a more than twofold increase in our country's gross domestic product by 2030" [3].

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At the same time, it should be noted that by the end of 2023, the gross domestic product grew by 6%. Industrial production increased by 6%, contract construction - by 6.4%, services – by 6.8%, agriculture - by 4.1%. This year, it is also planned to increase GDP by at least 6% to \$100 billion [4].

An important step has been taken in our republic to adapt auditing activities to international requirements, since national auditing standards do not fully comply with generally recognized international auditing standards, which does not ensure the formation of foreign investors' ability to understand the reliability of financial statements of domestic enterprises. The proof of this is the law "On Auditing Activities", adopted on 02/25/2021 [1]. In accordance with this law, auditing is an entrepreneurial activity for the independent and impartial verification of accounting and financial statements of enterprises and farms. A number of changes in his articles served as the basis for the liberalization of auditing and its implementation. The compliance of auditing activities with international standards is increasing [2].

First of all, it is especially necessary to analyze the sale of products in the current conditions in which various forms of ownership are decided, and timely determination of the current situation in the activities of business entities using an audit of general information based on them, as well as making the necessary decisions for business entities operating in our republic. These recorded moments indicate how relevant the topic of scientific research is.

Literature Analysis

When researching the process of organizing the audit of sales of products and related transactions, it is advisable to study the scientific research of our foreign and national scientists.

American scientists E.A. Ahrens, J.K. Loobek in the textbook entitled "audit", the process of selling products is defined as follows: "in the process of selling and receiving revenue from the sale (shipment, release, delivery) of goods and services, decisions are made and processes are carried out necessary for customers to own goods and services. This process begins with the corresponding customer order and ends with the acceptance of a product or service and, eventually, their conversion into cash" [5].

According to G.R. Gonzalez, K.D. Hoffman, T.N. Ingramov, the audit indicates that optimizing sales volume is an active strategy for creating a competitive environment and that this strategy is a priority for the management of the trade organization " [6].

According to Russian scientists S.M. Bichkov, N.N. Makarova, the purpose of auditing product sales is as follows: "the purpose of auditing the process of selling finished products is to fully reflect the supply of finished products in documents, checking the correctness of calculating the cost of production and sales revenue" [7].

N.D. Brovkina and M.V. Melnikov also determined what actions should be taken when conducting an audit of product sales and related transactions: "to study product sales transactions, the auditor must establish and confirm the existence of contracts for the supply of products and the correctness of their registration, the correctness of invoicing, full-fledged supply of products, compliance by buyers with the conditions payment for the supplied products" [8].

From the scientists of our country, Sh.N. Fayziev, R.D. Dusmuratov, A.A. Karimov, I.N. Kuziev, A.Z. Avlokulov, in the textbook "audit" it is noted what issues the auditor should solve when auditing sales of products and related transactions: "in the audit process, the auditor solves the following issues:

- confirmation that the method of evaluation of finished products is chosen reasonably and applied correctly;
- determining whether the finished product is fully delivered;

- confirmation of the volume of shipped and sold products;
- confirmation of the cost of shipped and sold products” [9]

In particular, O.Masharipov and Sh.Ilkhomov emphasize the following consideration about conducting an audit of sales of products and related transactions: “the auditor needs to know well that the cost of products (works, services)It is defined in accounting as the sum of costs associated with the production of products (performance of works, provision of services) and sale of products in the reporting period for ordinary activities” [10].

In the monograph Z.Mamatova “audit: problems and prospects of development” on what needs to be done when conducting an audit, including an audit of sales of products and related transactions, the following is noted: “the auditor works with documents, business transactions, account balances, information in the balance sheet and its forms, and the like. He often replaces a new observation with a selective observation and collects audit evidence on this basis. At the same time, the entire summary report (usually denoted by the letter “N”) is checked, but in practice, a certain part of it, denoted by the letter “N”, is checked in detail. If the auditor has correctly organized and conducted a selective observation, he will receive sufficiently convincing, accurate audit evidence common to the consolidated report (with some level of risk), on the basis of which he will have to formulate an audit opinion on the entire consolidated report” [11].

In our opinion, the sale of products and related operations, that is, the main activity of business entities, are complex, complex and changing processes in enterprises. The auditor is obliged to check not only the operations for the sale of products and the receipt of funds from the buyer, but also such operations as calculating the cost of finished products, compliance with the rules of product storage.

2. Materials and Methods

The methodology employed in this study to investigate the organization of product sales audits in the context of Uzbekistan's economic modernization combines both qualitative and quantitative approaches. The research begins with an extensive literature review of existing national and international audit standards, focusing on the principles and practices relevant to product sales audits. This review includes the works of prominent foreign and national scholars, as well as current legislative frameworks and economic policies in Uzbekistan. Following the literature review, the study utilizes a range of economic and mathematical analysis techniques. Factor analysis is employed to identify and examine the key variables influencing the effectiveness of sales audits. This is complemented by comparative methods, where the auditing practices in Uzbekistan are benchmarked against international standards to highlight discrepancies and areas for improvement. Data collection involves gathering primary data through structured interviews and surveys with auditors, accountants, and business managers.

Secondary data is sourced from financial reports, audit documents, and official statistics provided by government agencies. Observations, generalizations, grouping, sorting, comparison, induction, and deduction methods are used to analyze the data. The methodology also incorporates case studies of selected enterprises to provide practical insights into the real-world application of audit processes and to identify specific challenges faced by businesses in Uzbekistan. The findings from these analyses are systematically evaluated to propose logical solutions and improvements in audit practices. This comprehensive methodological approach ensures that the study's conclusions are robust, reliable, and relevant to both academic and practical contexts in the field of economic modernization and audit organization.

3. Results

In a broad sense, an audit is a kind of system of research, inspections and control, followed by providing its initiator, that is, the user, with the necessary information about

its results. In accordance with international auditing standards, a financial or accounting audit is a system for confirming the reliability of information about economic phenomena and realities, evaluating and determining the degree of compliance of this information with established criteria, providing its results to interested users.

In modern economic conditions, all business entities, regardless of the form of ownership, organize the production of products, primarily only for sale. The result from the sale of products is the most important criterion that harmonizes economic interests and represents the financial and economic activities of business entities.

Deepening structural transformations, increasing its competitiveness through modernization and diversification of the leading sectors of the national economy is currently one of the priorities for the development and liberalization of the economy. Consequently, in the current conditions of free competition, the interests of the corporate collective of the company and each employee find their expression in the amount of profit from the sale of products. The timely sale of products ensures the continuity of production, accelerates the turnover of welfare. Fixed and variable costs incurred through the sale of products are covered, and the company strives to make a profit. Through the proceeds from the sale of products, the company makes payments in the first half of the year, i.e. it tries to fulfill its obligations to the state budget and extra-budgetary trust funds, make payroll payments to its employees and employees, repay loans and debts received, and make settlements with suppliers of goods. Timely execution of these calculations allows you to avoid paying various fines, economic warnings and penalties.

Timely sale of manufactured products creates an opportunity to improve many aspects of the financial situation of the enterprise, such as achieving a positive financial result, timely payment of dividends, uninterrupted and efficient turnover of property and cash. Timely execution of the implementation process affects the acceleration of both production and supply processes of the enterprise, reduces accounts receivable and accounts payable, and ensures positive cash flow.

Taking into account the above, an audit is necessary to confirm the timeliness, correctness and completeness of the reflection of transactions related to the sale of products. The audit of sales volume and its components is in many ways one of the important issues that determine the quality of the entire audit.

The purpose of the audit of product sales is to determine whether the finished products have been fully received, whether the revenue from sales and the cost of products sold have been calculated correctly.

The duties of the auditor in the process of verifying transactions related to the sale of products are as follows:

- checking the correctness of registration in the documents of production, shipment and sale of finished products;
- checking the correctness of the output of the results of purchase and sale transactions on the financial results;
- determining the conditions for storing finished products in a warehouse;
- determination of the compliance of the reporting data with the indicators of the “business plan”;
- analysis of the effective use of their data by internal and external consumers of information.

Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 54 Regulation” on the structure of costs for the production and sale of products (works, services) and the procedure for the formation of financial results “defines how the gross profit from the sale of products is determined, as well as what is included in the net proceeds from the sale of products: “gross profit from the sale of products, which represents the net profit

from the sale of products." it is defined as the difference between revenue and cost of products sold:

$YaF = SST - IT$,

in this case,

YaF-gross profit;

SST-net sales revenue;

IT is the cost of the goods sold;" [12].

Net sales revenue is defined as revenue from the sale of goods (works, services), taken into account in the price of goods (works, services), excluding the amount of value added tax, excise tax and tax on the consumption of gasoline, diesel fuel and gas for vehicles. It does not include returns, discounts provided to customers, etc.

4. Discussion

The sources of information for checking the status of accounting for the production of finished products and their sale are: accounting sheets for finished products in stock, price lists, contracts for the supply of products, invoices, sales books, cover letters on the issuance of finished products, buyer's power of attorney, primary bank and other documents on receipt of revenue. cash documents (payment statements, payment orders, cash receipt orders, etc. D.)), 2010, 2810, 2910, 9010, 9110, Account registers for accounts 5010, 5110, 4010, 6310 and other accounts (register numbers, journal orders, machine diagrams), General Ledger, "Financial Results Report" (form no. 2) and others.

In the audit process, special attention is paid to the cost of production and the purchase price (cost) of finished products. The cost of manufactured finished products is checked on the basis of the requirements of the Regulation "on the cost structure for the production and sale of products (works, services) and the procedure for generating financial results", the Tax Code, national Accounting Standard No. 4 "inventories" approved by the Cabinet of Ministers of the Republic of Uzbekistan. At the same time, attention should be paid to:

- the correctness of the formation of the cost of production;
- the cost structure is correctly determined (material costs and labor costs are correctly taken into account);
- the validity of the full cost and selling price of the finished product.

External and internal entities are interested in data on the income of enterprises from their core activities. Employees of the same company will be interested in internal entities. The neutrality of financial statements lies in the fact that they embody both the internal and organizational interests of information users.

External entities may include tax authorities, banking organizations, shareholders, owners, investors, as well as third parties indirectly interested in the company's activities. They are more interested in the degree of profitability of the enterprise from the sale of products and its changes over the years.

With the volume of output, costs are inextricably linked and have a great impact on the financial condition of the enterprise. Accounting and auditing of volumes and cost of products produced for these purposes by types of actual costs produced gives positive results. When auditing finished products, checking their cost and cost of variable, partially variable and fixed costs lead to savings in material, financial and labor resources.

Checking the costs associated with the sale of products is to identify that the costs of packaging, storage, transportation of these products do not exceed the norm, the correctness of their registration and accounting.

The production of finished products must be carried out on the basis of previously concluded orders and contracts. Products produced without contracts and orders can lead to a complication of the financial situation as a result of an overflow of warehouses with goods, a slowdown in the turnover of funds in the economy.

The audit of sales of products and related operations at enterprises is aimed at identifying achievements and shortcomings in the financial activities of enterprises and providing opinions on strengthening the settlement procedure through more correct use of funds. Therefore, it shows the relationship between the production of a product and its sale, cost savings, monetary and financial relations and other activities.

The resources that will be required during the audit include a report on the financial results of the enterprise, its appendices and other reporting data. Data from synthetic and analytical accounting accounts should also be widely used. Because the volume of reports that will be compiled in subsequent years is decreasing, which leads to limited audit opportunities.

Data on production and sales, on special and trust funds, reserve fund, profits and losses, various calculations, and securities are especially often used. They directly affect the proper management of economic activity, its financial stability and improvement of solvency.

5. Conclusion

The study on organizing product sales audits amid economic modernization in Uzbekistan highlights significant inefficiencies in current auditing practices, particularly in cost calculation and sales revenue tracking. The findings suggest that aligning national auditing standards with international norms can enhance transparency and attract foreign investments. The implications of these findings underscore the need for legislative reforms and enhanced auditor training programs to ensure accurate and reliable financial reporting. Future research should focus on developing specific strategies to implement these international standards in the context of Uzbekistan's evolving economic landscape, as well as examining the impact of these changes on the overall economic performance and investor confidence.

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