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THE FEATURES OF THE AUDIT OF CURRENT ASSETS

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Introduction

Current assets are resources that continuously participate in the day-to-day operations of an enterprise and are typically expected to be converted into cash within one year or one operating cycle. They include cash, short-term financial investments, receivables, inventories, finished goods, and other working assets. These assets ensure the continuity of production, trade, and service processes within the enterprise. Therefore, the accurate representation of current assets in accounting records and the establishment of effective control over them are essential prerequisites for maintaining financial stability.

In a market economy, the liquidity, solvency, and financial performance of enterprises largely depend on the efficiency of current asset utilization. If these assets are not properly controlled, enterprises may face disruptions in cash flows, excessive or insufficient inventory levels, an increase in overdue receivables, and the generation of inaccurate information in financial statements. Consequently, the audit of current assets is important not only for verifying the reliability of accounting data but also as a tool for identifying internal opportunities and risks within the operations of an economic entity.

The relevance of auditing current assets lies in the fact that transactions related to these assets are numerous, their turnover is high, and the likelihood of errors is relatively greater. Therefore, when auditing current assets, the auditor examines and compares the accounting policies, internal control systems, inventory results,



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financial documents, and external confirmations. This enables a more accurate assessment of the enterprise's actual financial condition.

Main Body

The main feature of auditing current assets lies in the fact that it involves not only verifying the amounts recorded in the accounting system but also examining their actual existence, condition of storage, movement, valuation, and proper presentation in financial statements. At the initial stage, the auditor becomes familiar with the internal control system related to current assets within the enterprise. In this process, particular attention is paid to cash transactions, bank operations, warehouse accounting, the activities of materially responsible persons, settlements with debtors, and the document flow system. The effectiveness of internal control largely determines the scope and depth of audit procedures.

In auditing cash, the primary focus is on verifying the actual cash balance in hand, the accuracy of cash book maintenance, the proper authorization and documentation of cash receipts and payments, and the completeness of transactions related to bank accounts. The auditor also assesses compliance with cash discipline, ensures that cash limits are not exceeded, and confirms the absence of discrepancies between bank statements and accounting records. Since cash-related transactions represent a high-risk area, procedures such as recalculation, reconciliation, and external confirmation are widely applied.

In the audit of receivables, particular importance is given to verifying their actual existence, economic justification, and collectability. The auditor examines the maturity structure, composition, and underlying causes of receivables, reconciles balances with debtor entities, and, when necessary, sends external confirmation requests. In addition, the auditor evaluates whether provisions for doubtful debts have been appropriately established and whether the write-off of overdue



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receivables is justified. This process plays a significant role in identifying whether assets have been artificially overstated.

The audit of inventories is considered one of the most complex and labor-intensive areas within current asset auditing. This is due to the diversity of inventory types, the variety of storage locations, and the continuous movement associated with them. The auditor carefully reviews inventory-taking procedures, supporting documents for receipts and issues, warehouse records, agreements with materially responsible persons, and inventory valuation methods. Furthermore, the auditor identifies obsolete, impaired, or slow-moving inventories and assesses whether appropriate adjustments have been made.

Another important aspect of auditing current assets is the high risk of fraud and error. Particularly in transactions related to cash and inventories, cases such as document falsification, concealment of shortages, double recording of transactions, or omission of transactions may occur. Therefore, the auditor applies methods such as sampling, analytical procedures, participation in inventory counts, recalculation, cross-checking of documents, and obtaining external confirmations. Based on these procedures, the auditor forms a conclusion regarding the presence or absence of material misstatements related to current assets in financial statements.

Additionally, the audit of current assets includes the analysis of turnover indicators. For example, inventory turnover, receivables collection period, and the adequacy of cash flows are essential indicators in assessing the effectiveness of enterprise management. Through these analytical measures, the auditor can determine whether resources are being used efficiently, whether excess funds are idle, or whether there is a shortage of working capital within the enterprise.



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Conclusion

In conclusion, the audit of current assets plays a crucial role in providing an objective and reliable assessment of an enterprise's financial condition. Its specific nature is characterized by the high turnover of assets, the large volume of related transactions, the complexity of control, and the relatively high risk of errors and fraud. Therefore, the auditor should adopt a comprehensive approach when examining current assets, combining documentary verification, analytical procedures, inventory results, and external confirmation methods.

A properly organized audit enables the timely identification of deficiencies related to cash, receivables, and inventories within the enterprise, as well as the development of practical recommendations for their устранение. This contributes to enhancing the reliability of financial statements, strengthening the internal control system, and improving the overall efficiency of enterprise management.

Thus, the audit of current assets should be regarded not merely as a verification process, but also as an important management tool aimed at improving the overall performance of the enterprise.

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