

IMPROVING THE AUDIT OF ENTERPRISES' FINANCIAL CONDITION BASED ON  
INTERNATIONAL STANDARDS

Eshmurodova Sevinch Ulug'bek kizi

Karshi State Technical University

1st year master's student

[sevincheshmurodova76@gmail.com](mailto:sevincheshmurodova76@gmail.com)

**Annotation:** This article examines the issues of assessing the financial condition of enterprises based on International Standards on Auditing and improving the audit process. In the context of globalization, International Standards on Auditing (ISA) play an important role in ensuring the reliability, transparency, and comparability of financial information. The article analyzes the theoretical foundations and practical challenges of auditing, the role of international standards in analyzing the financial condition of enterprises, as well as the directions for developing the audit system in the context of Uzbekistan. The results of the study are concluded with practical recommendations aimed at improving audit quality, strengthening investor confidence, and ensuring the sustainable development of enterprises.

**Keywords:** audit, International Standards on Auditing, financial condition, financial statements, transparency, audit quality, enterprise, risk, internal control.

In the conditions of the modern economy, ensuring the stability and competitiveness of enterprises' activities is becoming increasingly important. As market relations continue to deepen, enterprises are required not only to generate profit, but also to maintain financial stability, enhance investment attractiveness, and possess the ability to withstand both external and internal risks. In this process, the reliability and fairness of financial statements represent one of the key factors, as their proper preparation and objective assessment serve as an important source of information for stakeholders.

Users of financial statements, particularly investors, creditors, tax authorities, and other stakeholders, make decisions based on accurate and reliable information about the enterprise's actual financial condition. Therefore, there arises a need to ensure that the information presented in financial statements complies with international requirements and is subject to independent audit. Audit occupies a special place in enterprise activities as an important institution that confirms the reliability of financial information.

The expansion of global economic relations, the development of international capital markets, and the increase in the number of multinational companies require the preparation and verification of financial information based on unified standards. It is precisely in this process that International Financial Reporting Standards and International Standards on Auditing emerge as key instruments for ensuring the transparency of enterprise activities. These standards enhance the comparability of financial statements and enable an objective assessment of the financial condition of enterprises operating in different countries.

In the Republic of Uzbekistan, during the transition to a market economy, the development of the audit institution and its alignment with international standards has been identified as one of the

key directions of state economic policy. In recent years, a number of regulatory and legal acts have been adopted to improve auditing activities, enhance the transparency of financial statements, and attract foreign investment. However, practical experience shows that problems persist in the process of assessing the financial condition of enterprises based on International Standards on Auditing.

In particular, in some enterprises, accounting is not fully conducted in accordance with International Financial Reporting Standards, internal control systems are insufficiently developed, and auditors' experience in international practices is limited, which negatively affects audit quality. This can lead to incomplete or biased conclusions regarding the financial condition of enterprises.

In this regard, improving the audit of enterprises' financial condition based on international standards is of both scientific and practical relevance. This article highlights the theoretical foundations of auditing, its role in assessing financial condition, the significance of international auditing standards, and the directions for their effective implementation in the context of Uzbekistan.

### **Main Part**

The process of auditing the financial condition of enterprises is one of the important forms of economic analysis and control, aimed at verifying the accuracy and reliability of the information presented in financial statements. The concept of financial condition, in a broad sense, reflects the status of an enterprise's assets and liabilities, the structure of its capital, the level of liquidity, financial stability, and solvency. The proper assessment of these indicators directly depends on the quality of the audit and the standards applied.

International Standards on Auditing establish a unified methodological approach in the processes of audit planning, execution, and forming the final opinion. These standards require auditors to adopt a professional skepticism, identify and assess audit risks, and gather sufficient and appropriate audit evidence to ensure that there are no material misstatements in financial statements. As a result, the audit process transforms from a formal inspection into a deep analytical procedure.

In auditing the financial condition of enterprises, the assessment of audit risks is of great importance. Audit risk refers to the possibility that an auditor may reach an incorrect conclusion. According to International Standards on Auditing, audit risk consists of inherent risk, control risk, and detection risk. By evaluating these risks, the auditor determines the scope and direction of audit procedures, which ensures accuracy and substantiation in assessing the financial condition.

In the process of assessing financial condition, the use of analytical procedures is of particular importance. Analytical procedures are based on comparing financial indicators, studying their dynamics, and analyzing their interrelationships. For example, a decline in liquidity ratios may indicate a weakening of the enterprise's ability to meet short-term obligations. Such analyses allow auditors to substantiate their conclusions more thoroughly.

International Standards on Auditing pay special attention to the evaluation of the internal control system. The internal control system serves to safeguard enterprise assets, ensure the reliability of financial information, and support management decisions. When the internal control system is effectively organized, the likelihood of financial errors and fraud decreases. Therefore, the auditor conducts a thorough examination of the internal control system and plans audit procedures accordingly.

In Uzbekistan, there are a number of systemic problems in the process of auditing the financial condition of enterprises based on international standards. In particular, in some business entities, accounting is conducted according to national standards and has not been fully aligned with International Financial Reporting Standards. This situation complicates the audit inspection and requires additional time and resources during the audit process.

Moreover, insufficiently developed competition in the audit services market and the outdated methodological approaches in some auditing organizations negatively affect audit quality. The full implementation of international auditing standards in practice requires auditors to possess high qualifications, engage in continuous learning, and accumulate experience. Therefore, enhancing the professional capacity of auditors is an important condition for improving the audit system.

In modern conditions, the digitization of the audit process creates new opportunities for assessing enterprises' financial condition. Through the use of information technologies, auditors are able to analyze large volumes of financial data quickly and accurately. The circulation of electronic documents, automated audit programs, and the application of financial analysis models increase the efficiency of the audit process.

Studying international experience in auditing financial condition and adapting it to national practice is of significant importance. The experience of developed countries shows that auditing serves not only as a control tool but also as an important source of information for making management decisions. From this perspective, audit results can be effectively used by enterprises in shaping strategic development plans and financial policies.

Overall, improving the audit of enterprises' financial condition based on international standards requires a comprehensive approach. This process is closely related to aligning the accounting system with international standards, enhancing auditors' professional qualifications, developing internal control systems, and implementing modern information technologies. Measures undertaken in these areas contribute to improving audit quality and ensuring a more objective assessment of financial condition.

## Conclusion

In conclusion, improving the audit of enterprises' financial condition based on international standards is a matter of significant scientific and practical importance in the context of globalization and economic integration. International Standards on Auditing serve to ensure the reliability of financial statements, provide an objective assessment of the enterprise's actual condition, and create an open and transparent information environment for stakeholders. Audits conducted in accordance with these standards reduce the risk of financial errors and fraud, creating the necessary conditions for the sustainable development of enterprises.



The study found that applying a risk-oriented approach, conducting a thorough evaluation of the internal control system, and extensively using analytical procedures significantly enhance audit quality. International Standards on Auditing require auditors not only to examine documents but also to analyze the economic substance of enterprise activities, identify interrelationships between financial indicators, and assess future financial stability. This strengthens the scientific basis of audit conclusions.

Despite positive results achieved in developing the audit system in Uzbekistan based on international standards, certain problems persist. In particular, international financial reporting standards have not been fully implemented in some enterprises, internal audit and control systems are insufficiently developed, and auditors' experience in international practice is limited, negatively affecting audit effectiveness. Addressing these issues is a crucial condition for improving the audit process.

### References

1. International Standards on Auditing. – IFAC.
2. International Financial Reporting Standards. – IFRS Foundation.
3. Law of the Republic of Uzbekistan “On Auditing Activities.”
4. Regulatory legal acts of the Ministry of Finance and the Central Bank of the Republic of Uzbekistan.
5. Educational literature and scientific articles on auditing and financial analysis.