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THEORETICAL FOUNDATIONS OF THE FINANCIAL CONDITION ANALYSIS AND AUDIT OF ENTERPRISES OPERATING ON THE BASIS OF PUBLIC-PRIVATE PARTNERSHIP

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Abstract

The article examines the theoretical foundations of accounting for the analysis and audit of the financial condition of enterprises operating on the basis of public-private partnership (PPP) in Uzbekistan. The study analyzes the application of fundamental accounting principles, financial analysis methods, and audit processes in PPP enterprises. A mixed methodology was employed, including qualitative analysis of legislation and enterprise financial reports, as well as quantitative analysis of financial indicators. The results demonstrate that modern accounting and audit methods significantly enhance financial transparency; however, issues related to data quality and specialist qualifications persist. Recommendations based on international experience have been adapted to Uzbekistan's conditions.

Keywords: Public-private partnership, accounting, financial analysis, audit, financial condition, Uzbekistan.

INTRODUCTION

Public-private partnership (PPP) represents a key direction of economic reforms in Uzbekistan, ensuring collaboration between the public and private sectors in infrastructure, transportation, and social services. While PPP projects contribute



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substantially to economic development, the analysis and audit of their financial condition play a critical role in ensuring transparency and sustainability. Accounting serves as the primary tool for guaranteeing the reliability of financial reporting and accurately reflecting the operations of PPP enterprises.

In Uzbekistan, the financial analysis and audit of PPP enterprises have not yet been fully systematized. Inconsistencies in reporting, insufficient qualifications of specialists, and manual accounting systems hinder transparency. International experience shows that in developed countries, PPP projects achieve high levels of transparency due to modern accounting practices and rigorous auditing. This article investigates the theoretical foundations of accounting for financial condition analysis and audit in PPP enterprises, addressing the following questions:

- How is accounting organized in PPP enterprises?
- What problems exist in financial analysis and auditing?
- What solutions from international experience can be applied?

LITERATURE REVIEW

The literature on the financial analysis and audit of PPP enterprises emphasizes the role of accounting in ensuring transparency. Kaplan and Norton highlight that systematic approaches in financial analysis improve efficiency [1]. International Financial Reporting Standards (IFRS) are recognized by Horngren et al. as crucial for enhancing reporting quality [2]. In developed countries, automated accounting systems significantly reduce costs [3]. In Kazakhstan, modern audit methods have reduced reporting errors [4].

Uzbekistan-based studies identify existing challenges. Local literature notes that manual accounting and lack of expertise in PPP enterprises lead to lower reporting quality [5]. Inadequate auditor qualifications contribute to errors [6]. Internationally, Uzbekistan's PPP projects exhibit lower transparency compared to developed countries, underscoring the need for systemic reforms [7].



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RESEARCH METHODOLOGY

The study is based on a mixed-methods approach. Qualitative analysis includes Uzbekistan's legislation ("On Accounting" and "On Public-Private Partnership" laws) and financial reports of PPP enterprises. International experience was examined for comparative purposes. Quantitative analysis relies on financial indicators (revenue, expenses, assets) and audit reports.

A survey was conducted involving accountants, auditors, and managers of PPP enterprises. Data were processed using statistical methods, including descriptive statistics and trend identification. Key indicators included reporting quality, audit effectiveness, and accounting costs. Proposed solutions—automated accounting, IFRS integration, and professional development—were tested in the Uzbekistan context.

ANALYSIS AND RESULTS

In Uzbekistan, the analysis and audit of the financial condition of PPP enterprises have shown notable improvement in recent years, yet significant challenges remain. The transition to modern accounting systems has enhanced the quality of financial reporting and positively influenced investor confidence. This process has strengthened the financial stability of PPP projects, particularly in infrastructure and social sectors.

In Tashkent, the adoption of modern accounting software has substantially improved reporting reliability, accelerated audit processes, and increased project attractiveness to investors. However, some enterprises continue to rely on manual accounting systems, resulting in errors and delays in reporting. Consequently, the full effectiveness of financial analysis is limited due to insufficient data quality. In Andijan, the application of financial analysis methods has improved project profitability, especially in agriculture and manufacturing PPP projects. Nevertheless, low auditor qualifications negatively affect audit quality. Inconsistencies in reporting were identified, impeding a comprehensive



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assessment of financial condition. Professional development programs have yielded some improvements, but coverage remains limited.

In Samarkand, systematic financial analysis methods—such as performance evaluation of financial indicators and risk identification—have contributed to greater project stability. In tourism and transportation projects, these methods ensured efficient use of financial resources. However, weak internal control systems led to reporting inconsistencies, complicating audits and limiting financial transparency, which in turn affected investor confidence.

In Fergana, manual accounting systems continue to result in low reporting quality, slowing audit processes and reducing the effectiveness of financial analysis. Initial digitization efforts, such as the introduction of automated software in some enterprises, have slightly improved reporting quality. However, inadequate infrastructure and shortage of qualified personnel have slowed progress.

Survey results indicate that the majority of specialists working in PPP enterprises identify data quality in financial reports, qualifications of accountants and auditors, and insufficient internal controls as the primary challenges. These issues impact the financial transparency of PPP projects and investor confidence.

Economically, improved accounting and audit systems have enhanced the efficiency of PPP projects. Projects in Tashkent and Samarkand have strengthened investor trust and contributed to economic development. In Andijan, applied analysis methods increased project profitability, while improvements in Fergana have been slower. Overall, modern accounting and audit methods play a significant role in strengthening the financial condition of PPP enterprises, aligning with international experience.

In developed countries such as Germany, automated accounting systems markedly improve reporting quality—a trend partially observed in Tashkent. In Andijan, the application of financial analysis resembles methods that improved audit quality in Kazakhstan, though challenges in Uzbekistan are deeper.



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Reporting inconsistencies are widespread in Uzbekistan but rare in developed countries due to high data quality. Manual accounting reduces reporting quality in Fergana, whereas countries like Kazakhstan that successfully implemented digitization have seen fewer such issues. Lack of qualifications affects audit quality—a common problem in emerging economies noted in the literature. Weak internal controls increase financial risks, which are mitigated through strict controls in international practice.

Survey findings underscore the need for systemic reforms regarding qualifications and data quality. Improvements in Tashkent have boosted investor confidence, while results in Samarkand have contributed to economic stability. Limitations in Andijan and Fergana highlight the necessity of digitization and professional development. International experience—such as automation in Germany and capacity building in Kazakhstan—can enhance transparency in Uzbekistan. In the future, hybrid approaches combining digital systems and international standards may achieve high efficiency.

CONCLUSION AND RECOMMENDATIONS

The study confirms the important role of modern accounting and audit systems in enhancing financial transparency and project sustainability in PPP enterprises in Uzbekistan. The adoption of modern accounting software and analysis methods has improved reporting quality, strengthened investor confidence, and ensured efficient use of financial resources. Improvements in Tashkent and Samarkand represent significant steps toward increasing the economic efficiency of PPP projects, while considerable challenges persist in Andijan and Fergana.

However, systemic issues—including reporting inconsistencies, inadequate qualifications of accountants and auditors, reliance on manual accounting systems, and weak internal controls—continue to limit the effectiveness of financial analysis and audit in PPP enterprises.



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These problems affect not only the reliability of financial reporting but also investor interest in projects and overall economic stability.

International experience offers valuable lessons for Uzbekistan. For example, automated accounting systems in developed countries significantly reduce reporting errors and could be widely implemented in Uzbekistan. Kazakhstan's experience highlights the importance of professional development programs in improving audit quality. Strengthening internal control systems is a critical step in managing financial risks.

To address these issues, the following recommendations are proposed:

1. Widespread introduction of digitized accounting systems: Modern software will improve reporting quality and reduce costs.
2. Enhancement of qualifications for accountants and auditors: Continuous education programs will decrease errors and improve audit quality.
3. Strengthening internal control systems: Rigorous control mechanisms will aid in managing financial risks.
4. Adoption of International Financial Reporting Standards: IFRS integration will ensure compliance with international requirements.

These recommendations will improve financial management in Uzbekistan's PPP projects, increase investor confidence, and contribute to economic development. The study provides a general roadmap not only for Uzbekistan but also for other developing countries seeking to strengthen financial systems in PPP projects. Future research could explore emerging directions, such as the application of artificial intelligence and blockchain in PPP auditing.

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