

**DIRECTIONS FOR IMPROVING THE ACCOUNTING AND ANALYSIS OF
FINANCIAL INVESTMENTS BASED ON INTERNATIONAL STANDARDS**

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Annotation: This article explores the concept of financial investments, as well as modern approaches to their accounting and analysis based on International Financial Reporting Standards (IFRS). In particular, the current state of practice in Uzbekistan is analyzed, and directions for improvement are proposed based on international experience.

Key words: financial investments, accounting, international standards, IFRS 9, analysis, investment portfolio, fair value, valuation.

Annotatsiya. Ushbu maqolada moliyaviy investitsiyalar tushunchasi, ularning hisobini yuritish va tahlil qilishning xalqaro standartlar (IFRS) asosidagi zamonaviy yondashuvlari yoritilgan. Xususan, O'zbekistonda bu boradagi amaliyot holati tahlil qilinadi va xalqaro tajriba asosida takomillashtirish yo'nalishlari taklif etiladi.

Kalit so'zlar: moliyaviy investitsiyalar, buxgalteriya hisobi, xalqaro standartlar, IFRS 9, tahlil, investitsiya portfeli, adolatli qiymat, baholash.

INTRODUCTION

Financial investments are funds directed by an enterprise towards long-term or short-term financial assets with the aim of generating income or increasing capital value. They have a direct impact on the company's financial stability, liquidity level, and profitability.¹

In today's conditions of globalization, the activation of the investment market, the necessity to protect investors' interests, and the demand for preparing internationally comparable reports require the improvement of accounting and analysis of financial investments in accordance with international standards. This issue is especially urgent in the Republic of Uzbekistan during the gradual transition to International Financial Reporting Standards (IFRS).

LITERATURE REVIEW

The accounting and analysis of financial investments encompass existing scientific literature as well as international and national sources. Research in this field is primarily conducted in the following areas: the theoretical foundations of the concept of investment, international standards for accounting of financial instruments (IFRS 9, IAS 28, IFRS 7), differences between national and international practices, and methodological approaches to their improvement.

IFRS 9 introduced a modern model for the recognition and measurement of financial assets — the expected credit loss (ECL) model — which has been extensively studied by many foreign scholars. In particular, Barth, Landsman, and Lang (2008) analyzed the transparency of financial reporting and the closeness of financial asset valuations to their fair value based on international standards. Their research demonstrates that IFRS has a positive impact on financial stability.²

¹ IFRS Foundation. (2021). *IFRS 9 – Financial Instruments*. www.ifrs.org

² IASB (International Accounting Standards Board). *IAS 28 – Investments in Associates and Joint Ventures*.

Nobes and Parker (2020) analyzed the degree of adaptation of national accounting systems to international standards, focusing especially on the challenges faced by developing countries. They emphasized the critical role of infrastructure, qualified personnel, and the regulatory-legal environment in the process of transitioning to international standards.

Among the research conducted in Uzbekistan, the article titled "The Importance and Relevance of Applying International Financial Reporting Standards in the Republic of Uzbekistan" by Z. Nurmatov (2023) analyzes the process of IFRS implementation in the country, the current state, and prospective directions.³ The author points out that full compliance with international standards in investment accounting has not yet been fully achieved in Uzbekistan.

Additionally, Sh. Muzrapova (2024), in her article titled "Transforming Investment Property Accounting Based on International Standards," highlighted the advantages of the fair value concept in the valuation of investment properties and revealed the challenges associated with its practical application.⁴ She emphasizes the importance of ensuring transparency of information for investors by valuing financial assets at fair value.

D.Nasirkhodjaeva (2024) analyzed the consolidation issues related to accounting for investments in subsidiaries and associates.⁵ Her research includes methodological recommendations for preparing consolidated financial statements in accordance with international standards.

METHODOLOGY

The purpose of this scientific study is to identify directions for improving the accounting and analysis of financial investments based on international standards, with an emphasis on a qualitative and in-depth analytical approach. The research methodology includes an analysis of theoretical foundations, practical cases, and regulatory documents.

During the research, first and foremost, international financial reporting standards—specifically IFRS 9 "Financial Instruments," IAS 28 "Investments in Associates and Joint Ventures," and IFRS 7 "Financial Instruments: Disclosures"—were thoroughly studied. Within the framework of these standards, international approaches to recognition, measurement, classification, and presentation of investments in financial statements were analyzed.

DISCUSSION AND RESULTS

Financial investments are a crucial factor in shaping the financial stability, liquidity, and profitability of any economic entity. This study scientifically examined the necessity of conducting the accounting and analysis of financial investments based on International Financial Reporting Standards (IFRS) and yielded several important findings and conclusions.

First of all, the main differences between international standards and the national accounting standards of the Republic of Uzbekistan were identified. In particular, the concept of fair value predominates in the valuation of financial investments under international standards. According to IFRS 9, financial assets are classified into three categories, each measured by a specific method—amortized cost, fair value through other comprehensive income (FVOCI), and

³ Nurmatov Z. (2023). "Moliyaviy hisobotlarning xalqaro standartlarini O'zbekiston Respublikasida qo'llashning ahamiyati va dolzarbligi", *Yashil Iqtisodiyot va Taraqqiyot jurnali*.

⁴ Muzrapova Sh. (2024). "Investision mulk hisobini xalqaro standartlar asosida transformatsiya qilish", *GED Journal*.

⁵ Nasirkhodjaeva D. (2024). "Improvement of methodology of accounting and analysis of financial statements", *GED Journal*.

fair value through profit or loss (FVTPL)—which allows investments to be reflected more realistically and transparently. In contrast, national practice often favors a conservative approach based on historical (initial) cost valuation, which reduces the accuracy in determining the real value.

Furthermore, it was identified that the level of disclosure of financial information related to enterprises' investment activities does not fully meet international requirements. According to IFRS 7, a company must provide comprehensive disclosures regarding financial instrument-related risks, including credit risk, liquidity risk, and market risk. Practical analyses show that many companies in Uzbekistan limit themselves to brief and general information in this regard, which hinders investors from making accurate conclusions.

During the study, international experience was analyzed, particularly in developing countries where IFRS has been implemented, such as Turkey, Poland, and Malaysia. These countries have significantly increased the volume of foreign investments and enhanced financial transparency by adopting financial reporting standards in practice. In Uzbekistan, although the transition of large enterprises to international standards has been initiated since 2021 based on a presidential decree, numerous systemic shortcomings remain. These include low personnel capacity, insufficient implementation of information technologies, and the underdeveloped infrastructure for independent valuation.

Analyses show that the following directions are of paramount importance for improving the accounting and analysis of financial investments based on international standards:

1. Transforming the national reporting system based on IFRS 9 and other relevant standards — this will align the classification, measurement, and presentation of investments in reports with global practices.
2. Implementing the fair value model in the valuation system — considering market prices, realistic valuation increases the transparency of information.
3. Enhancing staff qualifications and expanding IFRS training courses — it is necessary to organize continuous professional development courses for accountants and financial analysts.
4. Introducing information technologies and digitalization — creating automated analysis mechanisms for financial investments through systems like ERP and BI is essential.
5. Strengthening independent auditing and valuation systems — this is a crucial factor in increasing the reliability of companies' financial investment reports.

The study also proposes the development of an integrated financial analysis model as an alternative approach. In this model, investments are analyzed not only based on financial indicators but also on strategic, environmental, and social criteria.

Overall, the research findings demonstrate that improving the accounting and analysis of financial investments in line with international standards is a key factor not only in enhancing the financial position of enterprises but also in increasing their international investment attractiveness, promoting economic digitalization, and ensuring financial transparency.

CONCLUSION

Improving the accounting and analysis of investments based on International Financial Reporting Standards (IFRS) plays a crucial role for Uzbekistan in ensuring financial transparency, increasing investor confidence, and integrating the national economy into global markets. Enhancing valuation methods, strengthening human resource capacity, and advancing technological digitalization are the main strategic priorities on this path.

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