



LEGISLATIVE REGULATIONS FOR ACCOUNTING OF FINANCIAL INVESTMENTS IN THE REPUBLIC OF UZBEKISTAN

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Annotation. The article examines the legal basis for accounting for financial investments in the Republic of Uzbekistan. An analysis of current regulatory legal acts governing the recognition, evaluation, classification and reflection of financial investments in accounting is conducted. Particular attention is paid to the National Accounting Standards (NAS), their harmonization with International Financial Reporting Standards (IFRS), as well as the role of the Central Bank and the Ministry of Economy and Finance in the formation of investment policy.

Key words: financial investments, accounting, Uzbekistan, NAS, IFRS, legal regulation.

Introduction. Financial investments play an important role in ensuring sustainable economic growth, contribute to the modernization of the production base, increase the competitiveness of enterprises and strengthen financial stability. In the context of active reform of the financial system of the Republic of Uzbekistan, the development of the legal framework for accounting of financial investments is of particular importance. The article is aimed at studying the regulatory framework for accounting of financial investments operating in the country, identifying existing problems and determining the prospects for the development of the accounting system.

Financial investments are the placement of funds in various financial instruments with the aim of generating income. In the context of accounting, financial investments include investments in:

- shares and bonds;
- government and municipal securities;
- shares in the authorized capital of other organizations;
- debt obligations (bills of exchange, loans and credits);
- other financial instruments.

According to NAS № 14, investments are classified as:

- short-term (up to 12 months);
- long-term (over 12 months).



Such classification is necessary for correct reflection in the reporting according to the prudence principle and for assessing the liquidity and financial stability of the enterprise.

The legislative basis for accounting of financial investments in the Republic of Uzbekistan is a set of normative legal acts that regulate the rules of recognition, classification, evaluation and disclosure of information on financial investments in accounting. The main documents that form the legal framework include:

1. The Law of the Republic of Uzbekistan "On Accounting" (as amended on April 6, 2020 № 3PY-611) defines the uniform methodological foundations for accounting, the procedure for recognizing assets and liabilities, including financial investments, and the requirements for the preparation of financial statements.
2. The Law "On the Securities Market" (№ 3PY-163 of July 3, 2008) establishes the legal regime for the issue, circulation and storage of securities, including requirements for the disclosure of information on investments in such securities.
3. The Law "On Auditing Activity" (№ 3PY-69 of May 26, 2000) regulates the verification of the reliability of financial information, including information on financial investments, presented in accounting and financial statements.
4. National Accounting Standard (NAS) № 14 "Financial Investments" - approved by the order of the Ministry of Finance of the Republic of Uzbekistan dated February 27, 2002. The standard describes the procedure for classifying investments, methods for their evaluation upon initial recognition and on subsequent dates, as well as the principles for accounting for the impairment and disposal of investments.
5. Regulatory documents of the Ministry of Economy and Finance, including methodological recommendations for reflecting financial investments in accounting and reporting.
6. Regulations and instructions of the Central Bank of the Republic of Uzbekistan regulating the procedure for reflecting financial assets and liabilities in banks and other financial institutions.
7. Instructions of the State Tax Committee concerning the reflection of investment activities in tax accounting, including taxation of investment income and depreciation charges.





Thus, legislative regulation of accounting of financial investments in Uzbekistan is systemic and comprehensive, covering both general principles of accounting and specialized requirements for financial investments. However, despite the existence of a regulatory framework, there remains a need for its further improvement, taking into account international practice.

According to the provisions of NAS № 14 "Financial Investments", organizations are required to recognize investments in securities and other financial assets as assets if the following conditions are met:

- there is a high probability of receiving future economic benefits from using the object;
- the value of the object can be reliably determined.

Initial recognition of financial investments is carried out at actual cost, which includes purchase price; intermediary commissions; government duties and taxes paid in connection with the acquisition; other expenses directly related to the acquisition.

Subsequent measurement of financial investments:

Short-term financial investments — are measured at the lower of cost or market value at each reporting date;

Long-term investments — are recorded at historical cost less possible impairment. Signs of impairment include deterioration in the financial condition of the issuer, decrease in market value.

Investment income from financial investments is reflected as part of other income - when dividends or interest are received; as profit or loss - when the investment is disposed of.

Financial investments are disposed of using one of the following methods:

- average cost method;
- FIFO method (first in - first out).

The choice of method is recorded in the accounting policy of the enterprise and must be consistently applied from one reporting period to another.

Thus, accounting of financial investments according to NAS provides a structured and reliable reflection of investments, and also allows analyzing the investment activity of the enterprise in terms of risks and profitability.

The process of harmonizing National Accounting Standards (NAS) with International Financial Reporting Standards (IFRS) in the Republic of Uzbekistan is a key component of accounting reform. The aim is to increase the transparency of financial information and attract foreign investment by aligning local practices with global norms.



Criteria	NAS (Standard No. 14)	IFRS (IFRS 9)
Classification	Short-term / Long-term investments	Amortized cost, Fair value through P&L, or OCI
Initial Recognition	At historical cost	At fair value plus transaction costs
Subsequent Measurement	Short-term: lower of cost and market; Long-term: at cost less impairment	At fair value or amortized cost depending on classification
Impairment	If indicators are present	Expected credit loss model
Income from Investments	Included in other income	Based on classification (P&L or OCI)
Disposal of Investments	FIFO or weighted average	Gain/loss based on fair value

Table 1. Comparison NAS vs IFRS in Investment Accounting

There are several challenges in harmonization National Accounting Standards (NAS) with International Financial Reporting Standards (IFRS). The primary challenges are delayed adoption of fair value-based accounting, lack of qualified IFRS professionals, gaps in methodology and accounting systems and need for more regulatory and institutional support.

Thus, the harmonization of NAS with IFRS in the field of financial investments is an important step towards creating a favorable investment environment and integrating the Republic of Uzbekistan into the international financial space. However, for the full implementation of this process, a comprehensive modernization of the regulatory framework, an increase in the level of professional training of accountants and auditors, as well as the development of accounting infrastructure are required.

Conclusion

Legal regulation of accounting of financial investments in the Republic of Uzbekistan today is a complex and dynamically developing system, based on the interaction of national accounting standards (NAS), international financial



reporting standards (IFRS), as well as regulations of the Central Bank, the Ministry of Economy and Finance and other regulatory bodies.

The analysis shows that the legislative base includes both general framework laws (for example, the Law on Accounting) and specialized regulations that determine the procedure for accounting, evaluation and disclosure of information on financial investments. NAS №14 provides a basic accounting structure, but needs further updating and approximation to the requirements of IFRS, in particular to the IFRS 9 standard, which is especially relevant in the context of globalization and Uzbekistan's desire to integrate into the international economic space.

The role of the Central Bank and the Ministry of Economy and Finance remains key in the process of harmonizing standards, forming an investment climate and providing methodological support to enterprises. These institutions must not only develop the regulatory framework, but also ensure its practical applicability through training, auditing, consulting and digitalization of accounting processes.

Thus, in order to improve the efficiency of accounting for financial investments in the Republic of Uzbekistan, it is necessary to continue reforming national standards, actively implement international approaches, develop financial infrastructure and strengthen institutional support. Only with a comprehensive approach can we ensure reliable, transparent and comparable presentation of investment information in reporting, which, in turn, will contribute to increased investor confidence, an improved investment climate and sustainable economic development in the country.

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