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Methodological Problems of Accounting the Financial Investments of Enterprises in Accepting International Standards in the Republic of Uzbekistan

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Abstract: In article the main problems of the method of accounting for the financial investments in the Republic of Uzbekistan are identified and recommendations for improving the existing accounting methodology are given.

Keywords: financial investments, securities, accounting value, long-term financial investments, short-term financial investments.

Introduction.

In the context of globalization and economic integration, enterprises strive to further develop their economy and enter the international market. In the international market, financial investments in the stock exchange are very developed. For this reason, in order to effectively use their funds, companies invest them in enterprises and organizations in need of funds, at a certain interest rate or share. The main purpose of financial investments is to implement the process of redistributing funds between those who are in need of them and those who have excess funds and are ready to invest them in order to generate additional income in the future in the form of interest, dividends or value gains.

Methods.

Methods of comparison, scientific abstraction, logical thinking, observation and analysis were used in the research process.

Results and Discussion.

The definition of financial investments given in the main regulatory document of the Republic of Uzbekistan in the field of accounting for financial investments - NAS 12 "Accounting for financial investments" does not disclose the economic essence of the concept of "financial investments", but only provides a list of assets that, subject to a number of conditions, must be attributed to financial investments. [1, p.3]

It should be noted that in practice, the above list, together with the criteria for recognizing financial investments, serves not for recognition, but for the classification of financial investments.

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In the last decade, there has been an increased interest of investors in financial derivatives or derivatives: futures, forward contracts, options, warrants, etc. In the course of analyzing the regulatory framework, we noted that the concepts of “financial instrument”, “financial asset”, “financial liability”, “equity instrument”, “derivative financial instrument” or “derivative” are not used in the Uzbek regulatory framework.

The above listed financial instruments do not fall into the list contained in the current legislative acts, which means that there is no regulatory framework governing their accounting. Thus, the dynamically developing financial instruments market is constantly improving and offering new financial assets. These changes give rise to interest in the modernization of the existing methods of accounting and analysis of financial investments of a commercial organization.

The study of the economic literature has shown that the opinions of the authors in the understanding of such accounting categories as "financial investments", "financial instruments", "financial derivatives", "investments" differ.

Many authors have paid much attention to the study of the concept of "financial investments". After analyzing their opinions, we came to the conclusion that "financial investments" is the process of diverting their monetary funds and other resources by organizations with their subsequent investment of assets of another organization, which are not cash and receivables, in order to participate in the distribution of profits of other organizations (in form of dividend), receiving additional income in the form of interest or receiving other economic benefits (income from value gains, benefits from established business relationships, the right to establish control over the issuing company, create commercial advantages, etc.).

Thus, in the process of analyzing the collected information, we came to the conclusion that financial investment is not always associated with income. Taking into account Russian practice, the purchase of 25% of the shares plus 1 vote gives the owner the right to block decisions of the general meeting of shareholders, and the purchase of 75% of the shares provides full control over the joint-stock company.

However, it should be noted that along with the concept of "financial investments", which is mainly used in the theory and practice of accounting, in economic theory and finance, the concept of "financial investments" is used, which are part of the more general concept of "investment". After analyzing the opinions of the authors, we came to the conclusion that financial investments are the process of investing in financial instruments to achieve the individual goals of the investor.

One of the most important tasks of management accounting is finding the most promising areas of financial investment. Often, financial investments are made in securities, the concept and types of which are given in the Civil Code of the Republic of Uzbekistan [2, p.50] and the law "On the Securities Market" No. 387-URK dated 03.06.2015. [3, p.2] The concepts of "financial investments" and "securities" are often equated, but not all securities can be an object of financial investments and not all financial investments are securities. For example, checks, bills of exchange accelerate money circulation and serve only as a means of settlement, without being an object of financial investments. At the same time, a contribution or a share in the authorized capital that is not formalized in the form of a share is a financial investment, not a security. In addition, the financial loans provided to the organization cannot be classified as securities, since they cannot circulate on the market, become an object of purchase and sale.

In addition, we noted that some authors disclose the concept of financial investments through the category of financial assets. In our opinion, this is not entirely true, since the concept of a financial

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asset is fully disclosed in IAS 32 "Financial Instruments: Disclosure and Presentation of Information" and it follows from it that the category "financial asset" is broader than the category "financial investment", and, on our view includes both "financial investments" and "securities". In addition, one should pay attention to the fact that in the national economic literature the concepts of "financial investment" and "financial instrument" are identified. In our opinion, most closely and in detail the essence of the concept of "financial instrument" reflects the definition given in IAS 32, according to which "a financial instrument is any contract in which a financial asset of one company and a financial liability or equity instrument of another company arise at the same time." Thus, financial investments, being part of the concept of a financial asset, appear to be a narrower category in comparison with the category of a financial instrument and, accordingly, the possibility of interchangeability and synonymy of these categories disappears. However, the introduction of the term financial instrument into national legislation may lead to a conflict with civil legislation.

Conclusion and recommendations.

According to NAS 12 "Accounting for financial investments" for the recognition of financial investments, it is necessary to simultaneously fulfill a number of conditions. However, in practice, a contradiction arises between the criterion for the transfer of economic risks and the presence of properly executed documents. As an example, we can cite the following situation: an organization made a decision to make a financial investment in the form of a financial asset purchase, then a purchase agreement is concluded, this is the date of the transaction, then the organization needs time to transfer funds, after which the asset is delivered, this is the date of execution. Thus, there is a time lag between the transition to the organization of the risks and rewards of ownership of the asset (date of the transaction) and the rights to the financial asset (date of execution). In practice, the issue is resolved in documentary evidence. In other words, if the asset has been delivered, then it is recognized in the accounting regardless of the availability of payment, but if payment has occurred, then the financial investment is recognized as a receivable, i.e. financial assets are recognized only after delivery and transfer of title to them.

It is important for commercial organizations that are financial investors to organize an effective system for analyzing financial investments, which would allow identifying the most effective areas of investment and activities to minimize the risks associated with financial investments. In the methodological literature, the issues of forming an information base for analyzing the financial investments of an organization have not been sufficiently developed; development of an assessment of the impact of the structure of financial investments on the value of an organization has not been developed.

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