

IMPROVING ACCOUNTING AND AUDITING OF INVESTMENT ACTIVITIES IN JOINT STOCK COMPANIES

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Abstract: *In the context of a market economy, the efficiency of joint stock companies is closely linked to their investment policies. Proper organization of investment activities, accurate accounting treatment, and regular auditing are essential for ensuring financial stability. In recent years, the Republic of Uzbekistan has implemented a series of reforms to harmonize accounting and auditing systems with international standards, particularly through the adoption of International Financial Reporting Standards (IFRS). This paper examines the main aspects of accounting and auditing of investment activities in joint stock companies and proposes practical directions for their improvement.*

Keywords: *Investment activity, accounting, auditing, IFRS 9, financial instruments, digital technologies, financial stability.*

1. Introduction

In a market economy, the performance of joint stock companies (JSCs) depends largely on the effectiveness of their investment activities. Properly structured investments, transparent accounting, and timely auditing contribute significantly to maintaining the company's financial sustainability.

In Uzbekistan, major reforms have been undertaken to modernize the accounting and auditing systems in accordance with IFRS (International Financial Reporting Standards). In particular, significant progress has been made in implementing IFRS 9 "Financial Instruments" to ensure greater accuracy in the accounting of financial assets and liabilities [1].

2. Main Part

2.1. Key Directions of Investment Activity in JSCs

Investment activity in joint stock companies generally includes:

Long-term investments – acquisition of fixed assets, securities, and shares in subsidiaries;

Short-term financial investments – marketable securities and deposits;

Reinvestment of profits – reinvestment to increase capital and returns.

In accounting, investments are recognized and measured according to National Accounting Standards and IFRS 9: Financial Instruments, applying the principles of initial recognition at cost and subsequent revaluation at fair value [2].

2.2. Audit Aspects of Investment Activities

From the auditing perspective, the following aspects are particularly important:

The legal validity of investment transactions;

Accuracy of valuation of investment assets;

Verification of financial results derived from investment operations;

Assessment and mitigation of investment risks.

The application of digital technologies and artificial intelligence tools in the auditing process opens new possibilities for analyzing investment activities [3]. For instance, automated data analytics systems allow auditors to detect inconsistencies and anomalies in financial transactions more efficiently.

Figure 1. The Role of Investment Activities in Accounting and Auditing Systems

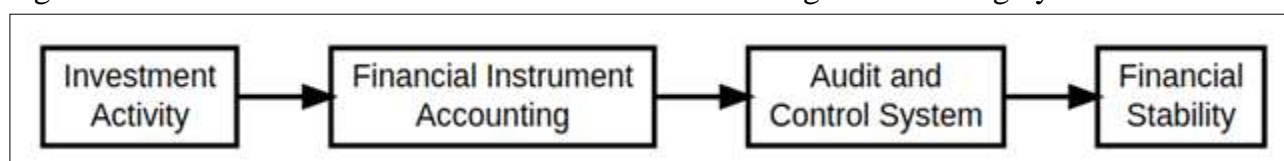


Table 1. Accounting Improvements for Investment Activities

No	Accounting Area	Current Practice	Proposed Improvement
1	Long-term investments	Recognized at initial cost	Revaluation at fair value
2	Dividend income	Included in profit and loss statement	Adjustment in line with IFRS 9 requirements
3	Securities accounting	Not recorded at market value	Introduction of digital monitoring systems

3. Conclusion

Improving the accounting and auditing of investment activities in joint stock companies enhances financial stability, increases investor confidence, and facilitates integration with international financial markets.

Future efforts should focus on developing national methodologies based on international standards, expanding the use of digital auditing technologies, and improving the professional qualifications of auditors.

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