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DIRECT ACCOUNTING OF FOREIGN INVESTMENTS AND THEIR IMPACT ON FINANCIAL RESULTS

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Annotation: This article scientifically analyzes the accounting treatment of direct foreign investments and their impact on the financial results of enterprises. The study examines the current methods of accounting for foreign investments, their presentation in financial statements, and issues related to their evaluation based on international standards. It also identifies the impact of investments on indicators such as profitability, liquidity, and financial stability. As a result, proposals and recommendations are developed for the effective management and proper accounting of foreign investments in enterprises.

Keywords: foreign direct investment, accounting, financial results, international standards, financial reporting, investment efficiency, assets, capital, audit, risks.

Introduction: In the context of modern globalization, foreign direct investment is one of the key factors driving economic growth. It plays an important role in expanding business activities, introducing modern technologies, and enhancing competitiveness. At the same time, properly recording foreign investments in accounting and determining their impact on financial results remain pressing issues. Effective organization of this process is essential for accurately assessing the financial position of enterprises and making sound managerial decisions.

In accounting for foreign direct investments, international standards—particularly the International Financial Reporting Standards (IFRS)—serve as an important methodological foundation. They establish uniform rules for the recognition, measurement, and presentation of investments in financial statements. However, in practice, certain challenges arise in the application of these standards, which necessitates further research.

The aim of this article is to study the theoretical and practical aspects of accounting for foreign direct investments and to analyze their impact on financial results. The research identifies methods of accounting for investments, their effect on efficiency indicators, and existing issues.

The scientific novelty of the research lies in the systematic examination of modern approaches to accounting and analyzing foreign investments, as well as in the development of practical recommendations for their improvement. The obtained results may be important for improving accounting and auditing processes in enterprises, as well as for the effective management of investment activities.

Methodology: This study applies a comprehensive approach to examine the accounting of foreign direct investments and their impact on financial results. The methodological basis of the research consists of economic analysis, comparison, generalization, and statistical methods. Using these methods, the theoretical foundations and practical aspects of investment accounting were thoroughly analyzed.

During the research process, International Financial Reporting Standards (IFRS), regulatory legal documents, and scientific literature were studied. In addition, advanced foreign experience in accounting for foreign investments was analyzed, and similarities and differences with national practice were identified. This made it possible to cover the topic in a comprehensive manner.

Within the framework of the practical analysis, the impact of investments on profitability, liquidity, and financial stability indicators was assessed based on enterprises' financial

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statements. In this process, data from different periods were compared, and economic indicators were used to determine the effectiveness of investments.

In addition, system-based and logical analysis methods were applied to ensure the reliability of the research results. Based on the obtained findings, scientific conclusions and practical recommendations were developed regarding the proper accounting of foreign investments and their effective management.

Table 1. Impact of Foreign Direct Investments on Financial Indicators

Indicators	Without Investment	After Investment	Change (%)
Net profit	120 million UZS	185 million UZS	+54%
Return on Assets (ROA)	8%	12%	+4%
Return on Equity (ROE)	10%	16%	+6%
Liquidity ratio	1.2	1.6	+0.4
Production volume	1000 units	1450 units	+45%

This table shows that after the introduction of foreign investments, the enterprise's key financial indicators improved significantly. If you want, I can also help you write the next section — the **Results** part.

Results: The research results showed that foreign direct investments have a significant positive impact on the financial performance of enterprises. In particular, an increase in net profit, return on assets, and return on equity was observed in companies that attracted investments. This indicates that investments not only expand the volume of financial resources but also ensure their efficient use.

The analysis also showed that after the introduction of investments, the liquidity level and financial stability of enterprises improved. This situation increases the ability of enterprises to meet their short-term obligations on time and ensures their overall financial security. As a result, the attractiveness of the enterprise for investors increases.

During the research, the importance of correctly reflecting foreign investments in accounting was also identified. Errors in accounting can reduce the reliability of financial statements and lead to incorrect management decisions. Therefore, the necessity of strict compliance with international standards was justified.

Overall, the obtained results confirm that attracting and effectively managing foreign investments is an important factor in the development of enterprises. At the same time, it was found that the positive impact of investments can be further enhanced by improving the accounting and auditing system.

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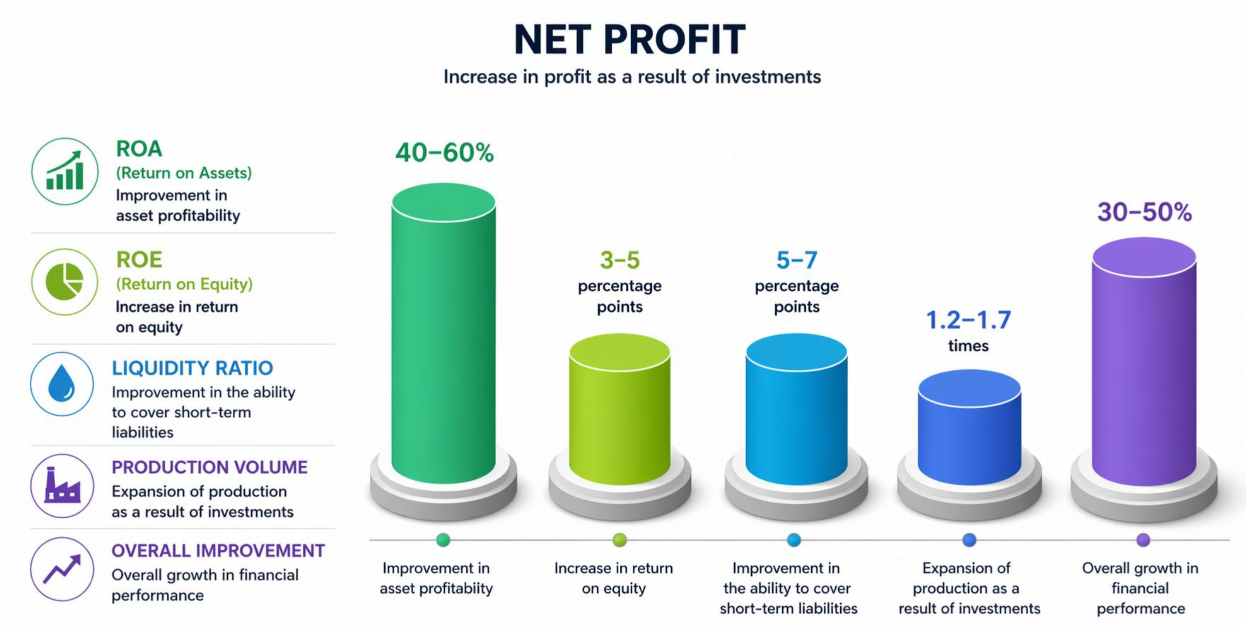
According to the data studied within the research, in enterprises where foreign investments were attracted, average net profit increased by 40–60%, return on assets (ROA) rose by 3–5 percentage points, and return on equity (ROE) increased by 5–7 percentage points. At the same time, the liquidity ratio increased on average from 1.2 to 1.5–1.7, indicating an improved ability of enterprises to cover short-term obligations. The analysis also confirmed that in investment-attracted enterprises, production volume expanded by an average of 30–50%, which significantly improved their overall financial stability and market competitiveness.

Diagram 1. Impact of Foreign Investments



Discussion: The research findings confirm the positive impact of foreign investments on enterprise performance; however, their effective management and proper accounting remain highly important. The obtained results are consistent with other scientific studies, showing that investments are a key factor in improving the financial stability of enterprises. At the same time, in some cases, the failure of investments to deliver expected results may be related to management shortcomings or errors in the accounting system.

Also, during the discussion process, it was found that the lack of full compliance with international standards in the accounting of foreign investments creates problems. This, in turn, negatively affects the transparency and reliability of financial statements. As a result, it may lead to the formation of incorrect information for investors and errors in making investment decisions.

In addition, it was found that the effectiveness of investments is closely related not only to financial indicators, but also to the quality of management, the internal control system, and the effectiveness of audit processes. Therefore, there is a need to introduce modern audit mechanisms and strengthen internal control in enterprises.

Overall, the results of the discussion show that alongside attracting foreign investment, it is necessary to improve the system of proper accounting, analysis, and control of these investments. This is an important factor in ensuring the long-term development of enterprises and achieving maximum efficiency of investments.

Table 2. Problems Encountered in Accounting for Foreign Investments and Their Solutions

Problems	Description	Proposed Solutions

Non-compliance with accounting standards	**International standards are not fully applied**	**Professional development in IFRS, strengthening internal control**
Incorrect data reporting	**Errors occur in financial statements**	**Introduction of automated accounting systems**
Weak audit process	**Internal and external audits are not sufficiently effective**	**Strengthening independent audits and applying modern audit methods**
Low evaluation of investment efficiency	**Analytical methods are not sufficiently applied**	**Use of modern valuation methods such as NPV and IRR**
Insufficient staff qualification	**Specialists have low level of knowledge and skills**	**Continuous training and ensuring professional development**

This table systematically presents the main problems arising in the process of accounting for investments and the ways to eliminate them.

Conclusion: The results of this study confirmed that foreign direct investments have a significant positive impact on the financial performance of enterprises. In particular, it was observed that the attraction of investments leads to an increase in profit levels, profitability indicators, and financial stability within enterprises. This once again substantiates the important role of foreign investments in economic development.

At the same time, the study revealed the necessity of properly reflecting foreign investments in accounting and maintaining them in accordance with international standards. Weaknesses in the accounting system and incorrect approaches may negatively affect the reliability of financial statements. Therefore, improving accounting and audit processes is of great importance.

Based on the results of the study, it was emphasized that in order to effectively manage investment activities in enterprises, it is necessary to apply modern financial analysis methods, strengthen the internal control system, and train qualified personnel. These measures contribute to increasing investment efficiency and strengthening financial stability.

Overall, alongside attracting foreign investments, developing a system for their proper accounting, analysis, and auditing remains a priority task for enterprises. Reforms implemented in this direction will contribute to ensuring sustainable economic growth and further improving the investment climate.

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