



INVESTMENTS AUDIT AND EVALUATIONS

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Abstract *This article analyzes the content of the processes of audit and evaluation of investments, their role in the economic system and their importance in ensuring their effectiveness. With an increase in the volume of investments, the need to control their financial security increases. Therefore, through an investment audit, the legitimacy, feasibility and effectiveness of investment projects are determined. The assessment, on the other hand, serves to determine the true value of the investment and it is the main resource in the decision-making process. The article discusses modern international approaches, methods of assessment (discounted cash flows, Market Comparison, asset-based approaches), as well as auditing standards used in Uzbekistan and international experiments. The results of the study show that the integrated approach of investment auditing and assessment serves to reduce investment risks and ensure the rational use of resources.*

Keywords: *Investment climate, BERI Index, Political stability, Foreign investments, Credit rating, Devaluation risk, International Rating System, Currency Convertibility.*

Introduction

Today, the importance of investments in modernizing the economy, increasing the volume of production and creating new jobs is invaluable. Investments are not only a flow of financial resources, but also a strategic factor in economic growth. Therefore, the effective organization of investment activities, ensuring its legality and economic efficiency are becoming an urgent issue for any state and organization. This in turn creates the need to conduct a thorough audit of

investments and evaluate them correctly. An investment audit serves to verify the correctness, transparency and reliability of financial actions taking place in the investment process. And the assessment allows you to determine the true value of these investments, analyze the level of risk and profitability. It is known that misjudged or insufficiently audited investments pose a risk not only to investors, but to the entire economic system.

This article analyzes the audit and evaluation mechanisms of investments, their application in practice, existing problems and proposed solutions. Also, on the basis of international experience and practical approaches, the role of audit and assessment in making investment decisions is highlighted.

Literature review

Research carried out at home and internationally on the system of audit and assessment of investments shows the continuous development of this industry.

In the international literature, the main task of the investment audit is to determine the economic efficiency of investment projects, assess risks, and ensure financial transparency. Finance specialist L. In his work, Gitman (2018) argues that audit mechanisms play a decisive role in investment decision-making. Also, A. Damodaran (2020) notes the need to accurately take into account risk, expected return and capital value when evaluating investments.

In the experience of Uzbekistan, the legal basis of investment activities was regulated by the decree of the president of the Republic of Uzbekistan PQ-4477 of December 12, 2022. This decision sets out specific procedures for the selection of investment projects, their financing and monitoring. Based on the official data of the State Statistical Committee, the Ministry of investments, industry and trade, and the Ministry of Finance in recent years, the distribution of investment flows and their sectoral cross-section is being analyzed.

A. in the scientific literature. Karimov (2021) and S. Zhurayev (2023) covered the current directions of attracting foreign investment in Uzbekistan and the existing problems in their audit. Their research has particularly raised issues such as the

discrepancies between real-world project outcomes and initial assessment, and the under-coverage of auditing activities.

According to UNCTAD (2023), a qualitative assessment of investments and the introduction of a thorough audit mechanism for them for developing countries, including Uzbekistan, is one of the keys to economic stability.

There is also an in-depth study of the effectiveness, audit Control and assessment systems of public investment through the Public Investment Management Assessment (PIMA) methodology developed on the recommendations of international financial organizations. These approaches are also being implemented in Uzbekistan step by step.

The above sources indicate that there is both national and international experience in the audit and evaluation of investments, and the harmonization of these experiences is an important factor in the development of the modern economy.

Methodology

This study harmonizes qualitative (qualitative) and quantitative (quantitative) research methods to study audit and evaluation systems of investments in Uzbekistan and internationally. The main goal is to analyze the transparency, effectiveness of investment projects and how their audit mechanisms work. During the study, an analysis was carried out based on the following sources:

Official statistics of the Ministry of investment, industry and trade of the Republic of Uzbekistan for 2020-2024;

- Relevant decisions and decrees of the president of the Republic of Uzbekistan;
- Reports and analytical data published by international financial organizations such as the World Bank, UNCTAD (United Nations Conference on Trade and Development), IMF and OECD;

- Scientific article, monographs and dissertations published between 2018 and 2024.
- The following methods were used in the data collection process:
- Analysis of documents-studied state legislation, regulatory documents and foreign experimental documents;
- Statistical analysis-the dynamics of investment flows, their share in GDP and changes in time are visualized through the Excel program;
- Comparative (comparative) analysis-investment assessment experiments of Uzbekistan and other developing countries were compared;
- Expert interviews-informal interviews with experts in the field were conducted, and feedback was received on real problems and their solutions.

Based on the results of the study, proposals were developed to improve the audit and assessment system of investment processes.

Results and Discussions.

Consider the economic content and essence of their investments in the output, it should be noted that in the economic literature. The term "investments" refers to "capital investments", "capital" there are many cases of application with concepts precisely in meaning it is found. Investments in such cases funds to fixed capital interpreted in the sense of insertion. At the moment it is also implied that it should be borne in mind that investments are made both in intangible assets and in intellectual property, and in working assets, including financial also applies to tools. When it is said that investments at the macroeconomic level, the manufacturer to the reproduction of the means of release, that is, housing it is understood part of the cost of increasing its premises, commodity reserves and so on. One of the factors of production is capital, while capital is primarily growing at the expense of

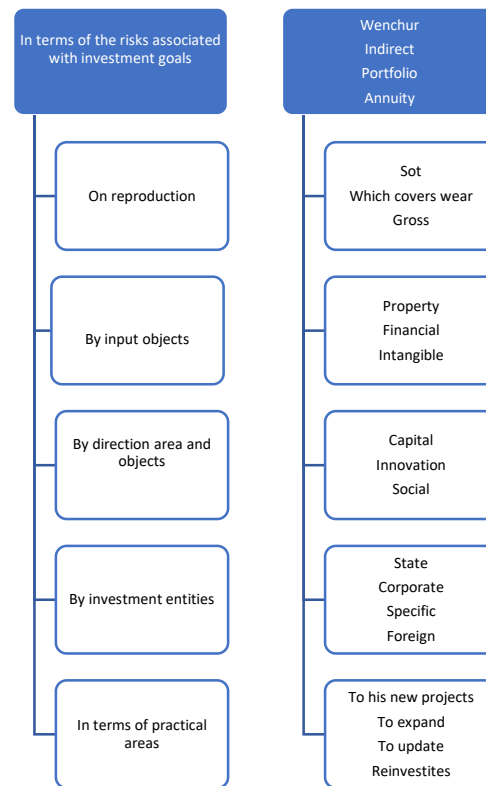
investments goes. Some economists consider investments from the same point of view grow capital, expand production, upgrade and total material, which is directed to rearmament by technique, in the way of the process of using labor and financial resources comment. Investment objectives and the risks associated with them based on Investments Venture (risky), directly, it is classified into types such as portfolio and annuity. As you know, new activities associated with large risks the form of venture capital to issue new shares in the fields . Also, investments differ from loans makes. In lending, the initiator is usually the debtor, while in investing, the initiative comes out of the investor. If the interest on the loan is specific to io v in the form of investments dividend, profit, interest, income, material goods, social, environmental and the results in the form of other effects will wait. These characters invest in boyclia and credit apart differ. The content of investments is through the forms of their manifestation, and the purpose is their main function — determined by accumulation.

Types and forms of investment

According to the economic content of investments, the following types available:

- real;
- financial;
- intellectual.

Real investments-these are the main tools of the enterprise bring and produce repeat, as well as material production to be added to the development of other forms of release are investments. This type of investment capital in accounting are recognized as deposits. Short and long according to financial investments the term is. Long-term financial investments are a long treatment has a term (more than 12 months) regarding the purchase of the activation are investments. Short-term financial investments-treated in itself lightly sold Financial, the term of which does not exceed 12 months are investments in the procurement of assets.



Long-term financial investment accounting functions include:

- long-term financial investments and on them timely and correct determination of income received;
- reserved for long-term financial investments ensuring timely write-off of funds;
- long-term financial investments ensuring that the income from long-term financial investments is reflected in the financial results of the enterprise;
- to calculate the corresponding part of the budget from the income received from long-term financial investments in accordance with the current regulatory documents, the requirement of the tax code organization, timely transfer of the relevant part of the budget supply;
- to ensure the expansion, development and use of the proceeds due to long-term financial investments for the needs of the enterprise team.

To facilitate accounting accounting of long-term financial investments, the following groups are distinguished:

- securities;
- investments in subsidiaries;
- investments in dependent associations;
- investments in joint ventures;
- other long-term investments.

Securities are the key to long-term investments forms part of. In conditions of liberalization of the economy the main means of directing investments in securities. Determining the investment climate world experience. Joint investment projects and joint when accounting for risks in the organization of enterprises, many foreign investors use the Beri index.

This index calculates the investment climate in the country based on 15 evaluation criteria with different salience it turns out. Each criterion has from 0 (non-valid) to 4 (extreme favorable) assessment is given. The high score scored represents a "stable country". The higher the score a country scores, the higher the profit intended to be derived from investment it is necessary, otherwise the investment is unreasonable. An overview of the Beri index is shown in Table 1.1.

BERI (Business Environment Risk Intelligence) Index Criteria

No	Criteria	Description	Weight (%)
1	Political Stability	Assesses the risk of unexpected government coups and their impact on business activities	12
2	Foreign Investment and Profit Attitudes	Measures the level of required social spending by private entrepreneurs	6
3	Nationalization	Covers risks from outright expropriation to granting privileges to local authorities	6

4	Devaluation	Evaluates the effect of currency devaluation on companies and the effectiveness of measures to mitigate its impact	6
5	Balance of Payments	Considers factors affecting the current account, overall balance, and foreign investors' income	6
6	Bureaucratic Procedures	Degree of state intervention in the economy, customs procedures, currency transfers, and related operations	4
7	Economic Growth Rate	Based on GDP growth: ranges are 3%, 3–6%, 6–10%, and above 10%	10
8	Currency Convertibility	Assesses the ability to exchange national currency for foreign currency and its availability for enterprises	10
9	Contract Enforcement	Ability to enforce contracts and challenges caused by language or cultural differences	6
10	Labor Costs and Productivity	Wages, labor productivity, and employment procedures	8
11	Access to Expert and Marketing Services	Availability of legal, accounting, marketing, technology, and construction consultancy services	2
12	Communication and Transport Infrastructure	Access to transport routes and communication systems between companies and their branches	4
13	Local Management and Partnership	Availability and capability of local partners to co-invest and cooperate in managing various issues	4
14	Short-Term Credit	Accessibility and usage of short-term credit for foreign partners	8
15	Long-Term Credit and Equity Participation	Conditions for partners to contribute to charter capital and availability of long-term loans in local currency	8

Index in relation to the economy of the Republic of Uzbekistan based on the investment environment imitative assessment, it is Recorded in Table 1.2.

International credit again when evaluating the country's investment climate ratings are also used.

Simulation Assessment of the Investment Environment of the Republic of Uzbekistan

№	BERI Index Criteria	Score	Weight (%)	Index
1	Political Stability	4	12	0.480
2	Foreign Investment and Profit Attitudes	3	6	0.180
3	Nationalization	2	6	0.120
4	Devaluation	0	6	0.000
5	Balance of Payments	1	6	0.006
6	Bureaucratic Procedures	1	4	0.040
7	Economic Growth Rate	1	10	0.010
8	Currency Convertibility	1	10	0.010
9	Contract Enforcement	3	6	0.180
10	Labor Costs and Productivity	2	8	0.160
11	Access to Expert and Marketing Services	1	2	0.020
12	Communication and Transport Infrastructure	1	4	0.040
13	Local Management and Partnership	3	4	0.120
14	Short-Term Credit	1	8	0.080

15	Long-Term Credit and Equity Participation	2	8	0.160
	TOTAL		100	1.61

Classification of Securities Used in International Credit Ratings

Standard & Poor's Rating	Moody's Rating	Interpretation of Rating (English)
AAA	Aaa	Extremely high reliability. Very high probability of paying interest and principal.
AA+	Aa1	High reliability. High probability of paying interest and principal.
AA	Aa2	High reliability. High probability of paying interest and principal.
AA-	Aa3	High reliability. High probability of paying interest and principal.
A+	A1	Above average reliability. High ability to repay debt, but depends on internal economic stability.
A	A2	Above average reliability. High ability to repay debt, but depends on internal economic stability.
A-	A3	Above average reliability. High ability to repay debt, but depends on internal economic stability.
BBB+	Baa1	Sufficient reliability. Depends on internal economic stability.
BBB	Baa2	Sufficient reliability. Depends on internal economic stability.

BBB-	Baa3	Sufficient reliability. Depends on internal economic stability.
BB+	Ba1	Unstable but possibly reliable under certain conditions.
BB	Ba2	Unstable but possibly reliable under certain conditions.
BB-	Ba3	Unstable but possibly reliable under certain conditions.
B+	B1	High default risk. Limited repayment capacity, but meets current obligations.
B	B2	High default risk. Limited repayment capacity, but meets current obligations.
B-	B3	High default risk. Limited repayment capacity, but meets current obligations.
CCC+	Caa	Low or no repayment probability. Financial capacity severely affected by instability.
CC	Ca	Generally non-repayable obligations. Issuer is bankrupt or incurring losses.

Figure in Table 1.3 of the eleven reputable agencies in the world developed by. Five of them are American, three Japan, two are Canadian and one is English agencies.

In this, 90% of the market belongs to two large and popular American companies — Standard and poor's Investor Service and Moody's Investor Service. Saving time from data in the rating of foreign investors widely used in order. The country's rating is high or the low will definitely matter. But to the same rating the entry itself is also in relation to this country in investors or it instills confidence to this extent. In the context of the globalization of the economy and market relations depending on the demand, the world is firm for investments the competitive struggle

continues consistently. Liberalization of foreign economic activity, our country the involvement of foreign direct investment in its economy improvement of legal, socio-economic and other conditions that provide, in relation to foreign investments conducting an open-door policy, the funds of the country in the priorities of ensuring economic independence, as well as embodiment in areas related to the production of competing products investment in the Republic the main principles of his policy are In recent years, Uzbekistan has undergone significant changes in improving the investment climate. In particular, the volume of foreign direct investment attracted to the country during 2024 was US \$ 11.9 billion. This was a 53.6 percent increase over 2023, equating to 10.3 percent of the annual GDP. Especially in the fourth quarter of the year, the FDI flow reached \$ 3.87 billion, one of the highest in the last three years.

Since the beginning of the year, an average of \$ 2.7 billion of investments have been attracted every quarter, while in the first half-year this figure has reached \$ 5.32 billion. This means 2.5 times more than in the same period last year. According to the CEIC Data Platform, as of September 2024, FDI's GDP ratio was 1.9 percent.

The growing investment flow is also reflected in the Central Asian region. Uzbekistan was the second largest city in the region after Kazakhstan in 2023, attracting \$ 2.5 billion in FDI. This situation means that the country is firmly striving for economic reforms and the trust of foreign investors is growing. Despite these positive indicators, it is important to strengthen existing monitoring, audit and evaluation systems to further stabilize and improve the efficiency of investment flows. Based on the available statistics, it can be said that Uzbekistan can achieve even higher results in the coming years by increasing competitiveness in the investment environment and creating favorable conditions for investors.

Conclusion

The concept of an investment environment is considered at the macro and microeconomic level in terms of its complexity and excellence out. At the

macroeconomic level, it is the recipient of capital the current political, economic and social situation in the country has its own includes. At the microeconomic level, the investment environment is on the one hand investor-firm asi and accept foreign investment on the second hand acting business entities, that is, sellers, buyers, banks and trade unions and other public organizations the duality between them reflects the relationship.

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