

ASSET VALUATION AND INFLATION: ENSURING THE ACCURACY OF FINANCIAL STATEMENTS IN CONDITIONS OF ECONOMIC INSTABILITY

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Abstract. This article analyzes the impact of asset valuation on the reliability of accounting and financial statements under conditions of economic instability and inflation. The article highlights the impact of the inflation rate on the value of assets, the need for their revaluation, and the advantages and disadvantages of valuation methods based on historical value and fair value. The issues of reflecting the actual value of assets in financial statements and providing reliable information for investors and other interested parties are considered. The results of the article show that modern valuation approaches are of important significance in ensuring the accuracy and transparency of financial statements in conditions of inflationary processes.

Keywords: assets, asset valuation, inflation, economic instability, financial reporting, fair value, historical value, revaluation.

Introduction. Financial markets are considered an important structural element of the modern economy and serve the efficient allocation of financial resources, the activation of investment processes, and the acceleration of economic development. These markets act as an intermediary between economic entities that possess temporary idle funds and entities that feel the need for additional financial resources. The economic nature of financial markets is characterized by ensuring the continuity of capital movement, supporting investment processes, and increasing the efficiency of financial resource utilization. At the same time, they also hold important significance in maintaining economic balance in society, increasing population incomes, and developing entrepreneurial activity. The activity of financial markets is carried out through financial institutions such as banks, insurance organizations, investment funds, brokerage companies, and stock exchanges. These institutions ensure the effective movement of cash, credit resources, and investment flows in the economy.

Main Economic Functions of Financial Markets

Table 1

Function	Content
Allocation of capital	Directing financial resources to efficient sectors
Stimulating investments	Attracting additional funds to enterprises and organizations
Ensuring liquidity	Possibility of rapid conversion of assets into cash funds
Risk management	Reducing risk through insurance and financial instruments
Mobilizing savings	Attracting funds of the population and

enterprises into investments

From a social perspective, financial markets serve to increase population welfare by involving idle funds of the population into economic circulation, assisting in the creation of new jobs, and expanding the opportunities for using financial services. Especially, the development of the capital market creates new sources of income for investors and strengthens economic activity. The financial market is considered a complex system consisting of several independent but interconnected segments. Each segment is characterized by its own specific financial instruments and participants.

Financial Market Segments and Their Description

Table 2

Market Type	Main Instruments	Economic Significance
Money market	Certificates of deposit, short-term loans	Ensures liquidity
Capital market	Shares, bonds	Finances long-term investments
Foreign exchange market	Foreign currencies	Supports international trade and investments
Credit market	Bank loans	Covers the financial needs of enterprises and the population
Insurance market	Insurance policies and contracts	Reduces financial risks
Securities market	Shares and bonds	Ensures the free movement of capital

The development level of financial markets is considered one of the important indicators of a country's economic potential and investment attractiveness. Under conditions where efficiently functioning financial markets exist, capital flows accelerate, the efficiency of using economic resources increases, and economic growth rates speed up. In recent years, wide-ranging reforms are being implemented in Uzbekistan to improve financial markets and adapt them to international standards. In particular, important measures are being carried out to develop the stock market, expand the emission of corporate bonds, increase the number of private investors, and implement digital financial technologies. These reforms serve to strengthen the stability of the national financial system, improve the investment climate, and support economic growth.

Conclusion. Financial markets are the most important infrastructural component of a market economy, ensuring the efficient allocation of economic resources and activating investment processes. Through them, temporarily idle financial funds are directed into the real sector of the economy, serving the growth of production volume, the expansion of the employment level, and the increase of national income. Analyses show that the efficient operation of financial markets is directly dependent on the development level of institutions such as banks, insurance companies, investment funds, and stock exchanges. Market segments – money, capital, foreign exchange, credit, insurance, and securities markets – ensure economic stability while being mutually integrated. The reforms being carried out in Uzbekistan to modernize financial markets, implement digital financial instruments, and improve the investment climate serve to increase the competitiveness of the national economy. In general, developed financial markets play a decisive role in the sustainable development of the country as an important driver of economic growth.

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