

REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

**THE PROBLEMS OF ACCOUNTING ANALYSIS OF
SECURITIES UNDER THE INTERNATIONAL STANDARDS
APPLICATION OF THE FINANCIAL REPORTING**

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Science: Economics

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OVERALL CHARACTERISTIC OF WORK

Relevance of the topic and degree of development. The stable growth of the country's economy is determined by the successful operation of large joint-stock companies and the expansion of their financial and, as a result, production and technical potential. A necessary condition for the dynamic development of the corporate sector is the formation of a developed securities market as an alternative system to bank lending for economic growth. Being an integral attribute of the market economy, the stock market cannot function separately from real economic processes. The formation of the securities market and its infrastructure should be adapted to the country's development strategy, and the economic grounds should ensure the creation and development of the market. In order to characterize the real role of the stock market in the implementation of the market economy mechanism, a number of important questions must be answered: what is the macro- and micro-economic significance of the securities market, and what does this market mechanism mean to the participants of the stock market—the economy as a whole, including individual economic entities and individuals? what instruments it can offer, who acts as the subjects of that market, and whose interests are included in the access to the securities market.

In our country, there is a need for a radical revision of the state policy regarding the stock market, which, as a result, should create a favorable opportunity for access to the non-speculative capital market. This will enable the mobilization of a large amount of resources for the implementation of long-term investments in production and the strengthening of corporate relations, and as a result, it will create the basis for stable economic growth in the country. Under such conditions, the state should apply all possible means of influence aimed at stimulating the access of enterprises to the financial market. In this context, the main task facing the state is to create a favorable investment environment in the country. This means, first of all, the creation of a well-thought-out, stable legal field based on a long-term strategy. Currently, the existing normative-legal framework does not fully meet these requirements.

The rapid development of market relations in Azerbaijan reveals the need to expand the sphere of application of securities in economic

circulation. In recent years, commercial organizations have become shareholders of those subjects by investing their free cash and their equivalents in securities in order to participate in the management of other enterprises or to profit from directed capital.

Securities are a specific economic category: a specific fictitious form of capital existence, a specific commodity with a set of characteristics, or a specific economic management tool with a specific monetary character. The economic status of securities is determined by their role and purpose in the stock market system. Security is primarily an economic category expressed through economic instruments. As an economic category, its features include reliability, profitability, liquidity, the existence of independent circulation, speed of circulation, investment potential, and value.

A security acts as a non-material or fictitious form of value by establishing the co-existence of value with other forms such as commodities, money, or capital. As a commodity, a security has both tangible and intangible forms. In the process of commodity exchange, it is necessary to distinguish two characteristics of a security: consumption value (social utility) and exchange value (property of exchange for other securities, commodities, or money in certain quantity proportions). A security, in itself, acts as a subject of market relations. It can be transferred, bought, sold, exchanged, or changed. In parallel, the profitable activity of value and its reflection in the sphere of circulation result in the existence of the same value in a dual form. Such dual forms of value, on the one hand, act in the form of material value with a corresponding reliable assessment, and on the other hand, the security has its price in monetary terms, which circulates in the market at that price. The dual form of value means that the security may have a different monetary value than the price quoted in the issue transaction. This deviation occurs when the future value of the transaction does not coincide with the initial value. By circulating in the stock market, securities perform a number of public functions: concentration (investors' funds), redistribution (distribution of funds from one area or region to another), and information (presentation of information about the economic situation of the country as a whole).

The purpose of issuing securities is to mobilize free financial resources and ensure their redistribution. Securities move freely in the financial market, as they arise due to the real state of economic conditions, regardless of financial capital. At the same time, securities can freely enter the stock market as financial means denominated in money, and this is regulated by the current state of the financial market. Securities are sold by stock market participants based on supply and demand. The other part of the securities is part of the state-guaranteed securities, but since they do not have a special weight due to their small volume, their turnover is more flexible and they participate in market operations.

As securities are a necessary market tool, investment, payment, settlement, organizational and other issues are solved with their help. As a financial instrument, securities are used for attracting investment and financial contributions to the activity of the enterprise, covering obligations, pledges and loans, activating the circulation of goods, forming and changing the authorized capital, transformation of ownership, restructuring and other financial and economic operations.

At present, stocks and bonds are widely used objects of investment in securities. In modern economic circulation, promissory notes are widely used as a debt obligation, which allows for its dual nature - on the one hand, as securities, on the other hand, as a means of settlement. Directing special and debt funds to securities in order to make a profit determines the financial activity of the organization. Thus, in recent years, the share of securities in the structure of cash flows of organizations that are not professional participants of the securities market is constantly increasing.

The development of the securities market in the Republic has made it necessary to implement a number of measures to strengthen its legal framework. In this direction, the need to improve accounting according to international standards has come to the fore. Thus, the Law of the Republic of Azerbaijan "On the Securities Market" (with amendments and corrections) (2015), the Law of the Republic of Azerbaijan "On Accounting" (June 29, 2004), adopted by the Collegium of the Ministry of Finance of the Republic of Azerbaijan approved "Rule of synthetic accounting based on memorial warrant form in accordance with International Standards of Financial Reporting, International Standards of

Financial Reporting for Small and Medium Enterprises and International Standards of Accounting for the Public Sector" (18.01.2016), Republic of Azerbaijan Securities "Rules for entering into contracts of purchase and sale of investment securities" approved by the State Committee on "Investment securities" (21.01.2016), "Rules for conducting accounting according to International Standards of Financial Reporting" approved by the Ministry of Finance of the Republic of Azerbaijan (30.01. 2017), the State Program "Development of the securities market in the Republic of Azerbaijan in 2011-2020" is of great importance, and those documents reflect the approaches to the issues of financial investments, including the organization of securities accounting and presentation in financial reporting. found. Despite the above, it should be emphasized that securities are a relatively new object of accounting. In our opinion, the issue of reflecting transactions with securities in the accounting of organizations that are non-professional participants in the securities market is of perspective and actual nature.

Taking into account the interest of foreign investors in Azerbaijan, which is integrated into the world economy, there is a need to correctly reflect transactions with securities in financial reports. At the same time, it is important to evaluate the value of the company, determine its financial status, reflect financial instruments in reports based on IFRS requirements, and disclose other information not reflected in the report in additional notes. Taking into account that securities are a relatively new object of accounting, it is possible to form the opinion that the preparation of the "Cash Flow Statement" is based on the classification of securities depending on the period of circulation in the financial statement and includes the disclosure of information about the operational, investment, and financial activities of the organization. It is important to be provided with honest information about the process. It should not be forgotten that there is a need to develop new methods related to the financial control of transactions with securities.

It should be noted that the majority of enterprises in the republic operate in the form of joint-stock companies. Approaching the issue from this aspect, it should be emphasized that one of the important tasks facing those organizations is to determine the potential of using securities in the process of financial and economic activity. In this regard, in our opinion,

there is an objective need to prepare a development program to strengthen its position in the market by using various economic methods, including transactions with securities. Making management decisions related to the placement of capital in the securities market should be based on a scientifically based approach to the assessment of the attractiveness of financial investments, and the decision regarding the attraction of capital in the stock market should be based on a detailed calculation of the results of the placement of debt securities or changes in the capital structure of a joint-stock company. Such a "fundamental" approach to the study of the securities market is characterized by the study of the financial statements of issuers, the management systems of economic entities, the state of their field of activity, and economic trends as a whole.

Let's note the fact that currently, in the process of drawing up financial statements in the republic, there is a tendency to refer to tax authorities. This results in the fact that the information provided by the organizations does not fully satisfy the interests of investors and does not allow their use for making management decisions related to the placement of capital in the securities market. Against the background of the rise of the role of securities as an important object of financial investment, the issues of accounting and control of transactions with securities have not been fully developed in the legislative system of the republic.

When considering issues related to securities, it can be concluded that the modern state of the active development of the securities market of the Republic determines the importance of specifying and improving the methods and rules of accounting for the movement of securities among organizations, professional and non-professional participants in the securities market, and other economic subjects. In addition, the analysis of the reflection of transactions with securities in economic entities shows that there are differences in the accounting practices of developed foreign countries and the Republic on a number of rules and principles. Approaching the issue from this aspect, the relevance of the formation of the value of different types of securities and the adaptation of synthetic and analytical accounting to international accounting standards should be emphasized.

Thus, from the point of view of the variety of securities, their functions, their analytical evaluation by means of analysis, and their

correct reflection in accounting and reporting, it is possible to form the opinion that the relevance of the research topic is related to professional and non-professional participants of the securities market and transactions with securities in other economic entities.

It is explained by the need to solve the issues of accounting and presentation in the financial report in accordance with the requirements of the International Standards of Financial Reporting, and those issues determine the selection of the topic of the dissertation and the complex problems and tasks of the research.

The theoretical-methodological and practical investigation of issues related to the accounting and valuation of securities under the conditions of application of the International Standards of Financial Reporting occupies an important place in the research of the leading economists of both the country and foreign countries. In the scientific research of those scientists, the essence, classification, accounting, analysis, audit of securities, their place and importance in the financial activity of economic entities, etc. issues have been paid attention to.

In order to study the problem, Sabzaliyev S.M., Alakbarov A.A., Atashov V.K., Abbasov Q.A., Abbasov I.M., Bagirov M.M., Jafarli H.A., Jafarov E.O., Hasanli M.X., Kazimov R.N., and Hajiyev F.S. Namazova C.B., Mammadov Z.F., Guliyev V.M., etc. have done certain things. Black D., Benjamin Q., Edwards J.R., Kotll C., Murray P., Berdnikova T.B., Dmitriyeva O.V., Endovitskiy D.A., Kamysovskaya S.V., Kurkina N.V., Srebnik B.V., and Voronina V.P. among the foreign economists in the theoretical and practical investigation of the problem, and the works of others can be mentioned.

Although some aspects of the use of economic analysis of transactions related to securities are considered to one degree or another in the literature and scientific articles, this problem has not been sufficiently studied. Studying the problem in a complex and connected way is important in terms of the relevance of the topic.

The object and subject of the research. The method of accounting and analysis of transactions with securities is the object of the research. Among the non-professional participants in the securities market and in other economic entities, the directions for improving the accounting of transactions with securities and reflecting them in the

financial report in accordance with the requirements of the International Standards of Financial Reporting Act were the subject of the research.

Research goals and objectives. In order to ensure the efficiency and safety of investment decisions, the purpose of the research is to determine the directions for improving the methodology of accounting and the analysis of transactions with securities in accordance with the requirements of the International Standards of Financial Reporting. According to those goals, it was considered necessary to fulfil the following tasks: justification of a new approach to the classification of securities for accounting purposes;

- Determination of existing problems and their causes in the field of organisation of accounting and analytical evaluation of securities under the conditions of application of International Standards of Financial Reporting;

- assessment of the procedure for forming the initial value of securities and the existing methodology of their synthetic and analytical accounting;

- analysis and analytical evaluation of the efficiency of transactions with securities;

- determination of directions for adaptation of the accounting of transactions with securities to the requirements of the International Standards of Financial Reporting;

- elaboration of the internal report on transactions with securities and suggestions for improving the organisation of the internal document circulation system;

- The basis of the research methods is the methods of studying knowledge in general, including the economic, technical, and legal environment, in a systematic and situational approach. Fundamental principles of the methodology of accounting and economic analysis, laws related to those issues, decrees of the President of the Republic of Azerbaijan, International Standards of Financial Reporting (IFRS 7 "Financial instruments: disclosure of information", IFRS 9 "Financial instruments", IAS 1 "Presentation of financial statements", IAS 32 "Financial instruments: Presentation" and other IFRS/IAS), normative methodological and instructional materials of the AR Ministry of Finance,

and other information form the theoretical basis of the research. A systematic and complex approach to the study of objects, general scientific methods, methods and methods of economic analysis, and other scientific research methods were used to justify the results obtained in the research process and the proposed proposals.

The main provisions defended are:

1. The economic essence and market form of each security can be considered in different aspects because each security has great characteristic features. This allows for the classification of securities, taking into account certain features and depending on specific needs. In this direction, various approaches have been evaluated, taking into account that the classification is the basis for the reflection of securities in one or another sub-account. A new approach to it has been justified (p. 22–30);

2. The accounting of financial investments consists of several stages, the first of which is the determination of the initial value of securities as their object. It should be emphasised that the order of formation of the initial value of securities depends greatly on the order of their entry into the organization. Taking into account the procedure for the formation of the initial value of the obtained securities, it is necessary to reflect the costs of the formation of its full initial value until the preparation of the documents confirming the ownership right to the financial investment. For this purpose, it was considered appropriate to open an additional sub-account No. 231, "Short-term investments held for sale" (p. 103–104).

3. Interest on loans and debts should not be attributed to the increase in the value of the asset during the acquisition of the financial investment object at the expense of loans and borrowings until it is taken into account; it was considered appropriate to take them into account as part of the operating expenses of that period (p. 105–106).

4. The level of modern automation in accounting determined the need to improve the documentation of transactions with securities. The "Securities Accounting Card" is proposed in connection with determining the value of securities in a justified manner, correctly reflecting them in accounting and subsequent accounting (financial) reports based on the legal documentation of their movement, and providing honest and

complete information to users who make management decisions, as well as the preparation of "Accounting Reference" forms for determining and reclassifying the fair value of securities to more accurately reflect the balance, entry, and sale (exit) of securities (p. 125–132).

Scientific novelty of the research. The development of complex theoretical and methodological rules for improving the quality and integrity of securities accounting and reporting in organisations that are not professional participants in the securities market characterises the scientific innovation of the dissertation work. The following can be attributed to the main results that make up the scientific innovations of the dissertation:

- a new approach to their classification has been justified in order to ensure the analysis of transactions with securities for the purpose of accounting;

- in accordance with the requirements of international financial reporting standards (IFRS 9 "Financial Instruments," IFRS 7 "Financial Instruments: Disclosure of Information," and IAS 32 "Financial Instruments: Presentation")

- a comprehensive approach methodology to the formation of the initial value of transaction and its reflection in accounting accounts is justified;

- it was considered appropriate to record the interest on loans and debts as part of the operating expenses of that period until the object of financial investment obtained at the expense of loan and debt funds is taken into account. "Securities Accounting Card," which is proposed for the purpose of improving the document circulation for transactions with securities, for the correct reflection of the balance, entry, and sale (exit) of securities in the accounting and then in the accounting (financial) report, as well as their fair It was proposed to prepare "accounting reference" forms for determining and reclassifying the value.

The theoretical and practical significance of research. The practical importance of the research results is characterised by the fact that they are of great theoretical and methodological importance in the recognition, initial assessment, revaluation, accounting, and reporting of securities, taking into account the requirements of the International Standards of Financial Reporting (in particular, IFRS 7, IFRS 9, and IAS

32). In the research process, the organisation of internal document circulation on transactions with securities, the basic rules that include the preparation of internal accounting report forms, scientifically based results and proposals for the development of optimal theoretical and methodological rules for accounting transactions with securities, the integrity of accounting information, the efficiency of accounting, and its control will allow to improve the analytical function. The theoretical provisions and practical results of the conducted research can be used in the teaching of "financial accounting," "financial accountability," and "audit" subjects.

Research approval and implementation. The results of the research work can be applied and used in the practical activities of the Ministry of Finance of the Republic of Azerbaijan, the Central Bank of the Republic of Azerbaijan, as well as the economic subjects of the republic. Research results and scientific innovations in the materials of the XXII International Scientific-Practical Conference held in Moscow, in the materials of the republican scientific-practical conference on "Global challenges and perspectives in economic development" dedicated to the 99th anniversary of the birth of national leader Heydar Aliyev, and in the academician "The New Quality Stage of Sustainable Development" dedicated to the 80th anniversary of Ziyad Samadzadeh, were reflected in the materials of the international scientific-practical conference, as well as in 6 articles and 3 theses published in local and foreign magazines.

The name of the institution where the dissertation work was performed. The dissertation work was performed at the "Finance and Audit" department of the Azerbaijan State University of Economics.

The volume of the structural sections of the dissertation is indicated separately, and the total volume of the dissertation is determined by the logic, purpose, and tasks of the dissertation research. The structure of the dissertation consists of an introduction (21110 marks), three chapters (Chapter I – 108452 marks, Chapter II – 56301 marks, and Chapter III – 69872 marks), a conclusion (9811 marks), and a list of references used in 121 titles. There are 15 tables, 10 diagrams, and 13 appendices. The total volume of the research work consists of 265501 characters.

MAIN CONTENTS OF THE WORK

1. The economic nature of securities and the theoretical basis of their accounting and analysis

As an important area of the financial market, the place of the securities market in the development of the economy is determined by the purpose, tasks, and functions of its activity. The securities market has a leading role in the investment process at the modern stage of economic development, and investors use their free funds for production purposes in various sectors of the economy with the help of securities. As a special form of capital, a security has the ability to generate profit in addition to acting as a commodity in the market.

When considering the economic nature of securities, it should first be emphasized that they are a document confirming property rights in the form of a property title. On the other hand, securities are documents confirming the investment of funds. This is of particular importance in revealing the economic essence of securities and determining their importance. At the same time, securities are a document reflecting requirements for real assets, securities are a source of income. A security paper is different from both commodities and money due to its importance.

Currently, the circulation of securities in our country is important for economic development, and the state is implementing large-scale reforms in this area. Presentation of securities in financial statements in accordance with the requirements of IFRS, their economic analysis and classification and evaluation based on new requirements, formalization of transactions with professional participants of the securities market in accordance with the requirements of the standard, and systematization of theoretical and methodological conditions for the development of accounting and financial reporting (Abbasov A.H., Abbasov Q.A., Sabzaliev S.M., Salahov A.S.) characterize the need to improve the synthetic and analytical accounting of securities. The application of "Rules of Accounting According to the International Standards of Financial Statements" made it necessary to organize accounting and reporting in economic entities in accordance with those laws and

regulations. Vurğulamaq yerinə düşər ki, 1 yanvar 2018-ci ilə qədər qiymətli kağızların uçotu “Maliyyə alətləri: Tanınma və ölçülmə” adlı 39 sayılı MHBS-ə əsasən həyata keçirilirdi. Lakin həmin tarixdən “Maliyyə alətləri” adlı MHBS 9 qüvvəyə minmiş və bu standartda əsasən qiymətli kağızlar 3 kateqoriya üzrə - a) Amortizasiya edilmiş dəyərli qiymətləndirilən qiymətli kağızlar; b) Məcmu Gəlirdə Ədalətli Dəyərli Tanınan qiymətli kağızlar (MGHH); c) Mənfəət və Zərərdə Ədalətli Dəyərli Tanınan qiymətli kağızlar (MZHH) təsnifləşdirilir.

The main goal in the analysis of securities is to be able to determine in advance the changes that will occur in the value of securities in the future. Regardless of which mathematical or statistical model is applied, all methods of securities analysis are based on three main methods: fundamental analysis, technical analysis, and risk management (Bendjamin Q., Kottl C., Murray R., Blok F., Neveykin V.P., Srebnik B.V., Muslimov S.Y., and Kazimov R.N.). If the task of fundamental analysis is to answer the question of which stock to buy or sell, technical analysis answers the question of when to buy or sell that asset. Thus, fundamental analysis is specific, it determines which stocks are profitable to buy, while technical analysis examines the appropriate time to buy stocks.

2. The current state of accounting and analysis of transactions with securities.

Accounting for transactions with securities is carried out in accordance with the “Accounting Rules under International Financial Reporting Standards,” IFRS 7, IFRS 9, and IFRS 32. Taking into account the procedure for forming the initial cost of a received security, it is necessary to reflect the costs of forming its full initial cost up to the moment of registration of documents confirming the ownership of the financial investment, and for this purpose, the opening of an additional sub-account under account No. 231 “Short-term investments intended for sale” was considered appropriate.

Account No. 232, “Short-term investments held until payment,” reflects transactions related to financial assets in the category intended for sale. Short-term investments held until payment are first recorded at cost upon acquisition: 232 dinars (corresponding subaccounts), 435, 445, 538,

545 dinars; upon payment: 435, 445, 538, 545 dinars; and KT. 223. The amount of interest payable, accrued annually on short-term investments (depreciation amount), is reflected in the debit of the corresponding subaccounts of account No. 232 and the credit of subaccount 631-1, "Interest income."

Security analysis is a complex of many different activities aimed at collecting information about securities, issuing companies, and market conditions. The goal of any security analysis is to describe the future price behavior of a particular security. The thesis also examines the use of earnings per share, dividend deduction ratio, profit reinvestment ratio, "price/profit" indicators characterizing the value of a share, and the quote ratio for analyzing and assessing the profitability of securities for the purpose of investment.

3. Principles of accounting and reflection of securities in financial statements

In the research work, special attention was paid to the rules for evaluating securities and reflecting their changes in accounting and financial reporting. According to the author's research, the problems arising during the development of the securities market in the republic are mainly the problems of issuers, obstacles in the implementation of the principle of education, information transparency, lack of investment institutions, protection of investor rights, illiquidity, small market volume, etc.

From the point of view of securities analysis, it was considered appropriate in the dissertation to use quantity per share indicators, price ratios, profitability ratios, growth ratios, sustainability ratios, and solvency ratios.

Depending on the investment group to which they belong, securities are treated differently in accounting. Securities that do not have a market value are accounted for at historical cost, and securities offered for sale are accounted for at market value. The difference between the market value and the original cost is reported in the statement of comprehensive income as retained earnings (expense) in the income statement. Securities (bonds) held to maturity are reflected in the balance sheet at amortized cost, and securities that can be sold are at market value. The difference

between the market value and the original cost is not reflected in the income statement but directly in the capital part as unrealized income (expense) resulting from the revaluation of the investment.

4. Improvement of accounting and analysis of transactions with securities, internal accounting reports, and document circulation.

Accounting for financial investments consists of several stages, the first of which is determining the initial cost of securities. In our opinion, it is incorrect to attribute interest on loans and debts to the increase in the initial cost of the asset until the moment of acceptance of the financial investment object; it is appropriate to reflect interest on loans and debts received for their acquisition as part of operating expenses for this period.

Organization of document flow includes the preparation of forms of primary documents, accounting registers, and reporting forms (as opposed to unified documents), drawing up a document flow schedule, determining the mechanism for registering documents, determining the document processing system, and determining the rules for their execution. characterizes storage. In order to reflect information on transactions related to securities, various types of internal accounting reporting can be divided into three groups:

1. *Report on securities balances (for analysis of balances on securities accounting accounts).*
2. *Report on the movement of securities (to analyze the turnover of securities accounts for a certain reporting period).*
3. *Report on income from the acquisition of securities (to analyze accrued and received income (interest, discount) on securities for a certain period, on a certain date).*

In our opinion, the above forms do not create a complete picture of securities and transactions related to their movement. We have proposed a “Securities Accounting Card” in connection with a reasonable determination of the value of securities, their correct reflection in accounting, and then in accounting (financial) statements based on legal documentation, as well as the provision of reliable and complete information to users making transactions. management decisions (photo 1).

During the preparation of financial statements, it is appropriate to use the "Accounting Reference" form prepared by us to determine the fair value of the securities as of the last reporting date, which will allow us to carry out prior, current, and subsequent control of the income and expenses of the economic entity. The proposed form of "Accounting Statement" should reflect the fair value of the securities, taking into account the transaction price and remuneration of agents, brokers, or dealers. It should be emphasised that if there is a need for reclassification of securities in the organisation, an "Accounting Statement" on reclassification should be drawn up. The compilation of such a report is carried out by the head of the organisation after a decision is made on the sale or retention of securities, as a result of which they should be transferred from short-term securities to long-term securities or vice versa. Income (or expenses) may arise due to the adoption of such a decision by the head of the organisation, which should be formalised with an "Accounting Statement." In our opinion, those proposals that will serve to improve the documentation of transactions with securities will ensure the uniformity in the accounting of securities in the organisations of the republic, the reduction of labour and time spent on their preparation, and the necessary level of control over the evaluation of existing securities.

Proposed "Transaction of Accounting Card"

Organization: "Azerbaijan Steel" JSC

Date	Number
01.08.2022	1

Shares of Baku Steel Co
full name of securities

Account №	Type of security	The price of one share, man	Price number of papers, no	Basic document	Input data for valuation (for fair value).	Date of acceptance into accounting	Remuneration of agents, consultants, brokers, dealers, ban	Acquisition cost, man
231-1	Shares of Baku Steel Co	809,4	172	Purchase and sale agreement, depozitar certificate	I level	01.08.2021	350	139567

Reclassification of transaction

Types of transactin(group)	The reason of reclassification of transaction	Fundamentalist Document	The date of the need to reclassify transaction for financial reporting	Unit price as of reporting date	Amount of transaction	To the reporting date fair value, man
Financial investments	Management's order on the imminent sale of transaction (18.12.2021)	Accounting report No. 3, price list	31.12.2021	863	172	148436

The card designed by _____ accountant responsible _____ signature E.M.Nazarova

CONCLUSION

The current state of the securities market in the country has created the need to revise the state policy in the stock market in order to ensure the creation of favorable conditions for entering the non-speculative capital market. In this context, the main task before the state is, first of all, to create a favorable investment environment that characterizes the creation of a smart, stable legal field referring to a long-term strategy in the country.

Based on the conducted research, the following important results should be noted.

1. In the research process, as a result of summarizing the existing classification of securities according to various signs in special economic literature, it is possible to form an opinion that the classification of securities is of great importance for the correct organization of accounting. For this purpose, securities can be divided into two groups according to their purpose:

- short-term money market securities;
- securities of the investment market.

Such a division is to determine the nature of the circulation of securities in order to ensure the creation of a system of correct reflection of transactions with securities in accounting accounts.

2. Investors try to ensure that the information they get about the value and riskiness of securities is reliable and based on facts and accepted standards. In this regard, the analysis of securities acts as the main tool for selecting individual securities for purchase and sale. Regardless of the model applied in organizations, the evaluation of securities is mainly based on fundamental and technical analysis methods. Fundamental analysis is specific, determining which stocks are profitable to buy, while technical analysis examines the right time to buy stocks.

3. The system of normative-legal regulation of securities includes normative-legal acts with different legal force and status. This includes the Decree of the President of the Republic of Azerbaijan "On the Application of the Law on Accounting" (2005), "Regulations of Accounting according to International Standards of Financial Reporting" (2017), the Law of the Republic of Azerbaijan "On the Securities Market"

(2015), "Currency Regulation Law of the Republic of Azerbaijan on Amendments to the Law of the Republic of Azerbaijan (2017), Law of the Republic of Azerbaijan "On Investment Funds" (2010, with amendments); International Financial Reporting Standards (in particular, IAS 1 "Presentation of financial statements", IFRS 7 "Financial instruments: Disclosure of information", IFRS 9 "Financial instruments", IAS 32 "Financial instruments: presentation", IFRS 10 "Combined (consolidated) financial statements").

4. Financial investments are accepted in accounting at their initial cost. In the payment rule, the initial cost of acquired financial investments includes actual costs (the amount paid to the seller under the contract, the amount paid to organizations and other persons for information and consulting services related to the acquisition of that asset), excluding value added tax and other compensable taxes. Taking these into account, in our opinion, it is necessary to reflect the costs of the formation of its full initial value until the documents confirming the ownership of the financial investment are drawn up, and for this purpose, it is appropriate to open an additional sub-account under No. 231 "Short-term investments held for sale".

5. It is also necessary to emphasize such an issue that in the accounting practice there are cases of refusal of the right to demand the debt acquired by the contract. Taking into account that the waiver of the right to claim contractual debt is related to financial investments, in our opinion, for its accounting, synthetic addition No. 235-1 "From the right to claim contractual debt" is added to account No. 235 "Adjustments for the decrease in the value of other short-term financial assets" it is advisable to open a "refusal" sub-account.

6. Basic indicators such as earnings per share (EPS), dividend amount per share (DPS) and share value (price/earnings) are used to analyze and evaluate the profitability of securities for investment purposes. It should be noted that in addition to those indicators, special analytical coefficients are also used - liquidity, coverage and other coefficients. In international practice, the ability of a security to provide a positive financial flow in a certain period of time is also evaluated (NPV – net present value) or through "net discounted value" indicators).

Earnings per share, book value of net assets per share, earnings multiplier (P/E), ratio of earnings to total assets, adjusted amount of net earnings less liabilities for preferred shares to assess the efficiency of the company's activities, the coverage of its securities and the attractiveness of its common shares. Key ratios such as capital ratio, cash flow in dynamics, profit, equity, profitability, etc., dividend payout, liquidity ratios, common stock coverage ratios, and coverage of direct liabilities should be calculated and evaluated.

7. Summarizing the experience of documenting transactions with securities allows us to form the opinion that a properly designed document circulation schedule should ensure the improvement of all accounting work in the organization, strengthening the control function of accounting, as well as increasing the level of mechanization and automation of accounting work. In our opinion, the internal reporting forms offered by us for organizations conducting transactions with securities for the purpose of eliminating the negative consequences of the organization's activity, detecting internal reserves, strengthening control over the use of financial and material resources, and checking the accuracy of accounting - "Securities accounting card", The use of the "Inventory list of securities", as well as the "Accounting reference" forms for determining and reclassifying the fair value of securities will ensure uniformity in the accounting of securities in the organizations of the republic, reduction of labor and time spent on their preparation, and adequate control over the evaluation of securities.

The main content of the dissertation work is reflected in the following scientific works:

1. Improvement of account and analysis of securities of the context of International Financial Reporting Standards” // Theoretical and Applied Science / Philadelphia, USA, 2018. - № 10 (66). – p.406-413.
2. Qiymətli kağızların sintetik və analitik uçotunun müasir vəziyyətinin qiymətləndirilməsi” // “Maliyyə və uçot”. 2019. –№ 04 (323). – s.47–54.
3. Qiymətli kağızların təhlilinin müasir metodikası. //“Maliyyə və uçot”. 2019. – № 05 (324). – s.39–50).

4. Maliyyə Hesabatının Beynəlxalq Standartlarının mahiyyəti və Azərbaycanda tətbiqi xüsusiyyətləri // Azərbaycan Dövlət İqtisad Universitetinin Elmi Xəbərləri. 2019. –№ II 7. cild 7. s.97-105
5. Применение международных стандартов финансовой отчетности Азербайджана. «EurasiaScience» XXII Международная научно-практическая конференция. Россия. Москва. - 2019.- с.169-170
6. Covid-19 pandemiyasının beynəlxalq standartlara (MHBS) əsasən hazırlanan maliyyə hesabatlarına təsiri. “İqtisadi artım və ictimai rifah” jurnalı, Bakı. – 2022.
7. Qiymətli kağızlarla əməliyyatların normativ-hüquqi tənzimlənməsi məsələləri. Ümummilli lider Heydər Əlirza oğlu Əliyevin anadan olmasının 99-cu ildö-nümünə həsr olunmuş “İqtisadi inkişafda qlobal çağırışlar və perspektivlər” 11 may 2022-ci il. Bakı. - s. 136-138
8. Qiymətli kağızlarla əməliyyatların analitik qiymətləndirilməsi. AMEA İqtisadiyyat İnstitutunun təşkilatçılığı ilə Akademik Ziyad Səmədzadənin 80 illik yubileyinə həsr olunmuş “Dayanıqlı inkişafın yeni keyfiyyət mərhələsi” beynəlxalq elmi-praktik konfrans, Bakı. 2022. - s.1-3
9. “Assessment of the current state of synthetic and analytical accounting of securities” (Journal of economy and entrepreneurship. Moscow. Russia. – 2022.– №7 (144). – Volume 16, Number 7. – 17821. – p.1201-1205)



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