



THE RISE OF INVESTMENT REAL ESTATE IN UZBEKISTAN TO THE LEVEL OF INTERNATIONAL STANDARDS

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Abstract: As a result of the study, a refined definition of investment real estate was developed. The chart of accounts includes accounts 0190 “Investment real estate” as part of the accounts of fixed assets and investment real estate, as well as accounts 0891 “Purchase of investment real estate”, 0892 “Replacement of parts of investment real estate”, 0893. “Construction of investment real estate” within the framework of the capital flow scheme is proposed open 9050 “Profit from an increase in the value of investment property” and a number of related accounts as part of the financial results charts.

Key terms: investment property, initial cost of investment property, fair value of investment property, acquisition of investment property, construction of investment property.

Introduction

The new development strategy of Uzbekistan for 2022-2026 (2022) sets the goal of “further improving the investment climate in the country and increasing its attractiveness, taking measures to attract \$120 billion in the next five years, including \$70 billion of foreign investment.” . Therefore, today international financial reporting standards (IFRS) are being widely implemented in Uzbekistan. In order to ensure an accelerated transition to international financial reporting standards, the decision of the President of the Republic of Uzbekistan dated February 24, 2020 No. 4611 “On additional measures for the transition to international financial reporting standards” was adopted. In the decision, joint-stock companies, commercial banks, insurance organizations and legal entities included in the category of large taxpayers are assigned the tasks of organizing accounting and preparing financial statements based on tax reporting.

In our country, it is important to study each IFRS at an ideal level and resolve methodological issues of its implementation. Property accounting standards, including IAS 40 Investment Property, play an important role in the IFRS framework. In our practice, the concepts of fixed assets, intangible assets or investments were in effect even before the introduction of IFRS. However, some important concepts, including the concept of investment real estate, are not widely used in our practice. It is important to express these concepts in a new interpretation based on international standards, to reveal their content and essence, and to define criteria for recognition and evaluation. The existence of the listed problems requires the organization of a methodology for accounting for personal income on the basis of IFRS, improvement based on best practices.

S. N. Titova, based on generally accepted rules, “when an object does not meet the definition of investment real estate, it should be transferred to other appropriate categories: if a decision is made to use the object for one’s own purposes, then investment real estate, the real estate object should be transferred to fixed assets ; If a decision is made to sell an item in the normal course of business, it should be classified as a reserve.

A. Koroleva makes the following points regarding the reclassification of investment real estate: “A change in the use of an object for its intended purpose serves as the basis for moving the object.”



A. V. Suvorov admits that “Investment real estate is written off (removed from the balance sheet) when this object is withdrawn or taken out of operation, and after the object is withdrawn, the corresponding economic value is not expected to be received.”

Other sources say that “the transfer of an OB'EKA (for example, an object of fixed assets) into an investment property or, conversely, its exclusion from its composition is carried out in cases of a change in the method of operation of the object in accordance with paragraph 57 of IAS No. 40.”

In order to account for investment property, additional accounts must be included in the current chart of accounts. As is known, in the current structure, investment real estate is taken into account as part of the main instruments. Investment property is different from a fixed asset. Their definitions differ from each other. The first criterion for recognition of an investment property is that it meets their definition. For this reason, we will open an invoice for investment property as part of the invoices intended for fixed assets. To do this, we propose to add invoices 0100 as “fixed assets and investment property” and include 0190 in the “investment property” scheme, as well as open a number of related accounts (Table 1):

Table 1 Investment real estate related accounts offered in the Plan of Accounts of these proposed accounts, we describe accounts 0191 and 0192.

Account code	Account name
0150	Basic Selling Tools
0190	Investment property
0191	Investment property: land
0192	Investment property: construction
0320	Net loss from investment property theft
0890	Other capital inflows:
0891	Investment purchase of real estate
0892	Replacing parts of an investment property
0893	Investment property construction
1090	Long-term assets for sale
8010	Income from an increase in value during the revaluation of fixed assets
9060	Profit from an increase in the value of investment property
9220	Sale of investment property (withdrawal of funds)

0191 The account “Investment property: Land” reflects vacant land plots provided to the enterprise for ownership in accordance with the law, intended to generate income from an increase in value, which are not used for production and administrative purposes by the management of the enterprise.

0192 According to the account “Investment property: building”, the enterprise seeks to generate income by increasing its value, which represents production, administrative, social, residential (inventory object, independent economic value, separate building or additional buildings) buildings are taken into account, not used for their intended purpose.

Investment properties come from construction, purchase or reclassification and other categories. In our research, we recommend using the accounts 0890 “Other capital movements” and 0190 “Investment property” suggested above, as well as the main accounts based on the IP recognition and measurement criteria. We will reflect the creation process as a result of constructing the IP in the following Table 2:



Table 2 Reflection of the initial cost of construction of a building considered an investment property in accounting

Cost elements for initial costing	Connection of accounts		Amount
	Debit	Credit	
Capital investments are the amount of depreciation of fixed assets used in the construction of ICM facilities.	0893	0220	35 480 000
The cost of construction and other materials used is included in the cost of capital investments.	0893	1010-1090	280 340 000
An act on the performance of construction and installation work by contractors of a building that is an IP facility was adopted.	0893	6010, 7010	140 830 400
The insurance debt included in the cost of the ICM facility where capital investments are made is calculated.	0893	6510	15 450 300
The debt on target state funds included in the cost of capital investments was calculated	0893	6520	27 717 600
The arrears of payments to the budget included in the cost of the building, which is an IP object as part of capital investments, are calculated.	0893	6410	15 280 300
Employees who worked on the construction of the building, which is considered as an IKM object with capital investments, were charged wages	0893	6710	230 980 000
Debts to various creditors incurred during the construction of investment real estate objects were calculated	0893	6990	18 420 300
As a result of the construction of investment real estate objects, they were accepted at their initial cost (35480000+280340000+140830400+15450300+27717600+15280300=764498900)	0192	0893	764 498 900

Conclusion:

The implementation of IFRS is an ongoing effort and serves as an important tool for the internationalization of companies in our country. IFRS is the most important factor in improving the objectivity, accuracy and quality of reports.

Transfer of investment property to another category of property, including transfer of a building measured at fair value from the category of investment property to reserves for sale, transfer of a property used for own purposes to IP, accounting The difference between fair value and book value is presented on practical examples of IP actions that ensure coverage, completeness and continuity of information.

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