

## Topical Issues of Investment Property Accounting

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**Abstract:** Investment real estate (MI) plays an important role in diversifying risks and ensuring profitability. However, in the countries of Eastern Europe and Central Asia, approaches to accounting for MI often do not comply with international standards, which makes it difficult to accurately reflect its value in financial statements. The paper analyzes the problems of accounting for MI, models (initial cost and fair value), valuation methods and ways to increase the transparency of reporting solutions, including the introduction of unified accounts and the adaptation of international standards, which improves accounting and increases the investment attractiveness of companies.

**Keywords:** investment property, IFRS No40, initial cost, fair value, accounting, financial statements, digital economy.

### Introduction

Investment real estate plays a significant role in the development of the economy, especially in the context of globalization and digitalization. This type of asset serves as a source of passive income and plays a key role in diversifying the financial risks of companies. However, in the context of rapid modernization of financial systems, the lack of uniform approaches to accounting for information systems causes a number of problems, including the reliability of reflection in the statements and the comparability of financial data.

The International Financial Reporting Standard (IFRS) No40 "Investment Property" establishes the principles and approaches to the reflection of investment objects in accounting. Despite this, in Eastern Europe and Central Asia, accounting approaches often do not comply with these standards, which creates additional risks for financial analysis and decision-making.

The purpose of this work is to study investment real estate as a specific object of accounting, as well as to analyze the main problems and propose ways to solve them. The focus is on the comparative analysis of accounting models, methodological approaches to valuation and reflection in accounts, as well as improving the comparability and transparency of data in the digital economy.

### Methodology

The study uses systematic and comparative approaches that allow analyzing the specifics of accounting for investment real estate in national and international practice. The methods of analysis and synthesis are used to study regulatory acts, as well as to compare various accounting models provided for by the standards. The study is based on regulatory documents, including IFRS No40, accounting registers and charts of accounts, as well as data from scientific publications and reports of professional organizations. For the analysis, examples from the practice of accounting for investment real estate in Uzbekistan and other countries were used.

The methodological toolkit includes a qualitative analysis of regulatory provisions and an empirical analysis of accounting data. A comparative analysis of accounting models, such as cost and fair value,

reveals their advantages and limitations. A review of fair value measurement methods was also carried out: sales analogue, income capitalization and cost method.

## Outcomes

There are significant differences in investment property accounting practices at the national level with international standards. One of the key problems is the lack of unified methods and the lack of special accounts to reflect transactions with investment property. At the moment, most objects are accounted for as part of fixed assets, which does not allow us to reliably assess their real value and financial return.

IFRS No40 offers two main models for accounting for investment property: the original cost model and the fair value model. However, in national practice, the use of the initial cost model prevails, since the methodology for assessing fair value is not sufficiently developed. This is due to the lack of an active real estate market and a lack of qualified appraisers. In addition, current accounting approaches are limited in terms of disclosure. Often there is no information in the financial statements about the revaluation of objects, which makes it difficult to analyze their value. Also, the possibilities of accounting for income from the increase in the value of investment real estate are not used enough, which reduces the transparency of financial statements and the investment attractiveness of companies.

Addressing these challenges requires the introduction of unified accounts, such as accounts for revenue from value gains and costs associated with the maintenance and improvement of facilities. It is also necessary to adapt international standards to national conditions, taking into account the specifics of the market and the regulatory framework.

The implementation of the proposed approaches to investment property accounting improves the transparency and reliability of financial statements. The creation of unified accounts allows you to separately account for the increase in the value of objects, the cost of their improvement and operating expenses. This allows you to obtain more accurate data for analysis and management decision-making. An example is the introduction of an account for gains from the increase in the value of investment property, which allows you to reflect the gain on revaluation of objects in accordance with the fair value model. This contributes to increasing the investment attractiveness of companies and building trust with external stakeholders, such as investors and lenders.

In addition, the use of the fair value model opens up opportunities for more accurate accounting of changes in the market value of objects. In the context of the developing real estate market, this is especially important to ensure the competitiveness of companies and compliance with international standards.

The practical implementation of the proposals also includes training accountants and auditors in modern accounting methods, which reduces the risk of errors and simplifies reporting processes. The introduction of automated accounting systems integrated with modern valuation methods further increases the efficiency of accounting and reporting. Thus, the proposed changes provide a comprehensive improvement in the practice of accounting for investment property.

## Discussion

The results of the implementation of the proposed approaches demonstrate the importance of accounting for investment property in accordance with international standards. The use of unified accounting methods helps to improve the quality of financial statements, their transparency and reliability. This, in turn, increases the level of trust on the part of stakeholders and creates conditions for attracting investment.

The introduction of a fair value model allows companies to respond quickly to changes in market conditions. This is especially true in an emerging real estate market, where market fluctuations can have a significant impact on asset prices. At the same time, the use of fair value requires the development of valuation infrastructure, including the availability of qualified appraisers and methods adapted to the specifics of the market.

Despite the benefits, some companies may face difficulties in switching to a new accounting system. This is due to the need to make changes to accounting procedures, improve the skills of personnel and modernize IT systems. However, the long-term benefits of implementing the proposed changes far outweigh the initial costs.

The development of digital technologies opens up additional opportunities for optimizing investment property accounting. Automation of processes, the use of analytical tools and integration with external databases make accounting more accurate and efficient. The introduction of such technologies contributes not only to improving the quality of accounting, but also to improving asset management as a whole. Thus, the implementation of the proposed approaches requires an integrated approach, including regulatory changes, investment in technology and training of specialists. This will ensure the harmonization of accounting with international standards and increase the competitiveness of companies at the global level.

## **Conclusion**

The study showed that accounting for investment property plays a key role in ensuring the transparency and reliability of financial statements. Despite existing problems, such as the lack of unified methodologies and the complexity of fair value measurement, the introduction of international standards and the modernization of accounting approaches can significantly improve the situation.

The use of a fair value model and the creation of unified accounts provide a more accurate reflection of information on the value of objects and their changes. This not only improves the quality of financial reporting, but also helps to attract investors, strengthening confidence in companies. For the successful implementation of the proposals, an integrated approach is required, including the development of the regulatory framework, the introduction of digital technologies and advanced training of specialists. Such measures will harmonize accounting with international standards, increase the transparency of financial information and ensure the long-term stability of companies in the market.

In the digital economy, investment property accounting is becoming an important tool for strategic asset management. The implementation of the proposed measures will allow companies to adapt to modern challenges and use new opportunities to increase their competitiveness.

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