



ISSUES OF ACCOUNTING FOR INVESTMENT PROPERTY BASED ON INTERNATIONAL FINANCIAL REPORTING STANDARDS

Mahmudov Jamshed Ashrafovich

Independent Researcher, Department of Financial Accounting and
Reporting, Tashkent State University of Economics

ABSTRACT	KEY WORDS
The article examines real estate investments as a key sector that ensures economic growth and serves as a stable source of income. Improving investment accounting in this field is essential not only for enhancing financial performance but also for managing risks and making strategic decisions. This paper explores the main methods and approaches necessary for improving the accounting of real estate investments.	Financial reporting, International Financial Reporting Standards (IFRS), investment, investment property, valuation of investment property, income, expenses.

Introduction

At the current stage of consistent economic reforms being implemented in our republic, special attention is being paid to the development of business entities and the strengthening of their investment activity. Efficient utilization of the existing assets of business entities plays an essential role in the development of investment activity. Among the objects of investment assets, investment properties occupy a significant share. At the same time, such properties increase their capital value over the long term and create opportunities for investors to gain additional income.

Investment property refers to long-term assets such as land plots, buildings, and structures, whose value changes over time. Proper accounting of these assets, accurate determination of their value, and correct reflection in financial statements are crucial in the management of the economy.

In the Republic of Uzbekistan, improving the accounting system in the real estate sector remains a pressing issue. There is a need to adopt international experience and modern technologies in this area. In particular, adapting to International Financial Reporting Standards (IFRS) is important to ensure fair value measurement, transparency in financial reporting, and improvement of the investment environment.

Therefore, this study analyzes the existing problems in the accounting of investment property, examines international practices, and develops recommendations applicable to the conditions of Uzbekistan.

The purpose of accounting for investment property includes the following key aspects:

Assessment of financial results: Determining the profitability and efficiency of real estate investments, which plays a significant role in investors' decision-making processes;

Risk management: Identifying and evaluating potential risks arising during the investment process and developing strategies to mitigate them;

Identification of income sources: Analyzing and optimizing income derived from real estate assets (rental payments, gains from sales, etc.);

Market analysis: Monitoring market trends and demand to update and adapt investment strategies;

Optimization of accounting processes: Increasing efficiency through the automation of accounting and preparation of financial statements;

Development of investment strategies: Evaluating various investment opportunities and selecting the most effective strategies;

Ensuring transparency for investors: Providing clear and understandable financial reports to investors, which increases their confidence and ensures openness in the investment process;

Long-term planning: Defining future investment opportunities and development strategies to ensure sustainable growth.

Literature Review

Shahnoza Muzrapova, in her scientific research, emphasizes the necessity of improving investment property accounting based on International Financial Reporting Standards (IFRS). In particular, her studies analyze the practical aspects of accounting under **IAS 40 – “Investment Property”**, focusing on fair value measurement and its impact on the accounting system. She also highlights the importance of digital approaches in the transformation process and examines issues related to enhancing the transparency of financial reporting.

Researchers **R. Irisboyev, D. Jo‘rayeva, and U. Eshmuradov** have investigated the improvement of accounting for capital investments in agro-clusters in accordance with international standards. Their study discusses issues such as the reflection of transactions in **account 0800**, accounting for **unfinished construction and the acquisition of fixed assets**. In addition, the paper analyzes the practical aspects of accounting based on **National Accounting Standard (NAS) No. 5** and **NAS No. 21**.

J. Salokhiddinov, in his research, examines the current state of financing enterprises with foreign investment. The paper discusses both traditional and innovative financing mechanisms, including **bank loans, leasing, capital markets, and public-private partnerships**. Furthermore, the study provides scientifically grounded proposals and recommendations aimed at improving the financing system for enterprises with foreign investment in the Republic of Uzbekistan.

A. Khurramov, in his academic work, analyzes the practice of financing investment projects of enterprises in the Republic of Uzbekistan. The study explores the role of the **banking and financial system**, the possibilities of **self-financing by enterprises**, and the mechanisms for **attracting foreign investment**. Moreover, it reviews advanced practices that ensure the financial stability of investment projects and the efficient use of resources, and develops recommendations adapted to the conditions of Uzbekistan.

The study employed **comparative analysis, analysis of normative and legal documents**, as well as **tabular and statistical methods**. International and national standards were compared to identify existing problems in practice, and practical recommendations were developed to address these issues.

Analysis and Results

Efficient management and development of the investment property sector are among the key factors ensuring the stability and growth of a country's economy. Therefore, improving property accounting, determining its value, and enhancing investment efficiency should be carried out using modern and scientifically grounded methods.

Firstly, one of the main problems in property accounting is the uncertainty in value determination and the use of outdated valuation methods. Traditional valuation approaches often fail to fully reflect market fluctuations, which may lead to errors in investment decision-making. Therefore, the adoption of international standards (such as **IFRS 13 – Fair Value Measurement**) and advanced valuation methodologies, as well as the development of a professional appraiser training system, are of great importance.

Secondly, automation and digitalization of accounting processes ensure accuracy and timeliness in real estate accounting. Through modern information systems, it is necessary to establish a comprehensive database of property objects and enable real-time monitoring of the financial indicators of investment projects. This not only improves management efficiency but also enhances the transparency and reliability of financial reporting.

Thirdly, it is essential to improve legal mechanisms in managing real estate investments. The legal status and completeness of documentation related to investment property help minimize financial risks and increase investor confidence. The introduction of **electronic registries** and **blockchain technologies** can protect property rights and automatically record changes in ownership.

Fourthly, advanced financial models should be applied to assess investment project profitability and mitigate investment risks. This, in turn, contributes to increasing investment efficiency and optimizing the allocation of financial resources.

The systematic and effective implementation of these measures will make the accounting system in the investment property sector more transparent, competitive, and attractive. As a result, the inflow of investments into various sectors of the national economy will increase, thereby strengthening economic growth and stability. Therefore, particular attention should be paid to introducing advanced technologies, adopting international experience, and training qualified specialists in improving the accounting of investment property.

Conclusion

Improving the accounting of real estate investments is essential not only for enhancing financial performance but also for effective risk management and strategic decision-making. Success in this field can be achieved through the implementation of innovative technologies, the application of risk management strategies, and the optimization of accounting processes. These approaches will play a crucial role in ensuring more efficient management of real estate investments in the future.

Based on the above considerations, it can be concluded that the timely and accurate recognition of investment property in accounting records, as well as its valuation in accordance with international standards, ensures the reliability of financial statements and strengthens the overall transparency of financial reporting.

References

1. The Law of the Republic of Uzbekistan “On Accounting” (new edition), April 13, 2016.
2. International Financial Reporting Standards (IFRS), IAS 40 – Investment Property.
3. Muzrapova, Sh. (2025). *Transformation of Investment Property Accounting Based on International Standards. Journal of Green Economy and Development*, No. 3.
4. Irisboyev, R., Jo‘rayeva, D., & Eshmuradov, U. (2024). *Improving the Accounting of Capital Investments in Agro-Clusters Based on International Standards. Journal of Green Economy and Development*, No. 1.
5. Salokhiddinov, J. (2025). *Improving the Financing of Enterprises with Foreign Investment Participation. Journal of Green Economy and Development*, No. 6.
6. Khurramov, A. (2025). *Improving the Practice of Financing Investment Projects of Enterprises in the Republic of Uzbekistan. Scientific Journal of Actuarial Finance and Accounting*, Vol. 5, No. 1.