

# IMPROVEMENT OF DIFFERENT ASPECTS OF INVESTMENT REAL ESTATE AND TOOLS IN PRODUCTION ENTERPRISES

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**Abstract.** *This article outlines the components of investment real estate. The differences and similarities between investment properties and instruments are revealed. Income from investment real estate has been studied. It is also proposed to reflect investment real estate in the accounting balance sheet.*

**Keywords:** *investment real estate, fixed assets, use of assets, real estate (land, building), revaluation, financial lease, investment income.*

**Introduction.** An investment requires putting capital to work, in the form of time, money, effort, etc., in hopes of a greater payoff in the future than what was originally put in. An investment can refer to any medium or mechanism used for generating future income, including bonds, stocks, real estate property, or alternative investments. Investments usually do not come with guarantees of appreciation; it is possible to end up with less money than with what you started. Investments can be diversified to reduce risk, though this may reduce the amount of earning potential.

In order to modernize production and technical re-equipment, ensure competitiveness and create new jobs, great attention is being paid to the increase of enterprises with participation of foreign investments and development of their activities based on wide attraction of funds of foreign investors. In our practice, the concepts of fixed assets, intangible assets or investments were valid even before the introduction of MFRS. However, some important concepts, including investment real estate, non-current assets held for sale, contractual assets, tax assets, non-controlling interest, and other concepts are new to 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 recognition and evaluation criteria.

The development strategy of New Uzbekistan for 2022-2026 (2022) sets the goal of "further improving the investment environment in the country and increasing its attractiveness, taking measures to attract 120 billion US dollars, including 70 billion dollars of foreign investments in the next five years."

In the decision of the President of the Republic of Uzbekistan Sh.M. Mirziyoev dated February 24, 2020 No. 4611 "On additional measures for the transition to international standards of financial reporting" (2020) It is planned to introduce it. The national financial reporting standards (MFRS), which are expected to be introduced in 2024 for medium and small businesses, are based on international standards.

Reflecting information about investment property in the financial statements of enterprises based on international standards, in turn, serves to increase their investment attractiveness, transparency of the information provided, and the truthfulness of the information. This, in turn, requires conducting research on improving the accounting of investment real estate. Based on the above information, we can emphasize that this article is dedicated to today's important and relevant topic.

During the research, attention was paid to studying the current state of investment real estate and tools, and measures to eliminate existing problems were studied. During the study, the opinions of economists who conducted scientific research in this field were also discussed. Tatyana Shapunova, owner of CIPA, shares her thoughts on investment real estate as follows. "...that is, about Investments

The absolute compliance with the law is obvious: the real estate of the business center intended for quick rental is an investment. Based on the rules of international standards, O. Ne`matov's "assets are the economic resources that have arisen as a result of the past events of the organization and are controlled and whose use will bring the enterprise economic prosperity in the future." An economic resource is the estimated amount of the right to property that has the potential to generate economic value. agreeing with his opinion, we can conclude that investment real estate is an economic resource in assets.

It meets all requirements of economic resources. Investment properties:

- occurs as a result of past events;
- its use or retention will create economic value in the future;
- most likely a reliable assessment will be possible.

In the study guide prepared by PWC audit firm, "Investment real estate is real estate that is held by the owner or lessee (as an asset in the form of right-of-use) for the purpose of obtaining income from rent or from the increase in the value of the real estate." (land, building, part of the building, or both)." Therefore, in contrast to the above definitions, the use of the term "as an asset in the form of right of use" in this definition reveals certain aspects of investment real estate more deeply.

The Regulation approved by the Central Bank of Russia (2021) gave a broader definition of investment real estate: "Investment real estate for the purposes of this Regulation means investment property held as an asset by the owner or tenant in the form of the right to use the asset (a plot of land or a building, a part of a building, or both of them) is understood as receiving rent payments (except for payments under financial lease agreements), or of the value of this land plot or building, part of a building, or both of them as a result of the increase, it is intended to generate income and for the purposes of service, administrative and management, security, environmental protection, as well as sanitary-hygiene, technical-operational and other special technical norms and not used as a labor tool for demand, not planned to be sold within 12 months of being classified as investment real estate. The indicated investment real estate constitutes a group of separate fixed assets."

Other authors include T. Yu. Drujilovskaya, A.F. Myalkinas also acknowledge the definition given in BHXS No. 40 in their scientific articles. Robin Joyce created a training manual on the application of BHXS No. 40 in banks and translated it into Russian. It covers the recognition, valuation and reporting of investment real estate. In addition, BK Hamdamov, one of the scientists of our country, carried out research on the harmonization of investment real estate accounting with international standards.

**Research methodology.** Based on the synthesis of the mentioned definitions, we offer the following improved definition of investment property, and in conclusion we can say the following:

**Conclusions and suggestions.** Thus: Investment real estate means a part of the long-term tangible assets of an organization that is held as property in the form of private property and the right to use the asset by the lessee, that is, a plot of land, a building, a part of a building, or both.

as a result of an increase in their value, it is envisaged to receive income or receive rent payments (except for payments under financial lease agreements), as well as in the processes related to their normal activity, including production, service it is not used for display, performance, administrative and management purposes and is not intended for sale.

This definition differs from the previous definition by several features. In this definition, it was called investment real estate, and it was recognized that it is a long-term tangible asset. The concept of the right to use assets related to financial leased real estate was introduced. In addition, the components of investment real estate were included in the definition. The concept of processes related to typical activities and its scope are enumerated. Important conditions for recognition of investment assets have been introduced.

Investment real estate includes:

- Land held in the course of its normal activity not for sale in the short-term perspective, but in order to benefit from the increase in its value in the long-term perspective;

- At the moment, land whose future use has not been determined. If the organization has not made a decision to use the land as an immovable property owned by the owner or to realize it in the short-term perspective during its normal activities, then this land is considered to be intended for capital growth;

- A building considered the organization's own property or owned by the organization under a financial lease and provided under one or more operating leases;

- A building that is not occupied at the moment, but is intended for rent under one or several operating lease agreements;

- Property to be built and developed for future use as an investment property. In our opinion, in order for an organization to recognize real estate as investment real estate based on its standard requirements, the following circumstances should exist:

- The organization keeps real estate that is its property without using it in operational processes (production, service, performance of works, sales or administrative management) and without being intended for sale, with the aim of increasing its capital value in the future. This is not an exception for the land whose future use is not clear, even if it is not expected to increase in value at the moment;

- If the organization uses a part of the building and does not use the rest, and it envisages an increase in its capital value, and it is possible to separately identify and evaluate the unused part, it can register the unused part as an investment property;

- The organization's own real estate that is leased;

- The right to use the asset provided by the organization under operating lease on real estate under financial lease.

From what has been analyzed in the abovementioned arguments it can be inferred that the application of these recommendations in practice is the basis for expanding the scope of understanding of investment real estate, bringing our national accounting system closer to international practice, providing practitioners and students with methodological recommendations, and increasing the accuracy and reliability of the report.

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