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## **INVESTMENT PROPERTY ACCOUNTING BY NATIONAL AND INTERNATIONAL STANDARDS**

*Annotation.* The paper studies the importance of investment property accounting at the enterprise. The purpose of research is definition of essence of an investment real estate in the national and international standards.

*Key words:* investment real estate; valuation of investment property; fair value.

Accounting for investment property is important for a business because real estate and land can generate income, as can investments in stocks and bonds, which generate income in the form of increased intrinsic value and in the form of income from operating leases.

According to Ukrainian Accounting standards 32 «Investment property - own or leased under financial lease land, buildings, structures, which are located on the land, held in order to receive rent payments and / or increase equity, rather than for the production and supply of goods, services, administrative purpose or sale in the ordinary course of business»[1].

The valuation of investment property at fair value is based on active market prices in the same location in a similar condition in similar lease or other contracts at the reporting date and does not take into account future costs to improve the investment property.

In the absence of an active market, the fair value of investment property is determined as follows:

- the price of the last market transaction with such assets (assuming there are no significant changes in the economic, legal, market, technological environment in which the business operates);
- current market prices for real estate objects, which may be in different states, locations, lease terms and other contractual conditions, adjusted for individual characteristics, peculiarities of investment property for which the fair value is determined;
- additional indicators characterizing the level of prices for investment real estate.

Although the fair value methods listed above are quite broad, they all have certain drawbacks:

- lack of an active market in the same area and under the same conditions;
- difficulty in obtaining reliable information from active markets;
- the most recent market price cannot characterize the price level at the reporting date;
- inability to clearly identify significant changes;
- lack of known mechanisms of market price adjustment for real estate, take into account individual characteristics of investment objects, etc.

Therefore, we believe it is necessary to consider clause. 32 of International Accounting Standard 40 «Investment Property» (hereinafter referred to as «IAS 40»), which «encourages (but does not require) that an entity determines the fair value of investment property on the basis of valuation by an independent appraiser who is a

Abstracts II International scientific-practical conference «ECONOMIC AND BUSINESS ADMINISTRATION DEVELOPMENT: SCIENTIFIC CURRENCIES AND SOLUTIONS». Kiev, October 21, 2021, National Aviation University. recognized specialist of appropriate qualification and has recent experience in valuation of investment property located in such a location and falls into such a category»[2].

The practical obstacle to such an assessment is the high cost of expert appraisal. All this leads in practice to the preferential application of the method of accounting at initial cost, reduced by the amount of accumulated depreciation.

In accordance with IAS 40 «Investment property is property (land or a building or part of a building or a combination of both) held (by the owner or lessee under a finance lease agreement) to earn rental payments or increase the capital value or both, rather than for: use in the production or supply of goods, the provision of services, or for administrative purposes; sale in the course of business»[2].

So, Ukrainian Accounting Standards 32 and IAS 40 differ in terms of classification, recognition and measurement of these objects, determination of their fair value and disclosure of information in the statements. However, these accounting standards define methodological bases for formation of information on investment property in accounting with the specific purpose of further more accurate reflection of these assets in the statements and improvement of their management.

#### **REFERENCES:**

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