

Article

Current State of the Capital Investment Account in Enterprises and Directions for Its Improvement

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Abstract: The article examines the situation of capital investments in businesses today, pointing out problems with capital investment accounting and offering solutions by implementing global standards in the face of the expanding digital economy. The inefficiency of describing capital investment records for various asset kinds, which restricts openness and decision-making usefulness, is one of the major information gaps that has been found. The study's methodology includes a comparative analysis, economic analysis, and data from "Saturn Metalworking LLC" to examine capital investment methods. Results indicate that consistent accounting practices obfuscate precise information about investments in certain assets. One suggestion is to improve accounting procedures to make it easier to track spending in modernization, construction, and various equipment categories. By optimizing capital investment records, these changes hope to enhance stakeholder knowledge and strategic resource allocation in a digital economy.

Keywords: capital investment, capital investment accounting, fixed assets, capital construction, modernization, reconstruction, digital technology

1. Introduction

According to the data provided by the Committee on Statistics of the Republic of Uzbekistan, the volume of total investments in fixed capital in 2023 in our country increased by 122.1 per cent compared to 2022 and amounted to 352,064.1 billion soms. At that, the share of foreign investments and credits amounted to about half, i.e. 47.4 per cent, and the share of enterprises' investments at the expense of their funds amounted to 24.1 per cent. From these figures, we can conclude that the volume of capital investments in our country is growing increasingly. Such investments are important in the activities of economic entities, and their accounting also has its peculiarities. This is one of the important tasks facing accounting and reporting in the digital economy. Even today, such urgent tasks as disclosure of information on capital investments made by each business entity operating in various industries to internal and external information users, and timely provision of real indicators about them, have necessitated in-depth research in this direction.

Literature Review

Article 3 of the Law "On Investments and Investment Activities" defines the concept of investment as follows: "investment - tangible and intangible assets and rights to them, which are invested by the investor in the social sphere, entrepreneurship, scientific and other types of activities based on risks for the purpose of profit, including rights to

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intellectual property objects, as well as reinvestments"¹. According to this definition given in the regulatory legal document, the main purpose of making investments in business entities is to make a profit.

O. T. Astanakulov's scientific research work defines "Investment activity as the sum of all practical actions related to the accumulation of investors' resources and their placement in various forms in order to ensure the capitalization of resources for economic and other activity objects and to obtain profit (income)"². This definition reveals the importance of investment as an accounting object.

In the course of the research, the definitions and descriptions of capital investments presented in the scientific works of foreign and domestic scientists, as well as various sources of information were studied. Hossatan, in the research work of V. I. Titov the following definition is given: "Capital investment is a complex economic category of cost and material factors that are transformed into fixed assets that directly affect the pace and nature of the development of social production in the system of capital construction"³. This definition, which considers construction organizations as subjects, embodies the social significance of capital investment, and the definition stipulates that all costs incurred in capital investment result in the appearance of basic tools.

I. P. Zabrodin's concept of capital investments speaks about the scale of costs, the main source of which is the enterprise's funds - net profit (accumulation fund) and depreciation. In modern conditions, when business entities often experience a shortage of own and borrowed funds, it is necessary to increase attention to accounting and control of capital investment costs"⁴. This description, presented in the research work on accounting and audit of capital investments at enterprises, is expressed in the fact that capital investments are realized as a result of costs incurred in exchange for the profit of the enterprise.

The following definition can be found in the Federal Law of the Russian Federation "On investment activities carried out in the form of capital investments in the Russian Federation": "capital investments - investments in fixed capital (fixed assets), including new construction, reconstruction and technical re-equipment of existing enterprises, machines, purchase of equipment, tools, inventory, project research and other expenses"⁵. This law was adopted at the end of the 20th century, in which the term "capital investments" is represented by the name "capital investments" as well as in the normative legal documents of the Russian Federation. Although the definition refers to capital investment expenditure on capital assets, the impact of capital investment on other assets is not sufficiently taken into account.

U. Kenton, a scientist from Ohio University, USA, "Capital investment is the purchase of physical assets for use in achieving the company's long-term business goals

¹ Ўзбекистон Республикасининг "Инвестициялар ва инвестиция фаолияти тўғрисида"ги Қонуни. 2019 йил 25 декабрь. 598-сон.

² Астанакулов О.Т. Корхоналар инвестиция фаолияти таҳлили методологиясини такомиллаштириш. Иқтисодийёт фанлари доктори (Doctor of Science) диссертацияси автореферати. -Т.: 2020, 35 б.

³ Титов В.И. Фактор времени в оценке экономической эффективности капитальных вложений. Автореферат диссертации на соискание ученой степени доктора экономических наук. – Орёл: 1997. 19-с.

⁴ Забродин И.П. Организация учета и аудита капитальных вложений хозяйствующих субъектов. Автореферат диссертации на соискание ученой степени кандидата экономических наук. – Краснадар: 2000. 19-с.

⁵ Россия Федерациясининг "Россия Федерациясида капитал қўйилмалар шаклида амалга ошириладиган инвестиция фаолияти тўғрисида"ги Федерал Қонуни. 1999 йил 25 февраль. № 39-ФЗ.

and objectives. Real estate, manufacturing plants and machines are among the assets that can be purchased as capital investments”⁶.

The Russian scientist L. V. Galyapina's scientific research work on the organization of capital investment accounting, its models and methodological issues can be found as follows: "Capital investments are one of the forms of investments in the real sector of the economy and are the main source of providing enterprises with production capacity"⁷. The scientist recognizes that the main type of investment in this definition is capital investment, and considers it as the main factor in expanding production activities in economic entities.

M. A. Gorodilov said, "Before the transition to market relations, investments were made on the basis of the balance planning method, according to which funds were allocated from the budget for capital construction, and later, they were supported by material investments”⁸. All these constituted capital investments. In this definition presented in his scientific work on improving the internal audit of capital investments, he recognized the state budget as one of the sources of financing capital investments.

N. A. Zhdankina states that "Capital investments, which play a key role in the renewal and increase of production resources and, accordingly, in ensuring certain rates of economic growth, constitute the material basis of the development of production and are important for the enterprise implementing them and the economy of the country as a whole"⁹. In this definition given in the research work on the accounting of capital investments and sources of its financing, tax benefits, capital investments are considered one of the important factors in the development of the country's economy, and it is envisaged that capital investments are considered the main foundation for the modernization of enterprises and the development of their activities.

Among the scientists of our country, Y. S. Akhmedova believes that “the search for new approaches and methods to increase investment, which will ensure the economic development of the Republic in the conditions of modern digital economy and innovative economy of innovative type, is one of the most urgent problems”¹⁰. This description reveals the importance of capital investments in the conditions of modern economy, proving the importance of scientific research in this direction.

O. I. Ochilov, on the other hand, believes that “capital investments are targeted investments that will bring economic and social benefits in the future, aimed at increasing the quantity and quality of private assets”¹¹. “Capital investment - Investments that last a year or more play a key role in establishing a company's profitability and value to its shareholders.”¹².

⁶ <https://www.investopedia.com/terms/c/capital-investment.asp>

⁷ Галяпина Л.В. Организация бухгалтерского учета капитальных вложений: модели и методические решения. Автореферат диссертации на соискание ученой степени кандидата экономических наук. – Краснодар: 20006. 19-с.

⁸ Городилов М.А. Совершенствование внутреннего аудита капитальных вложений в условиях развития рыночных отношений. Автореферат диссертации на соискание ученой степени кандидата экономических наук. – Пермь: 2002. 19-с.

⁹ Жданкина Н.А. Учёт капитальных вложений и источников их финансирования. Автореферат диссертации на соискание ученой степени кандидата экономических наук. – Самара: 2012. 20-с.

¹⁰ Ахмедова Ю.С. Инвестицион мухит – иктисодиёт ривожининг мухим омили сифатида // Молия бозорини ривожлантиришининг устувор йўналишлари, замонавий тенденциялари ва истиқболлари. Республика илмий-амалий конференция материаллари тўплами. Т.:ТДИУ. 2022. 956 б. 492-бет.

¹¹ Akhmedova Yu.S. Investiture environment – priorities, modern trends and prospects for the development of the financial market as an important factor in the development of the economy//. Collection of materials of the Republican scientific and practical conference. Т.: TDIO. 2022. 956 b. P. 492.

¹² <https://www.cfainstitute.org/en/membership/professional-development/refresher-readings/capital-investments>

“Capital investment is the amount of money used to achieve business goals or to acquire long-term assets for a business”¹³.

“The funds that a business invests in its modernization are called capitalization costs or capital expenditures”¹⁴.

“Capital investments are funds invested in a company to achieve its business objectives. This investment is usually in the form of financial assets, but it can also include the investment of time and effort in developing a company or project”¹⁵.

2. Methodology

In the study of scientific views on the quality of the economic category of capital investments and the description of the object of accounting, in particular, in the research work on the organization and maintenance of accounting at enterprises in the context of the formation of a green economy, such research methods as scientific abstraction, economic analysis, monographic observation, comparison, induction and deduction were used.

3. Results and Discussion

The fulfilment of the above tasks facing the accounting department depends, first of all, on the chart of accounts containing information on capital investments. Therefore, today let us consider the accounting records on capital investments carried out at enterprises, using their practical examples.

Limited Liability Company “Saturn Metalworking”, which was studied in the course of this research, is engaged in the processing of raw materials, using in this process mainly large-sized modern equipment. Therefore, it is believed that enterprises engaged in these processes are more in need of capital investment in the enterprise, unlike other types of enterprises.

Let us examine the accounting of capital investments in the enterprise on the following practical examples:

Table 1. Accounting records for capital investments in Saturn Metalworking LLC¹⁶

No	Contents of the operation	Debit	Credit	Price	Founding documents
accounting operations on account 0810					
1	Construction materials were expended and accounted for during the construction of the administration building	0810	1050	78 000 000	Acceptance certificate, delivery note c

¹³ <https://debitoor.com/dictionary/capital-investment>

¹⁴ https://buxgalter.uz/ru/publish/doc/text171564_asosiy_vositalar_tarkibida_operacion_harajatlarni_oshirmasdan_nimani_kapitaliz_acyialash_mumkin

¹⁵ <https://www.nasdaq.com/articles/capital-investment-definition-types-decisions-and-budgeting>

¹⁶ Author's development based on enterprise data.

2	Construction materials were expended and accounted for during the expansion and renovation of the existing production building factory	0810	1050	64 000 000	Acceptance certificate, delivery notes
3	Wages and salaries of employees involved in the construction of the office building were calculated.	0810	6710	20 000 000	Order, payroll Records
4	Social tax was calculated on the wages and salaries of the employees involved in the construction of the administrative building.	0810	6510	2 400 000	Order, payroll Records
5	Wages and salaries of employees involved in the expansion and reconstruction of an existing production building factory were calculated	0810	6710	16 000 000	Order, payroll Records
6	Existing production was accounted for as social tax on wages accrued to employees engaged in the expansion and reconstruction of the building	0810	6510	1 920 000	Order, payroll Records
7	factory "Manufacturing and installation of doors made of aluminium. profile. Size 770x2270mm" installation equipment was assigned to the construction process of the administrative building and was accounted for during its installation.	0810	0710	15 790 000	Acceptance certificate, consignment note
8	Accepted and noted the act of rendering the service "Design and survey work services" from "Jahongir Engineering" LLC	0810	6010	10 000 000	Contract, Act of rendering services
9	The administration building was completed and put into operation	0120	0810	724 914 547	Acceptance certificate, delivery note
10	The expansion and renovation of the existing factory production building was completed and the costs were added to the original cost of the building	0120	0810	194 718 694	Acceptance certificate, consignment note
Accounting transactions on account 0820					
11	The equipment "Stabler MS 2016" was purchased from "MELA BEST" Ltd. and transferred to the main warehouse	0820	6010	18 803 600	Contract, invoice

12	Stabler MS 2016" equipment was transferred from the main warehouse to taxi production.	0130	0820	18 803 600	Acceptance certificate, bill of lading
13	Modern water purification technology "CEBILON AURA" was purchased from the company "CEBILON AURA" and delivered to the main warehouse.	0820	6010	16 666 200	Contract, invoice
14	"CEBILON", which purifies water, was transferred to factory production from the main warehouse	0130	0820	18 803 600	Acceptance certificate, consignment note
15	"Sukhrob Zafarovich Kayumov purchased a Hyundai Porter II automobile from a natural person.	0820	6010	300 000 000	Contract, invoice
16	Hyundai Porter II truck	0160.2	0820	300 000 000	Acceptance certificate, consignment note
17	The electric vehicle was purchased from "BEKOLE-business" Ltd.	0820	6010	293 000 000	Contract, invoice
18	The electric vehicle was put into operation	0160.1	0820	293 000 000	Acceptance certificate, consignment note
19	A production station of the brand "Hydraulic press lathe WC67K-63T/2500" was purchased from "Universal Logistics Services" QK LLC and transferred to the main warehouse	0820	6010	119 766 130	Contract, invoice
20	A serial universal unit under the brand name "Hydraulic press lathe WC67K-63T/2500" was ordered from the main warehouse for the production of factory	0130	0820	119 766 130	Acceptance certificate, consignment note
21	Computer equipment "Computer in a set" was purchased from INTEGRITY TRADE GROUP LLC and transferred to the main warehouse	0820	6010	119 766 130	Contract, invoice
22	Computer equipment "Computer in a set" was transferred from the main warehouse to the administrative department.	0150	0820	119 766 130	Acceptance certificate, bill of lading
23	From all the SHOPS of "Flat Panel TV ARTEL" Ltd. Office furniture "Model-UA43H3502" was purchased and transferred to the main warehouse	0820	6010	3 000 000	Contract, invoice

24	"Flat Panel Television ARTEL". Office furniture "Model-UA43H3502" was delivered from the main warehouse to the administrative department	0140	0820	3 000 000	Acceptance certificate, consignment note
25	HONG KONG MERGE STAINLESS STEEL CO., LTD. purchased a spare part of production machine "laser cutting machine (machine part)" from a foreign company and delivered to the main warehouse.	0820	6010.2	362 238 465	Contract, invoice
26	The spare part of the production machine "laser cutting machine (machine part)" was transferred to the assembly process for the purpose of reconstruction and was taken into consideration	0810	0820	362 688 820	Acceptance certificate, consignment note
27	Spare parts of the production station "Laser cutting machine" (part of the station) reconstruction costs were charged to the cost of existing items	0130	0810	362 688 820	Acceptance certificate, consignment note

*0160.1- "cars", 0160.2- "trucks", 6010.2 - "foreign suppliers" the plan of accounts and their purpose are reflected in the accounting policy of the enterprise.

While the above table data provide internal and external users of information with information on capital investments made at enterprises, they, however, do not contain detailed and illustrative information on other criteria of capital investments. This makes it necessary to develop scientific conclusions and recommendations to improve capital investment accounting by loading certain tasks to accounting.

4. Conclusion

Based on this research work, it can be concluded that capital investment accounting at enterprises has its own peculiarities, and based on the results of the conducted research, the following feedback was received:

First of all, as a result of the accounting records of capital investment, which are presented based on the accounting records of the enterprise, it became clear that the chart of accounts in the structure of account 0800 in enterprises is used to account for capital investment and their accounting records.

Secondly, based on the results of the study based on the practical data of enterprises, it is worth noting that at present, in the structure of accounting records developed by enterprises to record capital investment, we have witnessed that the scheme of accounts 0810- "construction in progress" and 0820- "acquisition of fixed assets" is more widely used in accounting. Nevertheless, from these accounting records, it can be seen that in enterprises, all capital investment included in fixed instruments are recorded in one Hossatan, in the enterprise 0810 report we have witnessed that all types of objects are concentrated in the costs of different types and directions spent on the construction

process. Already in the enterprise, the purpose of accounting transactions in the account “construction in progress” is different, which also differs in content and form. As an example, the above tabular data shows that the enterprise simultaneously conducted construction processes on two different objects, namely administrative and production buildings, all of which were accounted for in scheme 0810-“construction in progress”. There is also no general possibility to distinguish from the above accounting records in what order the accrued remuneration for labour to employees engaged in the construction of these facilities and social taxes accrued on it are also allocated to each type.

Third, the 0810-“construction in progress” scheme of such an enterprise discussed above, like 0820-“acquisition of fixed assets”, also reflects capital investment in various types of equipment, production stations, computers and other computing equipment, office equipment, light and heavy vehicles, administration and various types of basic tools are used in other farms, and it has become difficult to obtain detailed information about each of them with the help of current accounting records. Moreover, the modernization processes carried out on old tooling equipment are also recorded in these very accounting records, and the modernization processes taking place in the enterprise cannot be distinguished from capital expenditures of another kind from the point of view of these accounting transactions. Such a system of enterprise accounting makes it necessary, in our opinion, to conduct research work on capital investment accounting.

We believe that this conclusion and our recommendations will provide practical assistance in improving capital investment accounting at enterprises and enrich capital investment accounting from a theoretical point of view.

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