



THE DEVELOPMENT OF FIXED ASSET ACCOUNTING IN UZBEKISTAN AND ITS ROLE

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<https://doi.org/10.5281/zenodo.10605123>

ARTICLE INFO

Qabul qilindi: 25-January 2024 yil
Ma'qullandi: 28- January 2024 yil
Nashr qilindi: 31- January 2024 yil

KEY WORDS

accounting (financial) reporting, enterprise management, fixed assets, financial analysis of fixed assets, organization of accounting, depreciation of fixed assets, accounting of fixed assets.

ABSTRACT

This article is devoted to the organization and accounting of fixed assets in Uzbekistan by business entities. At the present stage of Uzbekistan's economic development, the role of the main tools as the basis for the modernization of the country's economy is being considered. The main purpose of the article is to consider the basic principles and features of accounting for fixed assets as the basis of the material and technical base of enterprises in accordance with modern requirements. At the same time, the article will consider the methodological foundations of accounting for fixed assets in business entities and present the features of its improvement.

Introduction. In the context of economic liberalization, it is important to develop new economic relations and their widespread implementation in practice. The accelerated implementation of economic reforms in connection with the transition to a socially oriented market economy in our republic, the replacement of the former dominant state ownership by non-state forms of ownership, in turn, provided freedom to property owners, thanks to which owners received the right to own, use and dispose of property. The state's reform program has made it possible during this period to stabilize the macroeconomic situation, increase industrial production, reduce inflation, and achieve economic independence on types of vital issues.

In the early years of independence, the economists of the Republic faced such a vital need that these were issues of organization and development of accounting and auditing, including accounting and auditing of fixed assets, in business entities operating within their industry of various sectors of the economy based on various forms of ownership. Nevertheless, there are some unresolved issues in this regard, and there is a need for the reform of accounting and auditing of property to be primarily based on socio-economic conditions, legislation in our republic, and to be organized in accordance with the requirements of international standards.

At the present stage of intensive economic development, expansion, reorganization

and reconstruction of the material and technical base is of paramount importance in increasing the efficiency of the existing production potential. The economic efficiency of their production, especially in economic entities, largely depends on the availability of their basic means of production, and therefore insufficient provision of fixed assets leads to a slowdown in the growth of the number of products and labor productivity, as well as to an increase in the cost of production, a reduction in sources of reproduction. On the other hand, the "excess" of fixed assets and their improper use lead to the fact that they are at a standstill, which ultimately leads to a decrease in the economic efficiency of production. Therefore, the study of the possibilities of increasing the economic efficiency of fixed assets in the context of economic modernization, taking into account industry characteristics, combined with the study of the level and indicators of economic efficiency at the national and sectoral levels opens up opportunities for implementation on an enterprise scale and for certain types of activities. This leads to the fact that the efficiency of using fixed assets increases to a higher level.

A special approach is needed to the specifics of accounting for fixed assets in such important industries and sectors of the economy as construction, agriculture, motor transport, trade, public catering. Therefore, special attention in our business should be paid to the organizational and legal foundations of the activities of business entities related to this industry and the industry, the specifics of accounting for assets, liabilities, income, expenses, final financial results, taxes and payments, as well as the preparation of financial reporting forms.

As the level of use of fixed assets increases, production develops and its volume increases. Therefore, it is of great importance to determine the available opportunities based on studying the level of effectiveness of improving the accounting of fixed assets and their use.

To achieve this goal, the following tasks were set for this study:

- study and assessment of the level of provision of economic entities with fixed assets;
- to make proposals for the study and improvement of accounting for the receipt, depreciation and write-off of fixed assets in business entities;
- to study the level of provision of economic entities with fixed assets and make proposals to improve the efficiency of their use.

The research methods used in this work are the information materials of legislative acts, the works of domestic researchers.

Along with the goals set above, they led to the formation of specific theoretical, methodological and applied research tasks:

- study of the theoretical aspects of accounting and analysis of fixed assets of enterprises;
- study of accounting methods for fixed assets of enterprises, individual groups of enterprises and analysis of the effectiveness of the use of fixed assets;
- identification of problems and development of ways to improve accounting and analysis of fixed assets, calculation of the economic efficiency of the proposed series of measures.

Literature review. According to the National Accounting Standard No. 5 entitled "Fixed assets", approved by Order No. 114 of the Minister of Finance of the Republic of Uzbekistan dated October 9, 2003, registered by the Ministry of Justice No. 1299 dated

January 20, 2004, "fixed assets are tangible assets that are valid both in the field of material production and in non-production in the sector for a long time.

When accounting for fixed assets, the basic rules are to establish the moment of their recognition as an asset, to establish methods for calculating their book value and depreciation applied to these assets, as well as to establish and account for other changes in the book value of fixed assets and financial results due to their outflow.

Fixed assets, according to IAS 16— are tangible assets that:

- intended for use in the production or supply of goods and services, for rental or for administrative purposes;
- it is supposed to be used for longer than one reporting period (usually it is about 12 months).

And the purpose of the IAS 16 standard "Fixed Assets" is to establish the accounting procedure for fixed assets so that users of financial statements can clearly understand investments made in fixed assets and changes in such investments. The main issues in accounting for fixed assets are the recognition of current assets, the determination of their carrying amount and the recognition of depreciation and impairment losses on them.

From the National Encyclopedia of Uzbekistan. The main means are those that provide the material conditions of production (tools, buildings, structures, devices, etc.). In accounting and planning, fixed assets include those with a service life of more than one year, and the cost of which is no cheaper than 15 times the minimum wage. Fixed assets are reflected in accounting at the initial price accepted for the farm. The initial cost of fixed assets is included in the actual costs of their acquisition (construction of buildings and structures). Fixed assets are accounted for at cost over the entire service life. Revaluation of fixed assets is carried out only by government decree.

Analysis and results. In our republic, national accounting standards have been developed on the basis of the Law "On Accounting", which not only expand the independence of business entities in choosing forms and methods of accounting, but also require their responsibility for the reliability of accounting information.

The next important step in the reform of accounting in our country was the adoption of a chart of accounts based on international principles. The new chart of accounts will serve as the main instrument for the entry of existing enterprises of the Republic of Uzbekistan into foreign economic relations, entry into world economic integration.

The liberalization of the economy and the integration of the Republic of Uzbekistan into the world economic system, in turn, require constant improvement of the existing legislative framework, bringing it into line with international norms and standards.

A simplified accounting and reporting system based on the requirements of international standards contributes to the formation of a complete picture of the activities carried out and the economic situation of an economic entity, which, in turn, increases the availability of accounting documentation for all users, including foreign investors.

As a result of the reforms carried out in the Republic, national accounting standards are being developed. When developing national accounting standards, they are primarily guided by international standards. International accounting standards are developed by the International Accounting Standards Committee. This committee was founded in 1973 by professional accounting structures from nine countries (Canada, Austria, Germany, France,

Japan, Mexico, the Netherlands, the United Kingdom and the United States). To date, this organization has developed and published more than 30 standards.

Changing accounting and reporting in accordance with international requirements has recently become an increasingly specific issue in our republic. This is facilitated, firstly, by the development of the global economy, which requires decent treatment between companies operating in international markets, and, secondly, by the need for in-depth study of international standards and their wide application in the practice of our country. Therefore, when developing national accounting standards, they rely directly on international standards.

The need to introduce national standards, which are normative documents on the accounting of fixed assets, consists primarily in clarifying and summarizing the basic rules and principles of accounting for fixed assets, outlining the basic concepts, applying the specifics of accounting for fixed assets in the Republic of Uzbekistan, taking into account accounting methods.

Despite the certain similarity of national accounting rules and methods with international standards, today it is impossible to do without transactions that transform financial statements in accordance with IFRS. This article will focus on the main typical transformational adjustments in the accounting of fixed assets that occur during the preparation of the IFRS report.

The fact that there is a big difference between IFRS and NSB in accounting and valuation of assets is the main reason why there is a need for corrective transformer wiring.

Considering the amendments and the reasons for their introduction, we first want to focus on one significant difference. That's the thing. IFRS unconditionally respects the priority of the economic content over the legal form, according to which it is necessary to reflect the economic content of the transaction on the account. In national accounting, on the contrary, much attention is paid to their formation and legal registration. This has a huge impact on the perception of transactions reflected in accounting.

For example, if we do not have ownership of the property, even if we somehow use it in production, it can "appear" on the balance sheet only if it is recognized as surplus after the inventory is carried out on the national account. From the point of view of IFRS, the priority of the legal form leads to the fact that the assets owned by the company are not fully reflected, respectively, the risks and probable benefits of the user are underestimated.

An accountant who is used to working according to national standards evaluates the need to reflect the transaction only if there are primary documents. When forming IFRS reporting, most transactions are carried out on the basis of professional discussion and evaluation in terms of prioritizing their economic content over their legal form.

Adjustments often occur due to differences in depreciation amounts calculated for the purpose of compiling national and international reports. For example, the need for it may arise in connection with the adoption of different useful lives of fixed assets. Or the company could establish that there is a liquidation value of the fixed asset that is not normally used in the national account for international accounting purposes.

In national legislation, the accounting of fixed assets (fixed assets) is regulated by the National Accounting Standard No. 5 "Fixed Assets" (registered by the Ministry of Justice on 01/20/2004 No. 1299). There is also the concept of depreciation tax rates, fixed in the Tax Code-they determine the maximum levels of expenses for the formation of taxable profits.

Usually, domestic enterprises, when calculating depreciation, take the depreciation tax rate, and not the specific estimated service life of this fixed asset. This simplifies the tax calculation, of course, but does not meet the economic criteria of international standards.

Because, from the point of view of international standards, a completely worn-out basic tool can practically not participate in production and make a profit. If there is a situation that you have incorrectly calculated the useful life of this asset, there will be a need to review it.

It should be noted that the definitions of service life established by national and international standards have a very similar meaning. So, No. 5 according to the norms of the National Accounting Standards, the useful life is the period of time during which an enterprise uses an asset, or the amount of products (works and services) that the enterprise plans to receive from the use of this asset. "Fixed assets" in accordance with IFRS (IAS) No. 16. The service life of an object of fixed assets depends on its usefulness to the enterprise. At the same time, the useful life is estimated on the basis of professional discussion based on the experience of using similar assets.

In this aspect, there is not much difference between the requirements of NSB No. 5 and IFRS No. 16 (IAS), but in practice accountants often apply Article 144 of the Tax Code, setting the useful life of an asset in accordance with depreciation rates when determining its useful life. These norms for writing off the cost of fixed assets are the average statistical norms, while the real main instrument can last much longer.

National accountants review the established useful life, respectively, depreciation rates, only if such changes have been made to the tax legislation. This also contradicts the requirements of IFRS (IAS) No. 16, according to which the company may revise the useful life of fixed assets if information appears that by each reporting date the object may be amortized faster or slower than expected. As you can see, there is a big difference in this!

Another significant difference in approaches to depreciation is manifested in determining the period for which accrual should begin. In accordance with the National Accounting Standards, depreciation begins on the starting date of the month following the month of acceptance of this object into fixed assets. However, in accordance with IFRS No. 16 (IAS 8), when an asset is put into operation (when its location and condition allow it to be used for its intended purpose by management), it begins to be amortized.

It follows from this difference that the amount of depreciation deductions for newly commissioned fixed assets is differentiated by the amount of depreciation additionally accrued under IFRS in the period from the actual start of use to the first day of the month following the month of commissioning.

The objectives of revaluation of fixed assets set by national and international standards are quite similar. In the first case, the revaluation determines the replacement cost (i.e. the full amount of costs that an organization must incur when completely replacing them at market prices with exactly similar new objects), and in the second case, the fair value (the cost at which an asset can be exchanged for exactly the same asset by well-informed independent parties with the intention to commit such an operation).

Despite the similarity of the concepts of the issued value of fixed assets during revaluation, a significant discrepancy is considered to be that according to national standards all fixed assets are revalued once a year, and according to international standards they are

transferred more often so that there is no significant difference between their carrying amount and fair value at the end of the reporting period.

In addition, for the purpose of reporting under IFRS, the company may prescribe in its accounting policy a method of accounting for fixed assets without revaluation - at their historical cost.

Based on this discrepancy, during the implementation of the transformation, adjustments must be made for the preparation of IFRS reporting, depending on the selected method of accounting for fixed assets.

In National accounting, the book value of fixed assets is understood as the initial (replacement) cost less the amount of accumulated depreciation. Book value in international standards is the recognized value of an asset less accumulated losses from accumulated depreciation and impairment.

In National Accounting, accountants do not face depreciation of assets. What does it mean?

In the course of business activities, the company's assets move from the category of assets that bring economic benefits to the category of inefficient assets when the cost of their maintenance exceeds the profit received from the application. Therefore, in international standards ("impairment of assets" No. 36 of IFRS (IAS)), in order to determine the conformity of the value of an asset, a process for checking (verifying) the impairment of assets is provided.

In accordance with IFRS (IAS) No. 36, the company must check the assets in the chapter on the presence of signs of impairment in accordance with the situation at each reporting date when preparing the report. The following external and internal symptoms of probable impairment are taken into account:

- a significant decrease in the market value of the asset, which turned out to be more than expected;
- significant changes in technological, market, and economic conditions that negatively affect the company's condition;
- Asset wear and tear or personal injury. For example. fixed assets purchased several years ago were not put into operation until the reporting date. The age of fixed assets and the fact that they have not yet been put into operation suggests that there is a possibility of their impairment;
- whether significant changes have occurred or are expected in the process of using the asset during the period;
- the evidence that the current or future economic results from the use of the asset will be worse than expected. This is a sign that the value of the asset may decrease.

An assessment of the recoverable amount of an asset is necessary only if signs of impairment are detected. They do not need to be evaluated when they are unavailable.

The recoverable amount of an asset is determined based on one of the two indicators with the highest value: the net value of sales or the value of its use. To calculate the recoverable amount, an "asset" should be understood as both an individual asset and a group of assets (a cash-generating unit). The cash generation unit is the least defined group of assets from which cash flows come from uses that are independent of cash inflows from other assets.

Conclusion. Summing up the above, we can say that the impact of IFRS on the reform

and formation of accounting and financial reporting in the Republic of Uzbekistan is increasing every year. The ongoing activities for the study and implementation of IFRS in practice effectively affect the process of convergence of national standards with them. The need to bring Uzbek accounting in line with IFRS is due to the growing number of large national companies interested in attracting foreign investment and seeking to include them in world rankings.

The article presents the largest and most relevant riddles that need to be taken into account when converting NSB reports into IFRS reports. When working with fixed asset accounts, one should not forget about reclassification, the complexity of primary recognition and, most importantly, a clear description of the rules for accounting and valuation of fixed assets adopted in the accounting policy that the company must develop in order to compile IFRS reporting.

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