



THE PROCEDURE FOR ACCOUNTING FOR FIXED ASSETS IN MANUFACTURING ENTERPRISES BASED ON INTERNATIONAL STANDARDS

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Article history:		Abstract:
Received:	20 th December 2025	This article explains the procedure for classifying, receiving, accounting for, and reflecting fixed assets in the accounting policies of manufacturing enterprises. It also details how to make the appropriate entries in bookkeeping and formulate the relevant indicators in financial statements. Furthermore, the theoretical and practical aspects of accounting for fixed assets based on international standards are examined. Specifically, the procedures for the recognition, measurement, revaluation, and derecognition of fixed assets are analyzed within the framework of International Financial Reporting Standards, including the requirements of IAS 16 Property, Plant and Equipment. Issues related to determining the initial cost of fixed assets, capitalizing subsequent expenditures, methods of calculating depreciation, and asset impairment are also covered.
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INTRODUCTION.

In the global economy, the demand for economic resources is steadily increasing. Consequently, in international practice, significant attention is being paid to implementing modern methods in accounting and international auditing. This is done to obtain reliable information for making management decisions regarding the effective use of a company's fixed assets. However, the methods currently used for fixed asset accounting and the information presented in financial statements do not fully meet the requirements of investors, managers, and other information users. Therefore, aligning fixed asset accounting with international standards and ensuring the reliability, relevance, and completeness of information by introducing advanced accounting methodologies remain critical issues.

On February 24, 2020, Resolution No. PP-4611 of the President of the Republic of Uzbekistan, "On Additional Measures for the Transition to International Financial Reporting Standards," was adopted. In accordance with the requirements of this resolution, International Financial Reporting Standards (IFRS), including IAS 16 "Property, Plant and Equipment," have been implemented in our country. Additionally, a new draft of National Accounting Standard (NAS) No. 5, "Fixed Assets," harmonized with international standards, has been developed. Today, there is a need to develop, in accordance with international standards, the definition

of fixed assets, their recognition criteria and classes, methods for the subsequent measurement of property (land), plant, and equipment, depreciation methods, impairment accounting, and financial reporting formats for the movement of property, plant, and equipment. The need to provide investors and other information users with fair and reliable information about property (land), plant, and equipment requires the regular revaluation of these assets at fair value. To this end, it is necessary to conduct ongoing asset valuations based on market demands. Therefore, improving the accounting reflection of the results from the continuous revaluation of "property, plant, and equipment" is a pressing issue.

LITERATURE REVIEW ON THE TOPIC.

I.N. Ismanov [14], a scholar from our country, has explored the issues of improving the accounting of fixed assets based on the concept of "long-term assets." S.N. Tashnazarov translated the title of IAS 16, "Property, Plant and Equipment," not as fixed assets, but as "Property (land), buildings, machinery and equipment." We agree with the author's stated opinion: "We believe that each enterprise, in its accounting policy, should independently determine the composition of 'Fixed Assets' - used in production, service provision, or administrative management processes and serving for more than one period - based on the requirements of the standard" [15]. However, these works do not



adequately address the methodological issues of reflecting the results of revaluing property, plant, and equipment using existing accounting ledgers, as required by IFRS 16.

RESEARCH METHODOLOGY.

The research employs methods such as grouping, comparison, analysis and synthesis, induction and deduction, statistics, economic analysis, economic-mathematical modeling, and discounting.

ANALYSIS AND RESULTS.

Fixed assets are tangible assets that meet the following criteria:

- a) They are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes;
- b) The initial cost of an item of property, plant, and equipment expected to be used for more than one period is recognized as an asset when the following criteria are met.

Manufacturing enterprises are considered the foundation of today's economy. If a manufacturing enterprise has its own buildings, equipment, raw materials, and workforce, this is of great importance for its future development. From this, it is clear that fixed assets hold a prominent place in manufacturing enterprises. The composition of fixed assets, based on international standards, primarily consists of the following:

- IAS 16 "Property, Plant and Equipment"
- IAS 23 "Borrowing Costs"
- IAS 36 "Impairment of Assets"
- IAS 40 "Investment Property"

IAS 41 "Agriculture"

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

IFRS 13 "Fair Value Measurement"

IFRS 16 "Leases"

From this, we can see that organizing the accounting of fixed assets based on international standards is crucial. The reason is that the main focus for manufacturing enterprises is establishing proper accounting. If raw materials are not written off in a timely manner, the data from the warehouse and the accounting records for account 1010 will not match when an inventory count of the balance is conducted. For the depreciation of fixed assets, the accounting period must be correctly allocated according to each type of fixed asset. In particular, the accounting policy for fixed assets must be structured in accordance with international standards.

According to the standard "Accounting Policies, Changes in Accounting Estimates and Errors," there are three categories.

- 1. Accounting Policies.
- 2. Changes in Accounting Estimates.
- 3. Errors.

An accounting policy refers to the rules, principles, and procedures for maintaining proper accounting records. According to accounting policy, fixed assets are initially recognized at either cost or fair value. The cost model is an accounting method that involves capitalizing all expenses incurred during the creation of a fixed asset. The fair value method is accounted for at the market fair value based on IFRS 13 "Fair Value Measurement." In accordance with international standards, fixed assets are subsequently measured using either the cost model or the revaluation model; the fair value method is considered a revaluation model (Figure 1).

Revaluation of Fixed Assets

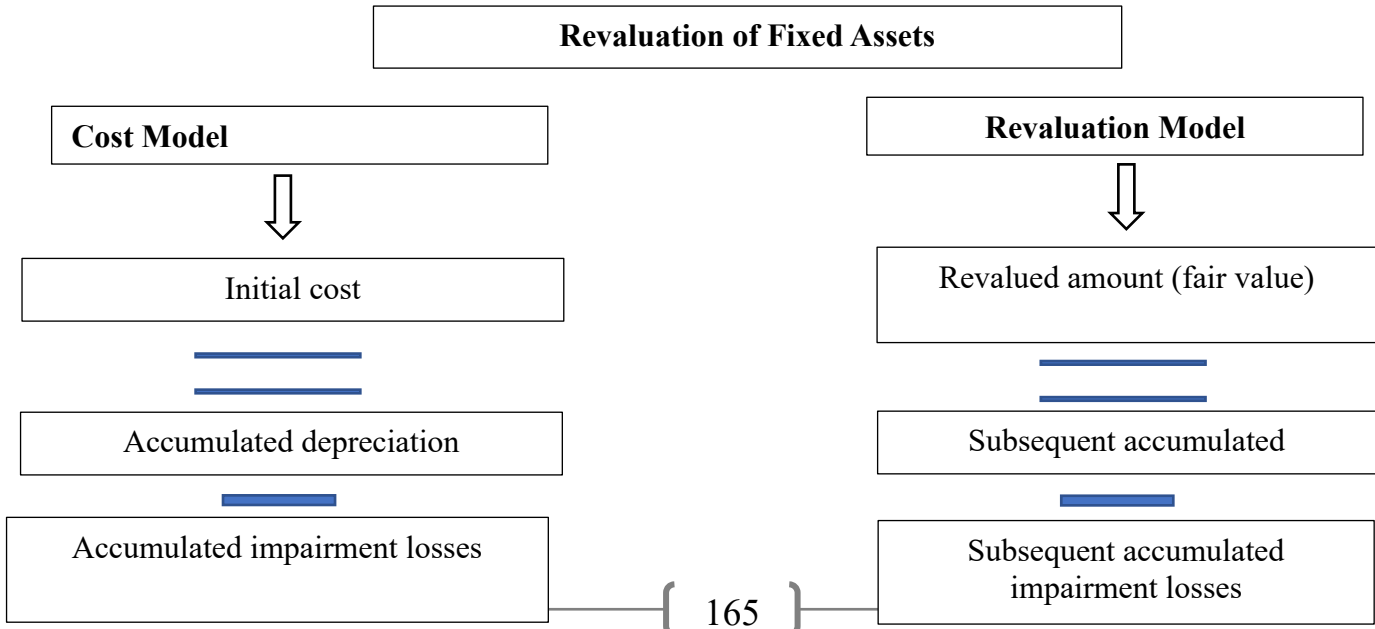




Figure 1. Models for subsequent measurement of fixed assets

The frequency of revaluation depends on changes in the fair value of the fixed asset being revalued.

If the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required.

Significant and volatile fluctuations may be observed in the fair value of certain fixed assets, which may consequently necessitate their annual revaluation.

For fixed assets whose fair value undergoes insignificant changes, a revaluation may only be required every 3 to 5 years.

When a fixed asset is revalued, the entire class of fixed assets to which that asset belongs must also be revalued.

If the revaluation results in an increase in the carrying amount of the asset:

The increase should be recognized in other comprehensive income and accumulated in equity under the heading "Revaluation Surplus." If the revaluation results in a decrease in the carrying amount of the asset:

The decrease should be offset against any previously created revaluation reserve, and any excess amount should be recognized in profit or loss.

In manufacturing enterprises, fixed assets are considered the largest expense.

Regarding changes in accounting estimates:

1. Correct selection of the depreciation calculation method;
2. Estimation of the useful life of long-term assets;
3. Correct determination of the residual value of fixed assets.

Depreciation calculation methods;

Straight-line method

Diminishing balance method

Units of production method

From this, we can see that it is necessary to correctly form the composition of fixed assets in manufacturing enterprises.

Table 2
Types of Fixed Assets in Manufacturing Enterprises

By Types of Fixed Assets (per IFRS)	By Types of Fixed Assets (per NAS)
Land	Land
Buildings and structures	Land improvements
Machinery and equipment	Improvements to fixed assets held under a finance lease
Vehicles	Buildings, structures, and transmission devices
Construction in progress	Machinery and equipment
Biological assets	Furniture and office equipment
Investment property	Computer equipment and computing hardware
Financial instruments	Vehicles
	Working and productive livestock
	Perennial plants
	Other fixed assets
	Preserved fixed assets

The profit or loss arising from the derecognition of an item of fixed assets shall be determined as the difference between the net cash proceeds from the disposal of the asset and its carrying amount.

CONCLUSIONS AND RECOMMENDATIONS. The following information for each class of fixed assets should be disclosed in the financial statements:

- the measurement bases used to determine the gross carrying amount;



- the depreciation methods used;
- the useful lives or the depreciation rates used;
- the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period;

The following information should also be disclosed in the financial statements:

- the existence and amount of property, plant, and equipment with certain restrictions on ownership rights, as well as property, plant, and equipment pledged as security for liabilities;
- the amount of expenditures recognized in the carrying amount of an item of property, plant, and equipment in the course of its construction;
- the amount of contractual commitments for the acquisition of property, plant, and equipment; and
- the amount of compensation from third parties for items of property, plant, and equipment that were impaired, lost, or given up that is included in profit or loss, if it is not disclosed separately in the statement of comprehensive income.

Users of financial statements may also find the following information useful for their needs:

- the carrying amount of temporarily idle property, plant, and equipment;
- the carrying amount of property, plant, and equipment that is fully depreciated but still in use;
- the carrying amount of property, plant, and equipment that is retired from use but not classified as held for sale in accordance with IFRS 5; and
- when the cost model is applied, the fair value of property, plant, and equipment if it differs materially from their carrying amount.

If an item of property, plant, and equipment is stated at a revalued amount, the following shall be disclosed in addition to the disclosures required by IFRS 13:

- the effective date of the revaluation;
- whether an independent valuer was involved;
- for each class of revalued property, plant, and equipment, the carrying amounts that would have been recognized had the assets been accounted for under the cost model; and
- changes in this amount during the period, as well as any restrictions on its distribution.

Furthermore, property, plant, and equipment are among the most essential assets in production, with buildings and production equipment being the primary components. These fixed assets help reduce production expenses, lower the cost of goods, and serve to improve the output of finished products.

When organizing production, it is crucial to accurately reflect the acquisition, depreciation, revaluation, and disposal of property, plant, and equipment in the relevant line items of the financial statements.

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