



# THE PROCEDURE FOR ORGANIZING INTANGIBLE ASSET ACCOUNTING IN JOINT VENTURES BASED ON INTERNATIONAL STANDARDS

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Article history:	Abstract:
<b>Received:</b> 10 <sup>th</sup> April 2026 <b>Accepted:</b> 8 <sup>th</sup> May 2026	This article focuses on the definition of intangible assets, their initial recognition and measurement, subsequent measurement, the application of amortization methods, derecognition, the reflection of intangible asset accounting in accordance with International Financial Reporting Standards, and disclosure in the relevant line items of the financial statements.

**Keywords:** International Financial Reporting Standards, accounting policy, intangible assets, licenses and quotas, intellectual property, patents and copyrights, brands, trademarks, statement of financial position, foreign investor.

**INTRODUCTION.** One of the important tasks facing the younger generation today is the in-depth study of absolute and non-absolute rights (intangible assets) — which, despite lacking a tangible form, make a huge contribution to human development—as well as the proper accounting of these assets in accordance with modern requirements, enabling the processing of thousands of transactions with high speed and accuracy. In accordance with a decree by the President of the Republic of Uzbekistan, it has become mandatory for large taxpayers in our country to submit financial statements based on international standards. Consequently, audits in these business entities have also begun to be conducted based on International Standards on Auditing. The decree also sets forth the task of harmonizing National Accounting Standards (NAS) with International Financial Reporting Standards (IFRS).

**RESEARCH METHODOLOGY.** The article extensively utilizes methods such as analysis and synthesis, induction and deduction, monographic observation, comparison, scientific abstraction, systematic and SWOT analysis, economic-mathematical methods, documentation, valuation and discounting, comprehensive examination, and sample testing.

## LITERATURE REVIEW

An analysis of economic sources shows that the concept of "current assets" is approached using various terms such as "circulating assets," "working assets," "short-term assets," "working capital," and "turnover capital." Specifically, according to N. P. Kondrakov, they include ..."scientific works, works of literature and art, programs for electronic computers, inventions, utility models, breeding achievements, production secrets (know-how), trademarks and service marks, and the

business reputation of enterprises."

Economists T. G. Belozerova, D. V. Lugovsky, and R. A. Tkhangapso classify intangible assets as follows: by the nature of the right to the IA object;

- by the service life of IA objects;
- by their value amortization;
- by the source of acquisition;

by the possibility of waiving the right.

According to the definition by A. Sotvoldiyev and Yu. Itkin, intangible assets are understood as objects that do not have a tangible form or physical characteristics. According to D. E. Norbekov, A. N. Turayev, and Sh. Sh. Rakhmonov, an intangible asset is an identifiable non-monetary asset that lacks tangible substance.

In F. Gulamova's view, an intangible asset is an object that does not have a natural material form, is used in production over a long period, and generates additional income.

In the author's opinion, intangible assets are identifiable property objects lacking a tangible form, held by an enterprise for long-term use in the process of production, performing work, rendering services, or selling goods, or for carrying out administrative and other functions.

## ANALYSIS AND RESULTS.

According to the international standard, a specific characteristic of intangible assets is that in most cases, they do not have a part that can be added or replaced. Consequently, most subsequent expenditures serve to maintain the expected economic benefits inherent in the existing intangible asset, rather than meeting the definition and recognition criteria for an intangible asset in this standard.

At the same time, it is often more difficult to determine whether a subsequent expenditure relates specifically to a particular intangible asset rather than to the business



as a whole. As a result, only in rare cases are subsequent expenditures—i.e., those incurred after an acquired intangible asset was initially recognized or after an internally generated intangible asset was completed—recognized in the carrying amount of the asset. Subsequent expenditures on brands, mastheads, publication titles, customer lists, and other items similar in substance are always recognized in profit or loss when they are incurred, regardless of whether they were acquired or internally generated. This is because such expenditures cannot be distinguished from expenditures to develop the business as a whole.

In accordance with IAS 38, an intangible asset is recognized if:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;

- the cost of the asset can be measured reliably.

According to IAS 38, the price paid in a separate acquisition of an intangible asset reflects the entity's expectations about the probability that the expected

future economic benefits embodied in the asset will be received. In other words, the business entity expects to receive economic benefits, regardless of any uncertainty about the timing or amount of that economic benefit flow. Therefore, for separately acquired intangible assets, the probability recognition criterion is always considered to be met.

The concept of subsequent measurement of intangible assets primarily refers to their revaluation. According to the international standard, an entity accounts for them using one of the following two models:

- the cost model;

- the revaluation model.

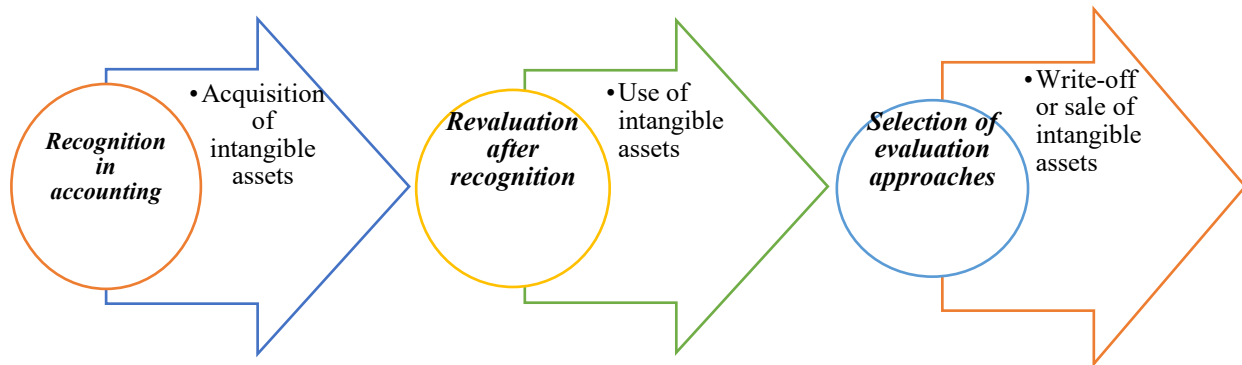
- A class of intangible assets is a grouping of assets of a similar nature and use in the entity's operations. Intangible assets within the same class are revalued simultaneously to prevent the selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values at different dates.

<i>The cost model:</i>	<i>Under this model, after initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses.</i>
<i>The revaluation model:</i>	<i>In this model, after initial recognition, an intangible asset is carried at its revalued amount, which is its fair value at the date of the revaluation less any subsequent accumulated amortization and any subsequent accumulated impairment losses.</i>

It is unusual for an active market to exist for an intangible asset, but it may. For example, in some jurisdictions, an active market might exist for freely transferable taxi licenses, fishing licenses, or production quotas. However, an active market cannot exist for brands, newspaper mastheads, music and film publishing rights, patents, or trademarks, because each such asset is unique. Furthermore, while intangible assets are bought and sold, contracts are negotiated between individual buyers and sellers, and transactions

are infrequent. For this reason, the price paid for one asset does not provide sufficient evidence of the fair value of another. Moreover, prices are often not publicly available.

The purpose of post-recognition measurement of intangible assets is to anticipate the generation of income from the valued object. In most cases, the valuation of objects is applied when derecognizing or selling intangible assets.



**Figure 1. Valuation of intangible assets in joint ventures.**

When the initial (replacement) cost of intangible assets is revalued, their accumulated depreciation as of the revaluation date is adjusted by the corresponding indices of the change in the initial (replacement) cost of the intangible assets, and subsequent depreciation is calculated based on the revalued (replacement) cost. The revaluation index is determined by dividing the current value of an intangible asset by its initial cost. The amount of the increase in the value of intangible assets resulting from the revaluation is transferred to the "Adjustments for revaluation of long-term assets" account within the reserve capital.

The amount of decrease in the value of intangible assets resulting from a revaluation is used to reduce the reserve capital under the "Adjustments for the revaluation of long-term assets" account, within the limit of the increase in this asset's value from previous reporting periods. The amount by which the decrease in the asset's value exceeds the previous increase in its value is included in other operating expenses. The results of the revaluation of intangible assets are reflected in the financial statements of the current period in which the revaluation was performed.

When determining the useful life of an intangible asset, numerous factors are taken into account, such as:

- the asset's expected usage by the entity and whether the asset could be managed more efficiently by a different management team;
- publicly available information on the usage period of a typical product for the asset, as well as the expected useful lives of similar assets used in a similar manner;
- technical, technological, commercial, and other types of obsolescence;

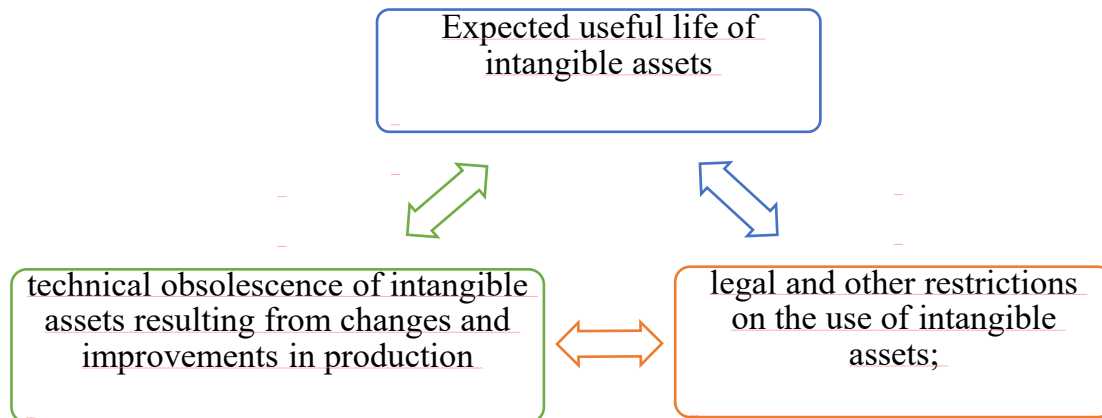
- the stability of the industry in which the asset is used, as well as changes in market demand for the products or services created with the asset;
- expected actions by competitors or potential competitors;
- the level of maintenance costs required to obtain future economic benefits expected from the asset, as well as the business entity's ability and willingness to achieve such a level;
- the period of control over the asset, as well as legal or similar restrictions on the use of the asset, such as the expiration dates of relevant lease agreements;
- the dependence of the asset's useful life on the useful lives of the entity's other assets.

The selected depreciation method should reflect the pattern in which the future economic benefits expected from the asset are consumed by the business entity. If this pattern cannot be determined reliably, the straight-line method should be used. The depreciation amount for each period is recognized in profit or loss.

Various depreciation methods can be used to systematically allocate the depreciable amount of an asset to expenses over its useful life:

- ✓ straight-line method;
- ✓ declining balance method;
- ✓ production method.

Amortization charges on intangible assets are calculated regardless of the enterprise's performance results during the reporting period and are reflected in the accounting records of the corresponding reporting period. The accrued amortization amounts for intangible assets are recorded in the accounting by accumulating them in separate accounts.



**Figure 2. Factors determining the useful life of intangible assets.**

The residual value of an intangible asset with a finite useful life must be assumed to be zero, with the exception of the following cases:

- there is a commitment by a third party to purchase the asset at the end of its useful life;
- there is an active market for the asset (as defined in IFRS 13), and:
  - ✓ the residual value can be determined by reference to that market;
  - ✓ it is probable that such a market will exist at the end of the asset's useful life.

An intangible asset must be derecognized in the following cases:

- ✓ on disposal;
- ✓ when no future economic benefits are expected from its use or disposal.

### CONCLUSION AND RECOMMENDATIONS.

1. By researching the definitions and approaches in current regulatory legal acts and the scientific, educational, and methodological works of economists, an author-developed approach to the concept of "intangible assets"—as an object of bookkeeping and an element of financial accounting—has been formulated based on International Financial Reporting Standards (IFRS). Intangible assets are identifiable non-monetary assets without physical substance, used by an enterprise over the long term for producing products, performing work, providing services, selling goods, or carrying out administrative and other functions.

2. In accordance with the international standard, a class of intangible assets reflects a grouping based on similar characteristics and their use in the business entity's activities. Individual classes may include:

- brand names;
- mastheads and publishing titles;
- computer software;

licenses and franchises;

copyrights, patents, and other industrial property rights, service and operating rights;

recipes, formulas, models, designs, and prototypes; intangible assets in the process of research and development.

3. When accounting for the recognition of intangible assets in the statement of financial position, it is advisable to use the cost method instead of the revaluation method. To apply the revaluation model, an active market for the intangible assets must exist. Therefore, in order to use the fair value method, it must be possible to determine the market value of intangible assets, similar to how it is done for property, plant, and equipment.

Based on the foregoing, to organize accounting competitively, joint ventures must possess well-known intangible assets, such as brands and franchises. This will facilitate the signing of contracts with foreign enterprises and contribute to our development.

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