European Journal of Business Startups and Open Society

Vol. 5 No. 4 (Apr - 2025): EJBSOS

http://inovatus.es/index.php/ejbsos

The use of tangible assets in international and national standards in the effective operation of small businesses and entrepreneurship and their importance.

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Abstract: The article is aimed at analyzing the efficiency of small businesses and entrepreneurial entities, considering the theoretical and legal regulatory aspects of the tangible assets accounting system, and developing recommendations for analyzing and improving tangible assets in accordance with national and international standards.

Key words: Entrepreneurship, small businesses, legal entity, tangible assets, fixed assets, inventories, national and international standards, valuation, depreciation, impairment, write-off.

Introduction.

Currently, the economy of the Republic of Uzbekistan is developing day by day as a result of fundamental changes. In particular, great importance is attached to the effective work of all aspects of business entities in our country.

Entrepreneurship is a legal entity that is engaged in any activity by business entities on their own initiative within the framework of the law, taking on risk and responsibility from their own funds in order to make a profit. An organization that owns and is responsible for its own property during its activities, can acquire and exercise property or personal non-property rights in its own name, fulfill obligations, and be a plaintiff and a defendant in court is a legal entity. Legal entitiesprepare an independent balance sheet or estimate and submit financial reports to tax authorities within the established period depending on the type of their activity.

In recent years, as a result of the resolutions and decrees adopted by the President of the Republic of Uzbekistan Shavkat Mirziyoyev Miromonovich on supporting small businesses and improving the quality of the business environment, as well as the great attention paid to this area, a total of 445.4 thousand small enterprises and microfirms were newly established during January-December 2020-2024 years. When analyzing newly established small enterprises and micro-firms by sector, the largest number of new entities was established in the trade sector - 169.5 thousand (or 38.1%), in the services sector - 111.7 thousand (or 25.1%), in the industry sector - 81.1 thousand (or 18.2%), in agriculture, forestry and fisheries - 57.2 thousand (or 12.8%), and in the construction sector - 25.9 thousand (or 5.8%).

Research and methods.

The role of tangible assets in economic entities in the effective operation of each business entity and in achieving high profits is incomparable. ***Tangible assets*** are considered the main part of economic resources, which are understood as physical assets that are on the balance sheet of

economic entities and are used for a certain period of time during their activities and bring high profits. There are the following main types of tangible assets:

1. ***Fixed assets:***

- buildings and structures;
- production equipment;
- vehicles;
- computers, furniture and other office equipment.

2. ***Inventories:***

- raw materials and supplies;
- finished goods;
- semi-finished goods.

3. Assets under construction:

- buildings or facilities that are not yet commissioned and are under construction.

Legal and regulatory framework for tangible assets. Tangible assets are regulated in accordance with the *National Accounting Standards (NAS)* of the Republic of Uzbekistan. For example, work is carried out according to the following standards:

1. NAS No. 5 "Fixed Assets" (registered on January 20, 2004 under No. 1299). This standard includes:

- initial and subsequent valuation of tangible assets;
- depreciation calculation, their write-off;
- procedure for repair and overhaul.

2. NAS No. 21 "Chart of accounts of accounting in economic entities and instructions for its application" *(registered by the Ministry of Justice of the Republic of Uzbekistan on December 27, 2024 under No. 3593).* "Organizations shall prepare financial and economic accounts based on the chart of accounts of accounting in Appendix 1 to this BHMSdraws up a working chart of accounts for accounting operations. The working chart of accounts must be reflected in the organization's accounting policy. The chart of accounts for accounting consists of grouped elements of financial statements such as assets, liabilities, equity, income and expenses, as well as off-balance sheet accounts. Organizations maintain accounting in accordance with the instructions in Appendix 2 to this NAS"[No. 21 "Instructions on the chart of accounts for accounting in business entities and its application" NAS/https://lex.uz/ru/docs/-7282737/.][1].

3. NAS No. 4 "Inventory and Material Reserves" *(state registered by the Ministry of Justice of the Republic of Uzbekistan on July 17, 2006 under No. 1595):*

"The purpose of this NAS is to establish the accounting methodology and reflection in financial statements of inventory and material reserves owned by a legal entity (hereinafter referred to as an organization) regardless of its organizational and legal form. The main rules for accounting for inventory and material reserves are: determining the moment of recognition, classification, and assessment of the balance sheet value; determining the costs included in the cost of inventory and material reserves, recognizing future costs, including the cost of inventory and material reserves to their net realizable value; determining the financial results from their disposal and the procedure for disclosing information on them in financial statements. The provisions of this NAS do not apply to the rules for accounting for work in progress under contract construction, including contracts for

[1] No. 21 "Chart of Accounts for Accounting in Business Entities and Instructions for its Application" BHMS/https://lex.uz/ru/docs/-7282737/.

related services, and financial instruments [NAS No. 4 “Inventories”. https://lex.uz/mact/-1026483/.][2].

Tangible assets are also regulated in accounting based on international standards. For example, the International Financial Reporting Standards (IFRS) include the following:

1. IAS 16 – “Property, Plant and Equipment”.

– This international standard establishes the procedures for accounting for tangible assets, determining their value, calculating depreciation, restoring or reducing the value of an asset.

2. IAS 36 – “Impairment of Assets”.

– If tangible assets have lost their value (for example, due to technical obsolescence or a decrease in market value), then impairment is accounted for in accordance with this standard.

3. IAS 23 – "Borrowing Costs".

– If tangible assets are financed during the construction or production period, capitalization of interest expenses is carried out based on this standard.

IAS 16 – Analysis of the international standard "Property, Plant and Equipment".

1. Purpose of the standard. IAS 16 defines the following aspects of fixed assets:

- Initial and subsequent measurement;
- Calculation of depreciation;
- Identification of signs of impairment;
- Derecognition.

2. Key concepts.

Term Definition:

- *Fixed asset.* A tangible asset used by an enterprise in production, service or rental and expected to be used for several periods.
- Original cost. Purchase price + direct costs (installation, delivery, commissioning).
- *Depreciation. T*he process of systematically converting the cost of an asset into expenses over its useful life.
- *Residual value.* The estimated value that can be obtained from an asset at the end of its useful life.

3. Initial valuation. When a fixed asset is purchased, the following costs are considered:

- Purchase price (invoice, customs duties, taxes),
- Delivery and installation costs,
- Start-up costs.

For example:

A company purchased new equipment – $100,000

Delivery and installation costs – $10,000

Original cost = $110,000

4. Subsequent valuation. IAS 16 allows two models:

Cost Model:

– The asset is carried at depreciated cost.

– The most common method.

Revaluation Model:

– Assets are revalued in accordance with their fair market value.

This approach is more complex, but more accurately reflects the value of assets.

5. Depreciation. Each fixed asset has a useful life (for example, 10 years).

[2] NAS No. 4 entitled “Inventory and Material Inventories”. https://lex.uz/mact/-1026483/.

The following depreciation methods are available:

- Straight-line;
- Diminishing balance;
- Units of production.

For example: $110,000 asset, 10 years, residual value $10,000
Depreciation = ($110,000 - $10,000) / 10 = $10,000/year.

6. Impairment. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognized. This is accounted for in accordance with IAS 36.

7. Derecognition. If an asset is completely unusable or is sold, it is derecognized. As a result, profit or loss is reflected in the report.

Result and dicussion.

According to statistical data, as of January 1, 2025, the number of operating small enterprises and microfirms amounted to 358.1 thousand. The number of small business entities was 12.1 units per 1,000 population. As of January 1, 2025, the total number of operating small enterprises and microfirms (excluding farmers and peasant farms) was 358,116, of which 77,046 were newly established. As of January 1, 2025, the largest number of operating small enterprises and microfirms by region was 84,453 in Tashkent city or 23.6% of the total, 34,389 in Tashkent region or 9.6% of the total, and 31,470 in Samarkand region or 8.8%. In January-December 2024, the highest indicator of the number of small business entities per 1,000 population by region was 27.5 units in Tashkent city, 17.7 units in Navoi region, 13.8 units in Jizzakh region, 13.7 units in Syrdarya region, and 13.6 units in Bukhara region. As of January 1, 2025, the number of operating small business entities was 12.1 units per 1,000 population. When analyzing the ratio of the number of small business entities per 1,000 population by district and city, it was observed that the highest indicator was 56.7 units in Yakkasaroy district, 46.1 units in Mirabad district, 40.2 units in Bektemir district, 35.5 units in Chilonzor district, and 34.6 units in Qarovulbazar district. In January-December 2024, the largest share of newly established small enterprises and microfirms by region was accounted for by Tashkent city - 21.2%, Khorezm region - 8.9%, Tashkent region - 8.8%, Samarkand region - 8.6%, Fergana region - 7.7%, Bukhara region - 6.4% and Surkhandarya region - 6.3%. In January-December 2024, by type of economic activity, the largest number of small enterprises and microfirms was in the trade sector - 28,005 units, in industry - 12,889 units, in agriculture, forestry and fisheries - 9,099 units. When analyzed by districts and cities of the republic, in January-December 2024, the largest number of small enterprises and microfirms were newly established in Yunusobod district - 1,889, Mirzo Ulugbek district - 1,884, Chilonzor district - 1,747, Samarkand city - 1,742, Yakkasaroy district - 1,528, Yashnobod district - 1,517, and Almazar district - 1,458 [National Statistics Committee of the Republic of Uzbekistan[3].

From the above analysis, it can be seen that currently small business and entrepreneurship entities in our country have achieved significantly high results and have led to the further development of our country.

Conclusions and recommendations. From the above information and analysis, we can conclude that tangible assets are of great importance in effectively assessing the financial condition of business entities. They include:

- Fair assessment of the financial condition of business entities;

[3] Socio-economic situation of the Republic of Uzbekistan. January-February 2025. Tashkent-2025].

- ❖ Reducing costs through the correct and efficient use of tangible assets;
- ❖ Timely replacement of depreciated assets with new ones;
- ❖ Correct calculation of tax payments.

We can suggest that business entities work through the international standard IAS 16 - "Property, Plant and Equipment" (Tangible Assets). The importance of this international standard includes the following:

- ➢ Reflection of fair value,
- ➢ Correct calculation of depreciation,
- ➢ Provides the opportunity to assess the condition of assets through periodic inspections.

If tangible assets are managed correctly using the above international and national standards, it will create a basis for significant growth and high income for small business and entrepreneurship. This will lead to the prosperity of our country's economy and an effective increase in the financial budget.

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