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INTERNATIONAL SCIENTIFIC ELECTRONIC JOURNAL

IMPROVING ACCOUNTING FOR FIXED ASSET WRITE-OFF OPERATIONS AT ENTERPRISES BASED ON INTERNATIONAL STANDARDS

Nematova Dilnoza Azamatovna
Basic doctoral student at the Samarkand Institute of Economics and Service
E-mail: nematovadilnoza@gmail.com
ORCID: 0009-0008-7976-2281

Abstract: This article examines the methodological issues of accounting for fixed asset write-off operations at enterprises in accordance with international financial reporting standards. Particular attention is paid to the derecognition criteria, determination of the carrying amount, accumulated depreciation, disposal proceeds, dismantling costs, and recognition of gains or losses arising from the disposal of fixed assets. The study is based primarily on IAS 16 Property, Plant and Equipment and considers the relationship between international requirements and the accounting practices established by Uzbekistan's updated National Accounting Standard No. 5 "Property, Plant and Equipment."

Keywords: fixed assets, property, plant and equipment, derecognition, write-off, carrying amount, accumulated depreciation, disposal, disposal proceeds, gain, loss, international financial reporting standards.

Аннотация: В статье рассматриваются методологические вопросы учета операций по списанию основных средств на предприятиях в соответствии с международными стандартами финансовой отчетности. Особое внимание уделяется критериям прекращения признания, определению балансовой стоимости, накопленной амортизации, поступлений от выбытия, затрат на демонтаж, а также признанию прибылей или убытков, возникающих при выбытии основных средств. Исследование в основном основано на МСФО 16 «Основные средства» и рассматривает взаимосвязь между международными требованиями и практикой бухгалтерского учета, установленной обновленным Национальным стандартом бухгалтерского учета № 5 «Основные средства» Республики Узбекистан.

Ключевые слова: основные средства, имущество, машины и оборудование, прекращение признания, балансовая стоимость, накопленная амортизация, выбытие, поступления от выбытия, прибыль, убыток, международные стандарты финансовой отчетности.

INTRODUCTION

Fixed assets constitute one of the most significant components of the long-term resources of enterprises and play an essential role in ensuring the continuity and efficiency of production and service processes. Machinery, buildings, equipment, vehicles and other property, plant and equipment are used by enterprises over several reporting periods and therefore have a direct influence on the formation of production costs, depreciation expenses, financial performance and the carrying amount of assets. Consequently, the accuracy of accounting for fixed asset transactions, including their disposal and write-off, is an important condition for ensuring the reliability of financial statements.

The write-off of fixed assets represents the derecognition of an asset from the accounting records when the enterprise disposes of it or when no future economic benefits are expected from its use or disposal. In accordance with IAS 16 *Property, Plant and Equipment*, an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The standard also requires the gain or loss arising from derecognition to be recognised in profit or loss and determined as the difference between the net disposal proceeds and the carrying amount of the asset.

The accounting treatment of fixed asset write-offs becomes particularly important when an asset is disposed of before the end of its estimated useful life, when it is technologically obsolete, or when individual significant components are replaced. In such cases, inaccurate determination of accumulated depreciation, carrying amount, disposal proceeds or disposal-related costs may lead to an incorrect financial result and distort the information presented in financial statements. Therefore, the development of a systematic methodology for recognising and measuring write-off operations is necessary for improving the quality of accounting information.

International financial reporting standards emphasise the economic substance of asset derecognition rather than merely the formal cancellation of an asset from an inventory register. IAS 16 provides specific requirements concerning the derecognition of replaced components, disposal proceeds and the recognition of gains or losses. This approach creates an opportunity to develop a more comprehensive accounting model in

which the reason for disposal, technical condition, carrying amount, accumulated depreciation, impairment and disposal costs are considered together.

REVIEW OF LITERATURE ON THE SUBJECT

The accounting treatment of fixed asset write-off operations has been widely examined within the framework of international financial reporting, particularly in relation to the recognition, measurement, depreciation and derecognition of property, plant and equipment. The literature demonstrates that the reliability of fixed asset disposal accounting depends primarily on the correct determination of the asset's carrying amount, the timing of derecognition and the measurement of the resulting gain or loss.

The principal international regulatory source is IAS 16 Property, Plant and Equipment, which establishes the fundamental principles for accounting for property, plant and equipment. According to IAS 16, an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal [IFRS Foundation; 2022; paras. 67–72]. The standard further establishes that the gain or loss arising from derecognition is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss [IFRS Foundation; 2022; paras. 68, 71].

The IAS Plus analysis of IAS 16 developed by Deloitte emphasises that derecognition is an integral part of the accounting cycle for property, plant and equipment. According to the guidance, an item is removed from the statement of financial position upon disposal or when no future economic benefits are expected. The resulting gain or loss is calculated by comparing the disposal proceeds with the carrying amount [Deloitte; 2024].

Ernst & Young (EY), in its *International GAAP* guidance, considers property, plant and equipment within the broader framework of IFRS measurement principles. The guidance highlights the importance of applying consistent recognition, depreciation and derecognition policies and of reflecting the economic substance of transactions in financial reporting [EY; 2024].

KPMG, in its *Insights into IFRS* materials, also addresses the accounting consequences of the disposal and derecognition of non-current assets. The guidance emphasises that the carrying amount must be removed from the financial statements when the recognition criteria are no longer satisfied and that the resulting financial effect should be appropriately recognised [KPMG; 2024].

In the context of Uzbekistan, the methodological basis for accounting for fixed assets is established by the updated National Accounting Standard No. 5 "Property, Plant and Equipment". The standard was approved by Order No. 133 of the Ministry of Economy and Finance dated 14 June 2024 and registered by the Ministry of Justice under No. 3546 on 9 August 2024 [Ministry of Economy and Finance of the Republic of Uzbekistan; 2024].

The development of Uzbekistan's accounting system towards international financial reporting principles has also been considered in national academic research. B.B. Hamdamov has examined issues of accounting and financial reporting development in Uzbekistan, emphasising the importance of improving accounting methodology in accordance with international standards [Hamdamov; 2020].

A.A. Ismoilov examines the accounting and analytical aspects of fixed assets and emphasises the importance of correctly determining their initial value and subsequent accounting treatment. The research demonstrates that the accuracy of fixed asset accounting directly influences depreciation, financial results and the reliability of accounting information [Ismoilov; 2025].

Research by N.A. Karimov concerning the development of accounting and financial reporting in Uzbekistan also highlights the need to improve accounting procedures and strengthen their conformity with international principles [Karimov; 2021].

RESEARCH METHODOLOGY

The methodological basis of this study is formed by the principles of financial accounting and the requirements of International Financial Reporting Standards, particularly IAS 16 *Property, Plant and Equipment*. The study focuses on improving the methodology for accounting for fixed asset write-off operations by examining the procedures for derecognition, determination of carrying amount, recognition of disposal proceeds and calculation of the resulting financial outcome.

ANALYSIS AND RESULTS

Fixed asset write-off is an important accounting operation that reflects the termination of recognition of an asset in the financial statements of an enterprise. The write-off may occur as a result of sale, liquidation, physical deterioration, technological obsolescence, destruction, donation, replacement of a significant component, or when the enterprise no longer expects future economic benefits from the asset.

According to IAS 16 *Property, Plant and Equipment*, an item of property, plant and equipment is derecognised when it is disposed of or when no future economic benefits are expected from its use or disposal. Therefore, the write-off process should be based not only on an administrative decision but also on an assessment of the economic usefulness of the asset.

In this regard, the following classification of fixed asset write-off operations is proposed (Table 1):

Table 1. Classification of fixed asset write-off operations according to their economic substance[1]

№	Reason for write-off	Economic characteristic	Accounting consequence
1	Physical deterioration	Asset has lost its operational capacity	Derecognition
2	Technological obsolescence	Asset is replaced by more efficient technology	Derecognition
3	Sale	Ownership/control is transferred	Derecognition and recognition of disposal result
4	Destruction	Asset is destroyed or substantially damaged	Derecognition and recognition of loss
5	Donation	Asset is transferred without consideration	Derecognition
6	Replacement of a significant component	Existing component is replaced	Derecognition of old component
7	Absence of future economic benefits	Asset no longer provides expected economic benefits	Derecognition

This classification makes it possible to establish differentiated accounting procedures depending on the reason for derecognition.

The research proposes improving the write-off process through a sequential methodological model (Figure 1):

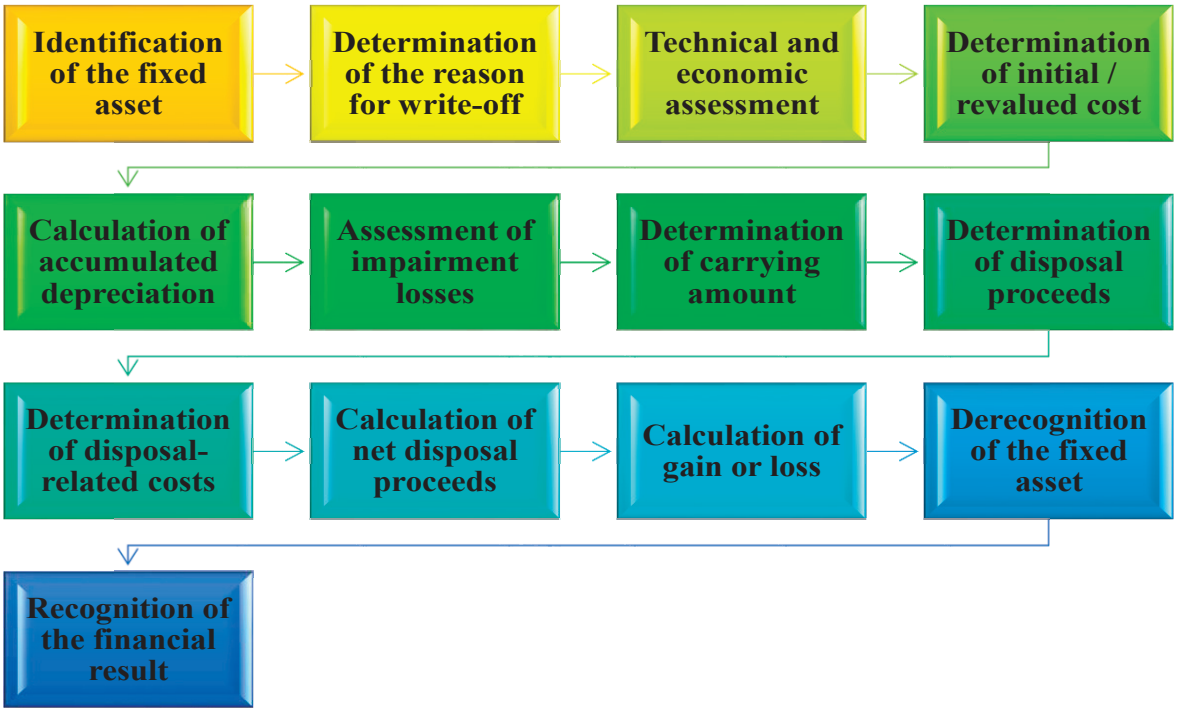

Figure 1. Improved methodological model for accounting for fixed asset write off operations based on international standards[2]

1 Author's development.
2 Author's development.

The main advantage of this model is that it combines the technical, economic and accounting stages of the write-off process. Consequently, the decision to write off an asset becomes directly connected with the calculation of its financial consequences. Component accounting is particularly important for complex fixed assets such as production lines, buildings, aircraft, specialised machinery and large technological equipment.

IAS 16 requires significant parts of an item of property, plant and equipment with different useful lives to be accounted for separately. When a significant component is replaced, the carrying amount of the replaced component should be derecognised if the replacement cost is recognised in the carrying amount of the asset.

An effective accounting system requires not only correct calculations but also sufficient documentary evidence.

The following information should be included in the write-off documentation (Table 2):

Table 2. Recommended information structure for documenting fixed asset write-off operations[3]

№	Required information	Purpose
1	Inventory identification number	Identification of the asset
2	Initial/revalued cost	Determination of historical accounting value
3	Accumulated depreciation	Determination of carrying amount
4	Impairment losses	Adjustment of carrying amount
5	Reason for write-off	Justification of derecognition
6	Technical condition	Confirmation of physical/technological condition
7	Disposal proceeds	Determination of financial result
8	Disposal-related costs	Calculation of net proceeds
9	Carrying amount	Basis for calculating gain/loss
10	Final financial result	Recognition in profit or loss

Such documentation allows the enterprise to establish a transparent audit trail from the decision to write off the asset to the recognition of the final financial result.

The proposed methodological approach can therefore be summarised as follows (Figure 2):

Figure 2. Improved methodological sequence for the write-off of fixed assets based on international standards[4]

This approach strengthens the connection between the economic substance of the disposal transaction and its accounting treatment and provides a more reliable basis for preparing financial statements in accordance with international standards.

CONCLUSIONS AND SUGGESTIONS

The study demonstrates that improving the accounting of fixed asset write-off operations in accordance with international standards is an important condition for ensuring the reliability and transparency of financial information. The analysis of IAS 16 Property, Plant and Equipment shows that derecognition should be based not only on the formal removal of an asset from the accounting records but also on the economic substance of the transaction and the absence of expected future economic benefits. Particular attention should be paid to component accounting. For complex fixed assets consisting of significant components with different useful lives, the replacement of an individual component should result in the derecognition of the carrying amount of the replaced component and recognition of the new component when the relevant recognition criteria are satisfied. This ensures that obsolete components are not simultaneously recognised together with their replacements.

3 Author's development.
4 Author's development.

Based on the results of the study, the following practical recommendations are proposed:

1. Develop an internal enterprise procedure for fixed asset write-off operations that clearly establishes the stages, responsible persons and required documentation.

2. Determine the carrying amount immediately before derecognition, taking into account accumulated depreciation and impairment losses.

3. Separate disposal proceeds from disposal-related costs in analytical accounting to ensure accurate determination of net disposal proceeds.

4. Strengthen component accounting for complex machinery, buildings, technological equipment and other assets containing significant components with different useful lives.

5. Introduce technical and economic assessment procedures before writing off fixed assets because of physical deterioration or technological obsolescence.

6. Automate fixed asset derecognition calculations within accounting information systems to reduce calculation errors and improve the timeliness of accounting information.

Overall, the proposed methodology provides an integrated approach to fixed asset write-off accounting and strengthens the relationship between the economic substance of disposal transactions and their accounting treatment. Its application can improve the reliability of financial reporting, ensure more accurate determination of gains and losses, prevent the continued recognition of assets that no longer generate economic benefits, and contribute to the gradual convergence of enterprise accounting practices with international financial reporting standards.

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