



**FEATURES OF THE APPLICATION OF INTERNATIONAL
FINANCIAL REPORTING STANDARDS IN THE SYSTEM OF
ACCOUNTING FOR INTANGIBLE ASSETS**

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ABSTRACT	KEY WORDS
<p>This article presents opinions on the organization of accounting in our Republic based on International Financial Reporting Standards (IFRS) and the organization of accounting for intangible assets based on the requirements of International Financial Reporting Standards, their recognition and valuation methodology.</p>	<p>Intangible assets, valuation, patent, license, accounting, financial reporting, national accounting standards, international financial reporting standards</p>

Introduction

In the current conditions of new economic relations, as in all areas, large-scale reforms are being carried out in the field of accounting. In this regard, special attention is paid to organizing the national accounting system in our republic on the basis of international standards.

In order to systematize the accounting sector, encourage the transition to International Financial Reporting Standards (IFRS) and create additional conditions for business entities to transition to IFRS, improve external quality control systems for financial reporting, as well as strengthen the legal status and prestige of the profession of accountants and auditors, ensure their compliance with professional ethics requirements, ensure the quality of accounting and auditing services based on international standards, and develop the accounting and auditing sector through digitalization, a draft resolution of the President of the Republic of Uzbekistan “On measures to radically improve the financial accounting system in accordance with international requirements and standards” was developed and Resolution № PD-282 of September 15, 2025 was adopted.

Work is underway to introduce International Financial Reporting Standards (IFRS). In order to consistently continue these reforms, support business entities and create convenience: An order was adopted (registered by the Ministry of Justice on February 11, 2025, (registration number 3607) on introducing amendments to certain departmental regulatory legal acts of the Ministry of Economy and Finance of the Republic of Uzbekistan, according to which:

National Accounting Standard (NAS № 4) “Inventories”;

National Accounting Standard (NAS № 5) “Fixed Assets”;

National Accounting Standard (NAS № 7) “Intangible Assets” has been amended and supplemented. At the current stage of economic development, the role of intangible assets in business entities is constantly increasing.

At the same time, it cannot be said that the information reflected in the financial statements of intangible assets accounting today fully meets the requirements of investors, managers and other information users. Therefore, it remains an urgent issue to bring the accounting of intangible assets into line with international standards and ensure the reliability, relevance and completeness of information based on the introduction of advanced accounting methodologies.

LITERATURE REVIEW

According to foreign economists, intangible assets are resources that do not have a tangible form and are expected to bring economic benefits to the enterprise for more than one year. They can be purchased, created independently, received free of charge or exchanged for other assets.

In recent years, research has been conducted in the republic on the practical application of the standard “Intangible Assets” (IAS 38). These include, in particular, scientists D.Matkarimov, I.N.Ismanova, D.K.Qudbieva, Y.Maqsudova, N.K.Rizaev, S.N.Toshnazarova.

Not only foreign scientists, but also a number of economists in our republic have contributed their approaches and opinions to the definition of intangible assets.

In particular, the economist R. Dusmuratov developed a methodology for accounting for and auditing intangible assets [1].

According to I. Ochilov, “Intellectual property is a component of intangible assets, which are non-material objects of property intended for long-term use in economic activities” [2].

A. Sotivoldiev defines intangible assets as assets of an enterprise that cannot be held or felt [3].

RESEARCH METHODOLOGY

During this study, methods were used to assess the impact of their increase on their initial, amortized, and residual values, based on the methodology for recognizing and valuing intangible assets and organizing their accounting.

ANALYSIS AND RESULTS

IAS 38 “Intangible Assets”: “An intangible asset is an identifiable non-monetary asset that does not have tangible substance.” This standard also associates an intangible asset with the following additional recognition criteria, namely: an asset is a resource that, first, is controlled by the entity as a result of past events and second, provides the entity with the opportunity to obtain future economic benefits from it [4].

According to the National Accounting Standard (NAS) № 7 “Intangible Assets”, state-registered by the Ministry of Justice of the Republic of Uzbekistan on May 22, 2013 under № 1485-2, “Intangible assets are property objects that do not have tangible substance, are controlled by an economic entity for the purpose of use or management in economic activities and are also intended for long-term use (more than one year) [5].

Intangible assets are the least liquid (or may not be liquid at all) of an enterprise’s long-term assets. In another sense, intangible assets are the most profitable assets. There are some similarities and differences between the international financial reporting standard (IFRS 38) and the national accounting standard (NAS 7) used in accounting for intangible assets.:

The objective of International Accounting Standard 38 is to prescribe the accounting treatment for intangible assets.

The objective of National Accounting Standard 7 is to prescribe the accounting treatment for intangible assets owned by enterprises in their accounting and financial statements.

The international standard also requires an entity to recognize an intangible asset only when it meets specified criteria and specifies how to measure the carrying amount of intangible assets and requires certain disclosures about intangible assets.

The purpose of both standards is almost the same and is aimed at forming complete information about intangible assets based on the definition of an approach or methodology in accounting.

The main difference between NAS 7 and IAS 38 is that the processes from the recognition of intangible assets to their derecognition are fully covered. One of the important aspects of the standards is the cases in which the rules of the standard apply, that is, which standards are covered within the scope or activity.

Comparative information on the rules of the international standard on the recognition and recognition of intangible assets is given below.

Table 1 Interrelationship between international and national standards for the recognition of intangible assets in accounting

Intangible assets (NAS 7)	Intangible Assets (IAS 38)
The patent owner’s exclusive right to inventions, industrial designs and utility models	Patents
Exclusive rights to computer programs and databases	Computer programs
Exclusive rights to the topologies of integrated circuits	
The exclusive right to a trademark and service mark, as well as the right to use the name of the place of manufacture of the goods	Trademarks, marketing rights, import quotas
Exclusive rights to selection achievements	Copyright
The right to use natural resources	Licenses and franchises
The right to use property	
Other intangible assets	

In accordance with the Resolution of the President of the Republic of Uzbekistan dated February 24, 2020 “On Accelerating the Transition of Accounting to International Financial Reporting Standards”, we consider the economic substance of tangible assets in accordance with the international standard IAS 38 “Intangible Assets”.

Intangible assets are identifiable property items that do not have tangible substance and are held by an enterprise for use in the long term in the production, performance of work, provision of services, or sale of goods, or for the performance of administrative and other functions (Table 2).

Table 2 Composition of intangible assets

IAS 38	NAS 7
<ul style="list-style-type: none"> - scientific or technical knowledge; - new process or system designs; - licenses; - intellectual property; - market knowledge and trade secrets; - computer software; - patents; - copyrights; - motion picture films; - customer lists; - mortgage servicing rights; - fishing licenses; - import quotas; - franchises; - customer or supplier relationships; - customer loyalty; - market share and marketing rights. 	<ul style="list-style-type: none"> - exclusive rights to inventions, industrial designs and utility models; - exclusive rights to computer programs and databases; - exclusive rights to topologies of integrated circuits; - exclusive rights to trademarks and service marks; - the right to use the name of the place of manufacture of goods; - exclusive rights to selection achievements; - goodwill - the right to use natural resources; - the right to use a land plot; - other intangible assets

The following definitions and terms are used in the International Standard (IAS 38):

Cost is the fair value of the cash or cash equivalents paid to acquire an asset at the time of its acquisition or construction, or the fair value of any other consideration given in exchange for it, or, where appropriate, the amount at the initial recognition of the asset.

Depreciable amount is the cost of an asset less its residual value or other value that is recognised in lieu of cost..

The intrinsic value of an entity is the present (discounted) value of the cash flows expected to arise from the continued use of the asset by the entity and from its disposal at the end of its useful life or from the settlement of the liability.

Fair value is the price that could be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

An impairment loss is the excess of the carrying amount of an asset over its recoverable amount.

An intangible asset is an identifiable non-monetary asset that does not have tangible substance.

Monetary assets are assets that are held in cash and that are receivable in fixed or determinable amounts of money.

The residual value of an intangible asset is the estimated amount that an entity would receive from the disposal of the asset, less the estimated costs of disposal, in the same condition and with the same useful life as the asset is expected to have at the end of its useful life.

Useful life is:

the period over which an asset is expected to be useful to an entity;

the number of production (quantity) or similar units expected to be obtained from the asset by the entity.

Nowadays, intangible assets are becoming increasingly popular in enterprises, but they are one of the most complex elements of accounting due to their recognition as intangible assets and subsequent accounting.

The issues of reliable reflection in financial statements are also relevant in connection with the specific features of accounting in accordance with IAS or international accounting and financial reporting standards. According to IFRS 38, “An intangible asset is an identifiable non-monetary asset that does not have physical substance and is used in the production of goods, services, rental or administrative purposes.

CONCLUSION AND SUGGESTIONS

We can conclude that the practical implementation of the above proposals will increase the transparency of accounting for intangible assets (especially in terms of their sale and other disposal) and ensure a more reliable reflection of the effectiveness of their use in accounting.

On this basis, it will be possible to further bring the national accounting and reporting system closer to international standards.

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