

METHODOLOGICAL FOUNDATIONS AND PRACTICAL ANALYSIS OF ACCOUNTING FOR PROPERTY, PLANT AND EQUIPMENT**Nematova Dilnoza Azamatovna**

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Abstract: This article examines the methodological foundations of accounting for property, plant and equipment (PPE) in enterprises and organizations, their functions within the accounting system, as well as the theoretical and practical aspects of their presentation in financial statements. The issues of documenting fixed assets, calculating depreciation, conducting inventory, and their recognition in tax and financial accounting are systematically analyzed. During the study, the consistency between national accounting standards and International Financial Reporting Standards (IFRS) is evaluated, and conclusions are drawn based on practical examples.

Keywords: accounting, property, plant and equipment, depreciation, financial reporting, inventory, long-term assets, NAS, IFRS.

Introduction

In a market economy, the sustainability and competitiveness of an enterprise are primarily closely linked to its material and technical base, the core of which consists of property, plant and equipment. Proper accounting of fixed assets and the formation of reliable information on their movement and condition are of great importance for users of financial statements. Therefore, identifying and improving the tasks of accounting for property, plant and equipment is considered a relevant issue today.

Global practice shows that investments directed toward fixed assets are an important factor in economic growth and enterprise competitiveness. In particular, according to World Bank data, investments in fixed capital accounted for 26.5% of global GDP in 2022. A similar trend is observed in Uzbekistan: according to the State Statistics Committee, the volume of investments in fixed capital increased by 9.1% in 2023.

Literature Review

Issues related to accounting for property, plant and equipment have been widely covered in academic literature. According to International Financial Reporting Standards, fixed assets should be recognized as assets if they are expected to generate future economic benefits and their cost can be measured reliably. National scholars explain the tasks of PPE accounting through processes related to documentation, depreciation, inventory, and control.

Research shows that methodological clarity in fixed asset accounting plays a crucial role in ensuring the financial stability of enterprises. According to Donald E. Kieso, Jerry J. Weygandt, and Terry D. Warfield, property, plant and equipment are tangible assets used in business activities over a long period and capable of generating future economic benefits; they are initially recognized at historical cost and depreciated over their useful lives. Proper valuation and accounting of fixed assets ensure the reliability of financial statements.

Robert Libby, Patricia A. Libby, and Daniel G. Short emphasize that accounting for fixed assets directly affects financial results, especially when depreciation and subsequent expenditures (repairs and modernization) are incorrectly capitalized, which may artificially overstate asset values. Therefore, accounting policies related to fixed assets must be strict and transparent.

According to Samiddin Nizomovich Tashnazarov, property, plant and equipment represent the material and technical base of an enterprise, and special attention should be paid to recognition, valuation, depreciation, and revaluation. Harmonizing national accounting standards with international standards improves the quality of accounting for fixed assets.

Komil Bahromovich Urazov notes that the correct classification of expenditures related to fixed assets (capital expenditures versus current expenses) is one of the most complex methodological issues in accounting. Incorrect recognition of such expenditures distorts financial results and asset values.

Studies by both foreign and national scholars indicate that property, plant and equipment are key assets forming the material and technical base of enterprises, and the methodological foundations of their recognition, valuation, and depreciation play a decisive role in ensuring the reliability of financial reporting.

Methodology

The study employs methods of a systematic approach, analysis and synthesis, comparison, generalization, and logical reasoning. In addition, accounting processes related to property, plant and equipment are analyzed based on practical examples and statistical data. The research methodology is based on comparing national accounting practices with the requirements of international standards.

Results and Discussion

In the process of transitioning to international practice, it is necessary to review domestic terminology, accounting operations, and reporting in accordance with international requirements. Unlike national standards, international standards introduce additional requirements for asset recognition. In particular, to recognize property, plant and equipment as assets, they must not be intended for sale in the near future. The separate disclosure of such indicators in reporting forms increases their attractiveness to foreign investors and ensures compliance with both IFRS and national accounting standards. Currently, a structural working group has been established to harmonize national standards with international ones, and reporting forms are being revised accordingly. This issue remains a subject of debate among economists and accounting practitioners.

The recognition of property, plant and equipment as assets, determination of carrying amounts, accounting for depreciation, recognition of gains or losses arising from disposal, and their presentation in financial statements are analyzed in accordance with international standards, and appropriate solutions are being developed.

After defining the nature, types, and values of fixed assets, it is important to properly organize their accounting, which involves a number of specific tasks that must be implemented in each enterprise as required by law.

Main tasks of accounting for property, plant and equipment include:

1. Proper and timely documentation and accounting of the condition and movement of fixed assets using appropriate primary documents, ensuring full control over their existence.

Example: A newly purchased machine is recognized based on an acceptance certificate and receipt order.

2. Accurate calculation of depreciation according to established methods and rates, transferring the asset's value to production costs.

Example: A computer is depreciated at an annual rate of 20%.

3. Ensuring taxation of fixed assets in accordance with the Tax Code and distinguishing taxable and non-taxable assets.

Example: Buildings are subject to property tax, while library collections are exempt.

4. Ensuring the integrity of fixed assets through periodic inventory, recording results, and determining their actual condition.
Example: At the end of the year, all fixed assets are inventoried and shortages are identified.
5. Efficient use of existing fixed assets, preventing idle capacity, leasing unnecessary assets, liquidation, free transfer, or sale, thereby reducing enterprise costs.
Example: An unused warehouse is leased to another organization.
6. Proper accounting for additional expenditures related to fixed assets (capital investments, current and capital repairs, modernization).
Example: If 100 million UZS is spent on capital repairs of a factory building, the amount is added to the asset's value.
7. Correct documentation and accounting of leasing operations, with leased assets properly reflected in financial statements.
Example: Equipment obtained under a five-year lease agreement is recognized on the balance sheet.
8. Accurate preparation and timely submission of reports on the condition and movement of fixed assets to relevant authorities, including statistical and financial reports.
Example: Quarterly reports on fixed asset movement are submitted to financial authorities.

These tasks were analyzed both theoretically and practically, and practical examples are presented in Table 1.

Table 1.
Main Tasks of Accounting for Property, Plant and Equipment

Task	Description	Practical Example
Documentation	Recording acquisition and disposal of fixed assets	New equipment recognized based on an acceptance act
Depreciation	Gradual transfer of wear to cost	Straight-line method over 5 years
Inventory	Verification of existence and condition	Annual inventory at year-end
Tax accounting	Determination of tax obligations	Property tax calculation
Efficient use	Increasing profitability	Leasing idle assets

The proper organization of accounting tasks for property, plant and equipment plays a significant role in ensuring financial stability and efficient operations. Accurate recognition, compliance with depreciation rules, inventory procedures, and reporting systems enhance the effective use of fixed assets, positively affecting financial results.

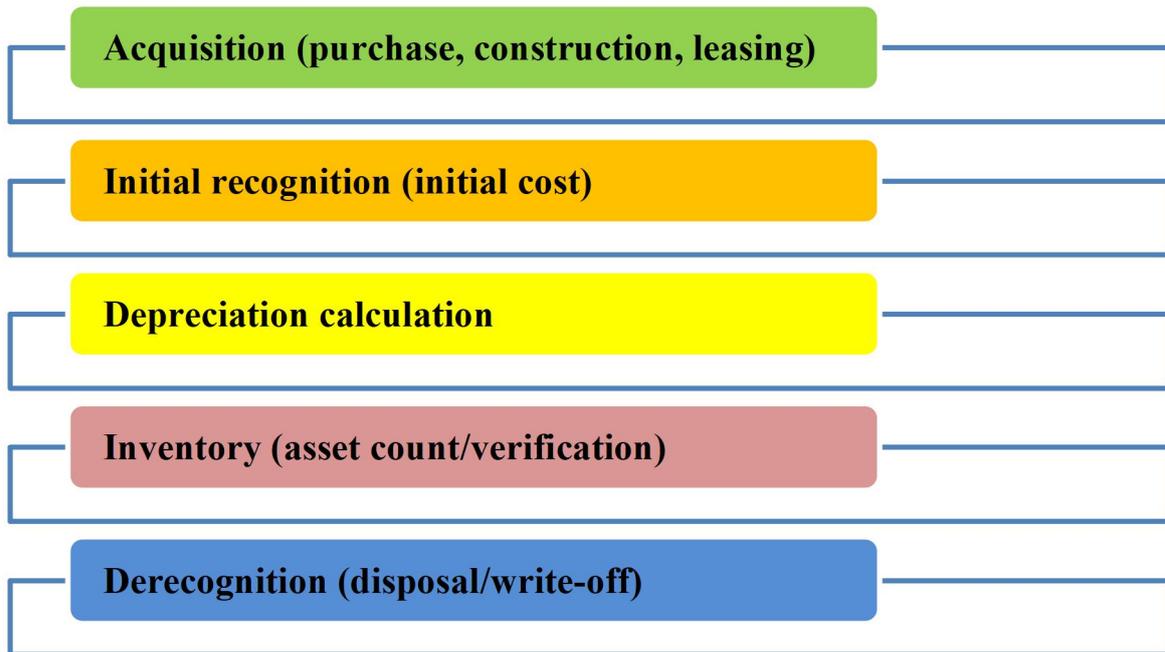


Figure 1. Accounting Process for Property, Plant and Equipment

This figure illustrates the entire life cycle of fixed assets and demonstrates the continuity of the accounting process.

Conclusion

The research results show that the proper organization of accounting for property, plant and equipment ensures the reliability of enterprise financial results. The interconnection of documentation, depreciation, inventory, and control tasks contributes to the efficient use of fixed assets. An approach aligned with national and international standards increases the transparency of financial reporting.

The preparation of internal reports on the movement of land, buildings, machinery, and equipment enables comparison with financial position statement indicators, allowing timely identification and elimination of discrepancies in reporting data.

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