



MODERN ASPECTS OF ECONOMIC AND SOCIAL SUSTAINABLE DEVELOPMENT

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THE CONCEPT OF FAIR VALUE OF ASSETS AND ITS ECONOMIC NATURE AND CONTENT

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Abstract: *In this thesis, suggestions are made about the concept of true value of assets in enterprises and its economic content .*

Key words: *Fair value, "identical" and "similar" intangible assets, fair value of fixed assets during the crisis, "identical" assets, financial statements.*

In recent years, many countries have begun to harmonize the national accounting system with the international system. The growing integration of our country into the world economy made this process inevitable.

The analysis of the application of the main types of calculations in the national accounting system showed that accounting standards are still inclined to traditional methods based on documented information. However, in recent decades, there has been a trend toward harmonization with international accounting and reporting standards. Step-by-step transition to the International Financial Reporting Standards (IFRS) system will increase the efficiency and quality of information provided to users. Currently, various asset valuation methods are used in National accounting standards (BHMS) and International Financial Reporting Standards (IFRS). This diversity leads to the need to develop guidelines to universalize asset valuations and determine fair value. Fair value based on market cost of sales, which has been declared by the IASB and the American Standards Board as the best representation of the value of most accounting items, has been found to meet the criteria of reliability, usefulness and relevance.

We know that fixed assets are initially recognized at cost. We cannot recognize property, plant and equipment in general as the cost of assets only as expenses unrelated to the acquisition of that property, plant and equipment or otherwise the asset. After all, the cost of assets includes costs other than the cost of its purchase. For example, loading, transportation, installation and other similar costs of assets are included in the initial recognition cost of the assets.

After the assets are transferred to the enterprise, the post-recognition valuations are based on the valuation model specified in the enterprise's accounting policy.

There are two types of post-recognition valuation of fixed assets:

- cost model;
- revaluation model.

If the enterprise uses the revaluation model, then it is not necessary for the enterprise to revalue the assets every year. If assets are revalued by the enterprise, this valuation should be so frequent that the book value of fixed assets at the reporting date should not differ significantly from its true/fair value.



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Also, it is not necessary to engage external appraisers for revaluation of assets. If the enterprise has employees with sufficient experience, it is possible to carry out the revaluation themselves. However, auditors may require the involvement of external appraisers during the asset audit process. Because keeping audit risk to a minimum level is the main task for auditors.

Below is a re-evaluation we can see the main rules about :

- Gains found as a result of revaluation are not included in profit or loss, but in other comprehensive income. Therefore, these amounts are not included in the retained earnings in the capital, but in the "revaluation reserve" as per our national standards.

- Revaluation losses and impairments reduce accumulated earnings before other comprehensive income, but if the revaluation loss or decrease in value exceeds the accumulated revaluation gains in the revaluation reserve for this asset, then the losses are included in the statement of profit and loss (financial results) is recognized.

- If a revaluation gain is recognized after an impairment that affects the profit and loss of the enterprise, then the revaluation gain is first "offset" of the previously recognized loss through the enterprise's profit and loss, and then it is recorded in other comprehensive income.

recognizes assets on the balance sheet initially at the cost of the assets , as noted above . It then calculates a depreciation or amortization or impairment loss over its useful life. Amortized at the end of useful life based on liquidation value.

The evaluation base and value types are mentioned in the " Uniform national evaluation standard of the Republic of Uzbekistan " approved by the order of the Director of the State Asset Management Agency of the Republic of Uzbekistan No. 3239

According to the standard, the assessment bases are divided into:

- market value;
- market rent;
- fair value;
- investment value;
- synergistic value;
- termination value;
- disposal cost;
- residual value of replacement;
- residual value of reproduction;
- special value;
- insurable value;

Taxable value is divided into two types.

Chapter 4 of this standard defines fair value as follows:

"Fair value means the amount of money that reflects the interests of these parties when an asset is exchanged between interested parties who have clearly defined and have all the necessary information (when property is sold or debt is written off)."

Determining fair value requires an estimate between specified parties of a similar amount of money that would be fair, taking into account the advantages or disadvantages that each of those parties would see in the transaction.



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In this case, when determining the market value, as a rule, all the advantages or disadvantages that are not specific to the market participants or cannot be used by them are not taken into account.

Fair value is a much broader concept than market value, although the fair value in a transaction between the parties is equal to the price that could be obtained in the market, nevertheless, there may be situations in which the determination of the fair value does not take into account the factors that are not taken into account in the determination of the market value, for example, when combining pecuniary interests it is necessary to take into account some aspects of the synergistic value ¹.

In addition, the international standard of financial accounting No. 13 is about the assessment of the fair value of assets, and in this standard, the fair value is discussed as follows, i.e.

"Fair value is the price that would be received to sell the asset or paid to transfer the liability in an ordinary transaction between market participants at the measurement date ²."

The main goal and task of the principle of fair assessment is to eliminate barriers between external users and the enterprise as an object of assessment due to the asymmetry of information inherent in the market economy. The most important aspect of improving the quality of financial reporting is the introduction of fair value in accounting for fixed assets, intangible assets, financial instruments, labor contracts and leases.

The structural analysis of fixed assets in the context of different groups showed that fair value measurement can be applied to almost all groups of fixed assets. In this scientific work, the main role of reflecting the fixed assets, which make up a significant part of the company's assets, in real value is defined and its impact on the performance of the company is evaluated.

The most important aspect of determining the fair value of assets is determining the fair market value of the asset.

Finding the true value of assets is a somewhat complicated process. This is because professional appraisers use approaches based on certain assumptions to determine the true value of assets. In addition, the assertion that the market is the only correct guide in determining the fair value of an object is not scientifically based. In some cases, it is affected by factors unrelated to changes in the actual value of the asset being appraised.

Determining the fair value of assets is not considered appropriate in the following cases:

- 1) if the enterprise has fixed assets in the production process, but the enterprise considers these fixed assets unfit for use in the production process, unimportant, without any reason;
- 2) if the enterprise does not intend to sell the fixed assets released from production as a result of changes in the plans of the production process;

As shown in the scientific work, the current method of valuation of fixed assets at fair value has significant shortcomings. During the research, in general, it was found that this assessment applies to various groups of the fixed assets of enterprises, but it requires certain explanations due to the lack of certain explanations in the requirements of the standards.

Based on the above, it is concluded that by determining the fair value of assets, a solution to the problem of determining "intensive and best use of assets" is found. Determining the fair value of assets is carried out in accordance with IFRS 13, but this standard does not specify which market data should be used to calculate the fair value. Accountants are tasked with researching all potential

¹The unified national assessment standard of the Republic of Uzbekistan 2020

²International Financial Accounting Standard No. 13 "Fair Value Measurement".



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markets in which an asset can be sold to determine the most profitable for the property owner. Another problem in this case is the problem of choosing the market according to geographic criteria.

This standard does not disclose what information should be used in valuing assets located in other jurisdictions. According to the results of the study, the best approach in this case is an assessment based on assumptions about the intentions or the most likely actions of the enterprise in the event of the need to sell the fixed asset. In addition, an impairment test is required to determine the fair value of assets.

In the literature, there is no single point of view on the problem of determining the fair value of fixed assets during the crisis. In the case of a decrease in the market value of the assets being evaluated in unstable market conditions, the difference between the market value and the book value of these assets is recognized as an impairment loss.

One of the most important areas of accounting is intangible assets. Their objective assessment is important for enterprises and various groups of users of this information. The study of our country and international practice of presenting information on intangible assets in financial statements showed that, despite the difficulties in determining the fair value of intangible assets, most of the largest enterprises prefer to use the revalued cost accounting model.

Also, the main problems related to the procedure for accounting and valuation of internally generated intangible assets are also important. According to the results of the study, such intangible assets bring economic benefits to the enterprise, but they are not legally included in the assets because they do not meet the established criteria for asset recognition.

This does not negate the importance of such information to users. Therefore, it is proposed to include a disclosure requirement for reference in the related notes to the financial statements. The problem of non-applicability of the comparative approach in the assessment of most objects of intangible assets due to their uniqueness is studied. The view that changes in market conditions and the resulting frequent increase in the price of intangible assets is sufficient reason to abandon the market approach to avoid "management responsibility to users" is rejected.

In conclusion, it should be noted that intangible assets are characterized by the fact that their prices vary more over time than other assets, and therefore it is suggested to explain the reasons for such changes in the notes to the financial statements. At the same time, according to the results of the research, it was found that it is impossible to apply the valuation method based on the cost approach to intangible assets. In this case, its insolvency is explained by the fact that, as a rule, the value of an intangible asset is almost unrelated to the expected profit from its activity, that is, the real value of the asset.

Based on the above, in this scientific work, we would like to define the fair value of assets in the following author's way, that is, the fair value of assets is the real market value reflected in the financial statements of the enterprise, resulting from the state of assets, and this value provides transparent information to external users about the financial state of the enterprise.

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