



**APPROACH TO ACCOUNTING FOR WEAR AND DEPRECIATION OF FIXED ASSETS
BASED ON THE NATIONAL STANDARD**

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Abstract: The article considers the depreciation and amortization of fixed assets and their features. In Uzbekistan, special attention is paid to the peculiarities of accounting for depreciation and amortization of fixed assets. Current assets, as a rule, do not have a sufficient service life to calculate depreciation.

Key words: fixed assets, depreciation, depreciation accounting, assets, depreciation calculation, accelerated depreciation.

It is known that fixed assets play an important role in the process of earning income of an economic entity. Business entities face significant challenges in tracking location, quantity, condition, maintenance, and depreciation status. Fixed asset accounting allows businesses to track equipment and vehicles, assess their condition, keep them in good working order, minimize equipment breakdowns and downtime, and improve asset life. The most important element of the production potential of a modern enterprise is fixed assets. In the conditions of the market economy, the main means, their composition and structure, technical condition, level of wear and tear play an important role in organizing the effective production and economic activity of the production enterprise. However, the national economy is characterized by inefficient use of production capacities, especially fixed funds, which is reflected not only in the constant decrease in the level of capital profitability, but also in the technical level of fixed funds used in the economy. In the modern conditions of the market change of social relations, the task of updating the main funds and modernizing production was not set either at the level of the general economy or at the level of a specific enterprise.

The purpose of further development and liberalization of the economy is to strengthen macroeconomic stability and maintain high rates of economic growth, "To further strengthen macroeconomic stability and maintain high rates of economic growth, including high rates of economic growth ensuring the stability of the national currency and the level of prices in the domestic market is our main priority," said the President of the Republic of Uzbekistan Sh. Mirziyoyev.

Also, in the third direction of the new strategy for the development of Uzbekistan in 2022-2026, "Rapid development of the national economy and high growth rates", in the 26th goal, "Further improving the investment environment in the country and increasing its attractiveness, in the next five years 120 billion US dollars, including measures to attract foreign investments of 70 billion dollars. Improving the economy, building and reconstructing new enterprises equipped with modern equipment and technologies, attracting foreign investments, developing small business and private entrepreneurship, service provision, and households are important and decisive. Ensuring macroeconomic stability, ensuring stable and proportional growth rates of production, consistent

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continuation of structural changes at the expense of increased investments, modernization and renewal of the leading sectors of the economy remain our main tasks.

Fixed assets are tangible assets intended for:

"...-are assets intended for use in the production and delivery of products, or for the provision of services, or for leasing to other parties, or for administrative purposes; and is an asset that is expected to be used for a longer period of time. The cost of fixed assets is recognized as an asset only if the following conditions are met:

- if there is a possibility of future economic benefits related to the fixed asset by the business entity;
- the cost of the asset can be reliably estimated."

Depreciation is a process of rational and systematic distribution of the value of fixed assets during their useful life. A firm typically owns a variety of fixed assets such as buildings, equipment, and vehicles. Service life is known as the useful life of an asset. Since a building is expected to be used for many years, it is recorded as an asset rather than an expense at the date of purchase. To follow the cost recognition principle, companies allocate a portion of these costs as expenses each period over the asset's useful life. Depreciation does not stop during the useful life of the fixed assets, except for the periods of their conservation, as well as their filling, additional equipment, reconstruction, modernization, provision of technical means. Re-equipment in the condition of complete cessation of use of the object. The calculation of depreciation allowances for fixed assets is carried out regardless of the results of the enterprise's activity in the reporting period, and this is reflected in the accounting records of the reporting period in the appropriate case. The amount of depreciation calculated on fixed assets in accordance with BHMS No. 21 is reflected in the accounting accounts, taking into account the depreciation of fixed assets by charging the corresponding amounts (0200). In the accounting of economic entities, the calculation of depreciation on fixed assets is reflected as follows:

a) calculation of the cost of the manufactured product using the main means used in the production process depending on the calculation method and reducing the costs to the cost;

- of the production unit:

Dt "main production" "or 2510 "generalization",

"Depreciation of fixed assets" CT account.

b) for fixed assets used in auxiliary production areas or service farms:

Dt 2310 - "auxiliary production" account or 2710 - "service enterprises" account,

Kt "depreciation of fixed assets" account.

V) for the main means used in the sale of products (works, services) and goods used for administrative purposes, scientific and other social tasks:

Dt "Period expenses" account, KT "Depreciation of fixed assets" account.

In accordance with BHMS No. 5, the amount of depreciation of fixed assets can be calculated using one of the following methods:

- 1) calculation of depreciation on a straight line basis;
- 2) calculation of depreciation in proportion to the volume of work performed (production method);
- 3) residual reduction method;
- 4) sum of years method (cumulative method).

The essence of the single (straight-line) method of calculating depreciation is that, based on the depreciation value of fixed assets, depreciation is calculated in equal and equal shares during their useful life. According to this method, the amortization value of the fixed asset object is carried out (distributed) in one line (evenly) to the corresponding costs during its useful life. According to this method, the amount of depreciation depends on the length of the useful life, and is calculated by dividing the amortized value of the amount of depreciation for each period by the number of accounting periods in which the asset is used.

The annual amount of depreciation deductions according to the method of calculating single (straight-line) depreciation is determined based on the useful life of this object by deducting its termination value from the initial (replacement) value of the fixed asset object: For example: the initial cost of the computer is 3,400,000 soums, the residual (liquidation) value at the end of use is 400,000 soums, the useful life is 5 years, the annual depreciation payment is 20 percent of the depreciation value or 200,000 soums. soums $(3,400,000 - 400,000) / 5 = 6,000,000$ soums. Calculation of depreciation in proportion to the volume of work performed (developed calculation methodology). The production method of calculating depreciation is based on the volume of production of fixed assets in each specific year. To calculate the amount of annual depreciation according to this method, it is necessary to determine the total volume of production expected during the useful life and the volume of production for a certain year. The output can be the number of units produced, the number of hours worked, the number of tonometers printed, and the like.

With the production method of calculating depreciation, the annual amount of depreciation payments is determined based on the natural indicator of the volume of products (works, services) in the reporting period, as well as the ratio of the discounted initial (replacement) value. In cases of intensive use of fixed assets, as well as a strong impact on the development of science and technology, a decrease in depreciation value. fixed assets are represented by accelerated depreciation.

The depreciable value of the asset decreases during the depreciation calculation period according to the halved balance method of depreciation. When calculating depreciation using the declining balance method with a 2-fold increase in the depreciation rate, the estimated cost of liquidation is the initial (replacement) value and is not deducted. For example: in the previous example, the life of the computer was 5 years. In the appropriate case, the annual straight-line depreciation rate is 20% $(100\% / 5)$. The depreciation rate is equal to 40% $(2 \times 20\%)$ in the method of reducing the residual value with a double depreciation rate. This fixed rate of 40% is applied to the carrying amount of the fixed asset at the end of each year.

Summary. These calculations determine the probability that both the average annual cost of fixed assets and the cost of goods sold will change when the depreciation method is changed from the straight-line method to the reducing balance method, resulting in a change in gross profit, property taxes and income tax and, as a result, the net profit figure. Thus, the method of reducing the sleeve balance is optimal for organizations, because it allows you to achieve large amortization payments in the first years, thereby effectively covering the costs of the sleeve, reducing the calculated amount. But this method does not allow reducing the residual value to zero at the end of the useful life, so the use of the straight-line method is acceptable for the organization.

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