



INTERNAL AND EXTERNAL FACTORS CAUSING IMPAIRMENT OF ASSETS IN THE CONTEXT OF GLOBALIZATION

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Abstract: *In this thesis, the internal and external factors that cause the depreciation of assets in enterprises in the context of globalization are studied, and suggestions are made for them*

Key words: *Impairment of assets, internal and external factors, economic benefit, recoverable amount, book value, discount rate.*

As market reforms are carried out step by step in our country, this, in turn, leads to the expansion of the activities of enterprises, their technical and technological updating, the increase in the quality of production products, the improvement of the quality of the services provided and their place in the world with a well-developed competitive environment. The reforms implemented by the President Sh.Mirziyoev, the new laws and legal documents issued serve as a program for improving the business environment in our country, for their comprehensive development, and for finding solutions to the problems that hinder them.

Today, one of the biggest problems in attracting foreign investors to our country is the fact that the accounting system has not moved to the international standards of financial reporting and the low confidence of foreign investors in the prepared financial reports.

Currently, a number of reforms are being implemented as a solution to this problem. In particular, we can cite the decision of the President of the Republic of Uzbekistan No. DP-4611, adopted on February 24, 2020, "On additional measures for the transforming to international standards of financial reporting."

In this decision, tasks related to keeping the accounting of all economic entities in our country according to international standards, as well as gradually transferring the forms of financial reporting to international standards of financial accounting and its implementation have been determined.

One of the most basic standards of the international financial accounting standards is the standard No. 36 "Impairment of assets". This standard regulates the processes related to the recognition of impairment losses, the factors affecting the impairment of assets.

Factors affecting the depreciation of assets are divided into two types, i.e. internal and external factors.

Internal factors affecting impairment include:

1. Depreciation or physical damage of an asset, a factor that reduces its useful potential.
2. A factor in the reduction of economic value from the use of assets.
3. A significant long-term change in the level or pattern of use of an asset that has occurred during the reporting period or is expected to occur in the near future.
4. Making a decision to suspend the creation of a property object for an indefinite period.



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5. A significant deterioration in the economic results of the use of the asset or the occurrence of information indicating that the economic results of the use of the asset will deteriorate more than expected.
6. A sharp increase in the costs of the enterprise for the use or maintenance of the asset than originally planned.

External factors influencing the depreciation of assets are those factors that are not related to the enterprise and its activities, from the point of view of the government, legislation and similar external factors that cause and affect the depreciation of assets.

1. A decline in the market value of an asset from its book value.
2. Changes in economic, legal, and technological conditions have a negative impact on the company's activities. The discount rates that determine the asset's value in use are affected by increases in market interest rates and decreases in the sale value of assets.
3. Important changes in legislation, foreign and local policy, economy, technologies that occurred during the reporting year or will occur in the near future and have a negative impact on the enterprise's activities.
4. Absence or significant decrease in demand for products, works, services provided by the asset.

Based on the above, we come to the following conclusion, i.e. the following requirements must be met in order for assets to be recognized as impaired, i.e.:

- Assets are considered impaired if their recoverable amount (market value) is lower than the book value.
- Impairment testing is required periodically on the disposal of assets. Impairment of assets has a negative effect on the statement of financial results, and this negative effect is recorded as an expense in the statement of impairment, which in turn causes a decrease in profit. Certain types of assets, particularly goodwill, are subject to periodic impairment testing because there is a high probability that there will be a difference between the fair value (market value) of these types of assets and the carrying amount of the assets.
- External and internal factors that indicate asset impairment should be considered.
- Impairment of assets should be determined for each asset, if it is not possible to calculate the depreciation of the asset by the asset itself, then this asset should be considered as part of the cash generating unit and should be included in the depreciation expenses for this unit.

Based on the requirements mentioned above, there are several factors that cause and affect the depreciation of assets, and we have divided them into two types, i.e., internal and external factors.

Internal factors that affect asset impairment are the factors that cause or affect asset impairment related to the activity and movement of assets within the enterprise.

References:

1. Decision of the President of the Republic of Uzbekistan No. DP-4611 "On additional measures for the transition to international standards of financial reporting"
2. International Standards of Financial Accounting No. 36 entitled "Impairment of Assets";
3. US GAAP No. 144 (General Accepted Accounting Standards) entitled "Accounting for disposal and impairment of fixed assets" is generally accepted accounting standards.