



IMPROVING ACCOUNTING FOR LONG-TERM ASSETS IN ACCORDANCE WITH INTERNATIONAL STANDARDS

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Article history:	Abstract:
<p>Received: 11th January 2024 Accepted: 7th March 2024</p>	<p>In this article, the approaches of foreign and domestic scientists to the accounting of long-term assets based on international standards, as well as the principles of recognition, evaluation and accounting of long-term assets in international standards were studied. According to the fundamental and qualitative description of long-term assets, it is appropriate to categorize them on the basis of reliability, relevance, truthful presentation, i.e. completeness, neutrality, error-free, comparability, verifiability, timeliness, comprehensibility. The basic principles of accounting define the conceptual framework for accounting for long-term assets.</p>
<p>Keywords: Long-term assets, method of calculation, continuity of activity, continuity of the ratio between income and expenses, proportionality between quality classifications, joint-stock companies, the presentation of financial reports.</p>	

I. INTRODUCTION.

Changes in property relations in our country based on new principles in the conditions of the market economy created the need to improve accounting rules. The new principles should be based on the model of our current economy, use the experience of economically developed countries and meet international accounting standards. On 13th April in 2016 Amendments and additions were made to the Law "On Accounting" with No. LRU-404, its new version was approved. In accordance with Article 10 of this adopted law, "Accounting entities were given the right to apply international financial reporting standards (IFRS)" [1].

The decision of the President of the Republic of Uzbekistan dated February 24, 2020 No. 4611 "On additional measures for the transition to international standards of financial reporting" [2] was adopted regarding the improvement of regulation of regulatory and legal documents of accounting in accordance with international principles and standards on the basis of new norms. According to this decision, starting from January 1, 2021, joint-stock companies, commercial banks, enterprises belonging to the category of tax payers will submit their reports in accordance with the International Financial Reporting Standards (IFRS).

It is defined as "International Financial Reporting Standards - These are the standards and interpretations adopted by the International Financial Reporting Standards Committee" [3].

Professor A.N. Turaev [4] and others defined the purpose of the international standards of financial

reporting as "to reduce the variety and type of comments in the presentation of financial reports, to create an opportunity to compare and improve the quality of data, to generalize the standards."

2. REVIEW OF LITERATURE.

Foreign economists and economists of our republic conducted scientific research on the principles of recognition, evaluation and accounting of long-term assets in international accounting standards. The principle of matching the income with the expenses provides that the expenses incurred to obtain income are reported in the accounting period in which the income is shown. Professor Ya. V. Sokolov emphasized the need to apply the principle of matching. [5]. A Russian economist interprets the meaning of this principle as follows: "Expenses that lead to income belong to the period in which the received income belongs" [6]. Professor M.I. Kuter said, "The application of this principle allows to equate period costs with production costs" [7]. Professor I.N. Ismanov, one of the economists of our country, said that "through the correct classification of assets, the possibility of analyzing and evaluating the activities of economic entities will expand" [8]. "III. "Standards on assets, liabilities and investments - 9 standards are included in this group," said S.N., one of our economists. Tashnazarov pointed out in the International Standards of Financial Reporting[9]. According to the rule of international standards, expenditure on non-profitable long-term assets is carried to a loss. In our opinion, "Profit is a form of



income of an entrepreneur and represents the capital invested in order to achieve commercial success. Because the category of profit is related to the category of capital, which is the main factor of production" [10]. "Thus, the basic principles of accounting determine the conceptual basis of accounting for long-term assets" [11].

3. RESEARCH METHODOLOGY.

In the article, induction and deduction, monographic observation, factor analysis, synthesis and other methods are widely used.

4. ANALYSIS AND RESULT.

It should be noted that a significant part of the principles included in the international standards correspond to the conceptual system adopted by our country.

The following basic rules are established in international accounting standards:

Basic rules

Calculation	method
Uninterrupted activity	

Four main principles of accounting are formed in the national accounting standards of the Republic of Uzbekistan. It remains an important task to distinguish the principles of long-term assets from the many principles of accounting, as well as those that form the methods and methodology of accounting. The principles of accounting for long-term assets are presented.

In our opinion, the points described above help to harmonize the composition of long-term assets according to the requirements of international standards of financial reporting. Long-term assets are one of the important economic categories involved in enterprise activity. In the conditions of new economic relations, this economic category has not been studied deeply enough. Therefore, it is necessary to comprehensively consider the main characteristics that define its categories. It should be noted that these studies are aimed at applying some theoretical issues of long-term assets to the activities of specific economic entities.

It is useful to use the realizable value method in the valuation of long-term assets for a going concern. The following cases may occur:

	Use of the realization value method in the
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	evaluation of long-term assets
1.	The realizable value of the legal entity's assets is sufficient to cover the debt of creditors.
2.	The realizable value of the legal entity's assets cannot satisfy the demands of creditors and they receive such part of their share as may fall upon them.
3.	The realizable value of the assets of the legal entity is much higher than the debts and it is enough to cover the debts in full.

Thus, the principle of continuity of enterprise activity can be applied to the accounting of long-term assets and can be expressed as follows: long-term assets of the operating enterprise are evaluated at book value (initially, current recoverable, current market, residual values). When the enterprise ceases its activity and prepares an interim closing balance sheet, long-term assets are valued at realizable value. According to the conceptual basis of the procedure for drawing up financial statements, the calculation principle describes a certain period of the enterprise's economic activity, rather, it is recognized that the economic transactions performed are related to that described period, and not to the time when funds are paid or received. Thus, the principle of calculation means the recognition that the economic transactions that took place in accounting should be recognized in this reporting period. Therefore, when the activity of the enterprise is terminated, the sale price of the assets allows to calculate the income from their sale.

This principle is interpreted more widely in the international standards of financial accounting. 4 components of this principle can be distinguished:

	Components of accounting principles in international standards of financial accounting.
1.	Transactions and events are recognized not according to the origin of money and its equivalents, but according to their actual realization;
2.	Depending on the period in which the operations and events were carried out, they are shown in the financial statements of that period and recorded in the account registers;
3.	Expenses are recognized in the statement of financial results when the losses directly incurred and the net income earned are compared;
4.	The application of the concept of comparison does not allow the accounting balance to contain items that do not determine assets and liabilities;



In our opinion, the principle of calculation can be divided into 3 main components: the principle of determining costs, the principle of matching revenues with costs, the principle of recording. The meaning of the cost recognition principle is that the money paid for the purchased assets and its equivalents are not considered as expenses, rather, the creation of obligations to pay those funds is considered an expense. The principle of recording revenues means that they are recognized in the accounting period in which they occur, regardless of the time of actual receipt of funds for them.

Currently, accounting rules accept the moment of transfer of property ownership from the seller to the buyer as the main criterion for obtaining income. In long-term asset transactions, income can also be obtained from temporary use of individual objects.

Russian economists also emphasize the necessity of applying the matching principle. Professor Ya. V. Sokolov interprets the meaning of this principle as follows: "Expenses that lead to income belong to the period to which the received income belongs" [5].

Professor M.I. Kuter said, "The application of this principle allows to equalize period costs with production costs" [6].

Professor I.N. Ismanov, one of the economists of our country, said that "through the correct classification of assets, the possibility of analyzing and evaluating the activities of economic entities will expand" [7].

Can the principle of prudence regarding accounting for long-term assets and changing their valuation interpreted by international standards be used in accounting practice in our country?

There are two different concepts of prudence in the case of long-term assets:

- the principle of prudence from the point of view of dynamic accounting, which provides for determining the real value of long-term tangible assets only in the case of sale or abandonment for other reasons;

- the concept of prudence from the point of view of static accounting - is taking into account the potential loss of long-term assets that have not yet been sold;

The static concept is not fully used in current accounting reports. But the principle of prudence allows it to be applied in practice.

"III. Standards on assets, liabilities and investments - 9 standards are included in this group" [8] S.N. Tashnazarov, one of our economists, has

shown in the international standards of financial reporting.

According to accounting rules, owned objects are recognized as long-term assets regardless of whether they generate profit or not. According to the rule of international standards, expenditure on non-profitable long-term assets is carried to a loss. "Profit is a form of income of an entrepreneur and represents the capital invested in order to achieve commercial success. Because the category of profit is related to the category of capital, which is the main factor of production" [9].

Thus, the application of the principle of prudence in the accounting system of our country may contradict the fiscal policy developed by the state.

Periodicity, financing and methods of separate accounting of current, future period and capital expenses are considered as the methodological basis in long-term asset accounting. Therefore, a preliminary calculation of the amount of asset activity periods is carried out and the period of their effective use is determined. Also, the part of long-term assets corresponding to each reporting year is allocated.

The method of separate accounting of current, future period and capitalized expenses is used to show in accounting the costs of the enterprise for the purchase of long-term assets and then including them in the expenses of the current or future period.

During the purchase of long-term assets, the enterprise incurs large one-time costs. These expenses can be made by paying cash, creating receivables, exchanging them for other assets. The specified costs can increase the value of the long-term assets of the enterprise and relate to the costs of the current or future period. Therefore, it is very important to separate the above costs into current, future period and capitalized costs. Thus, when purchasing long-lived assets, most of the acquisition costs are capitalized, but some of the costs may be included in current period costs.

Thus, "fundamental principles of accounting determine the conceptual basis of accounting for long-term assets" [10]. Therefore, it is important to fulfill the requirements of these principles when developing an accounting policy in enterprises and following it.

5. CONCLUSIONS AND SUGGESTIONS.

In conclusion, the basic principles of accounting define the conceptual framework for accounting for long-term assets. Therefore, it helps to meet the requirements of these principles when designing and implementing security in enterprises.



Based on the principles of recognition of long-term assets, the asset should serve for a long period of time, i.e. more than one year, have a control function and ensure the possibility of generating economic benefits.

Second, when assets are recognized as long-term and current assets, it is necessary to determine their life by evaluating their service life and to fully reflect their differences in the financial statement in accounting.

Thirdly, long-term assets should be divided into goodwill, fixed assets, intangible assets, financial investments of subsidiaries, investments of associated enterprises, other financial investments, and long-term receivables.

In accounting for long-term assets it should be taken into account based on standards 1- NARS(National accounting reporting standards), 8- NARS, 16- NARS, 7- NARS, 38- NARS, 40- NARS, 1- ISFR(International standards of financial reporting), 3- ISFR, 5- ISFR, 9- ISFR, 10- ISFR, 15- ISFR.

According to the fundamental and qualitative description of long-term assets, it is appropriate to categorize them on the basis of reliability, relevance, truthful presentation, i.e. completeness, neutrality, error-free, comparability, verifiability, timeliness, comprehensibility.

Based on the above, the recognition of long-term assets based on the above circumstances is the main criterion of international standards, and one of the main principles of financial reporting serves to ensure the principle of continuity.

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