



PRECISE FEATURES OF RAILROAD ENTERPRISES' LONG-TERM ASSET ORGANIZATION BASED ON INTERNATIONAL STANDARDS

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ABSTRACT

In the article, accounting for long-term assets for the organization of accounting of railway enterprises based on IFRS, bookkeeping accounting, formation of financial statements and fixed assets, attention is focused on aspects of improving the accounting of intangible assets, long-term financial investments.

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INTRODUCTION

Global changes indicate that economic considerations must be given top priority for any nation hoping to advance economically.

Thus, the demand for improved accounting standards arose from the contemporary digital

economy's development circumstances, which included the transformation of property relations in all spheres and industries of our nation based on new principles, effective activity, and rapid growth rates. The new guidelines should be based on the structure of the global economy and adhere to international accounting standards by drawing on the knowledge of wealthy nations. The Law "On Accounting" was corrected and expanded by Law No. ORQ-404 of April 13, 2016, and its revised version was passed. "Accounting entities were given the right to apply international financial reporting standards (IFRS)" is what Article 10 of this enacted statute states. [1].

The Republic of Uzbekistan's economic reforms are intended to radically alter the nation's economic structure and promote long-term economic growth predicated on the opening up of ownership ties. It is becoming increasingly important to prioritize the modernization and revitalization of the economy in this way. Preventing ambiguities in the notions of long-term asset valuation criteria and principles employed in the accounting system in nations with economies in transition is crucial in order to achieve this.

The improvement of accounting regulatory documents based on new norms in accordance with international principles and standards is addressed in the Resolution of the President of the Republic of Uzbekistan dated February 24, 2020, No. PQ-4611 "On additional measures for the transition to international standards of financial reporting" [2]. This resolution states that joint-stock corporations and other taxpayer-class entities shall begin submitting their reports on January 1, 2021, in compliance with international financial reporting standards (IFRS).

The definition of "the standards and interpretations adopted by the International Financial Reporting Standards Committee" [3] applies to International Financial Reporting Standards No. 1.

"The purpose of international standards of financial reporting is 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 standards" [4].

The businesses of JSC "Uzbekiston Temir Yollari" have a proper place in the process of the Republic of Uzbekistan developing its international relations, and the current practice of having international financial statements will aid in the process of enhancing the application of standards.

The accounting for long-term assets in the accounting system of JSC "Uzbekistan Railways" firms is seen to have theoretical, legal, organizational, and methodological issues that need to be resolved.

Methodology. Induction and deduction, factor analysis, synthesis, monographic observation, and other techniques are frequently employed in this article.

Literature review

The concepts of long-term asset recognition, appraisal, and accounting under international accounting standards have been the subject of scientific study by both local and foreign economists.

It should be mentioned that while national accounting practices vary, there may be issues with international financial reporting standards that make it difficult for businesses operating in many nations to implement practically.

Professor G.V. Savitskaya states that long-term assets include monies invested in stocks, bonds, real estate, mineral reserves, joint ventures, intangible assets, etc. that are intended to be used for long-

term objectives [5].

"The following funds are considered long-term assets," according to Professor I.A. Zavalishina in his book "Modern Accounting": [6].

- 1) having a longer duration of usage than a year;
- 2) being often utilized within the company;
- 3) not being resellable.

They can be realized even if it seems unlikely that long-term assets would provide financial gains. It would not be proper to classify long-term assets as non-resale assets in this situation.

According to economist V.V. Kovalyov, "long-term assets" are the total amount of money utilized by the business for operations that last longer than a year. [7].

We believe that this definition only takes into account the duration of usage of assets with a lengthy lifespan.

According to Professor I.A. Blank, long-term assets are as follows [8]:

- assets show the financial resources that management has access to;
- assets of businesses: the property worth of a business determined by the amount of money invested in the business;
- assets show the enterprise's property worth;
- assets consist only of financial resources within the company's control;
- The productivity of the assets employed as economic resources in the enterprise's economic activity is described;
- assets are an economic resource that aggregates and generates profit;
- assets are being utilized by businesses engaged in economic activity as they operate continuously;
- the time element is intrinsically connected to the usage of assets in business activity;
- the entrepreneurial component is intrinsically tied to the action of economically using assets;
- property values that are a component of assets are associated with the element of liquidity.

In general, assets are described by the definitions given above.

One of our nation's economists, Professor I.N. Ismanov, stated that "the possibility of analyzing and evaluating the activities of economic entities will expand" [9] when assets are accurately classified.

Khabijonov S.K. is an economist. As per the viewpoint, the enterprise's long-term assets include of money acquired for long-term usage, awards, or shares. Investing in the future may also be done through long-term financial investments and assets designated as investments. These are particular characteristics of long-term assets that call for a reconsideration of the categorization basis. Reference 10

In summary of the concepts given above, we defined as follows: Long-term assets are cash, shares, and premiums that the business has received and acquired for long-term (more than a year) usage. These assets are distinguished by the potential for future financial gains and controllability. [11]

Result and Discussion. Depending on how long they will last, assets in JSC "Uzbekistan Railways" firms are split into long-term and current categories. These categories are shown in different sections of the financial statement dedicated to the long-term and current assets.

What are the potential benefits of long-term assets for Uzbekistan Railways JSC businesses?

The stability and long-term profitability of JSC "Uzbekiston temir yollari" firms may be guaranteed by long-term assets.

Stability: Because long-term assets may be employed to manufacture goods or render services for an extended period of time, they can help JSC "Uzbekiston temir yollari" firms maintain stability.

Long-term profitability: Since long-term assets have a long lifespan, they guarantee the long-term profitability of JSC "Uzbekiston temir yollari" businesses.

Increasing the value of JSC "Uzbekistan Railways" businesses: Because long-term assets may be employed to create goods or provide services that can be sold on the open market, they can raise the value of JSC "Uzbekiston temir yollari" businesses.

Benefits of taxes for "Uzbekistan Railways" joint stock companies:

Because long-lived assets may be depreciated over an extended period of time, they might offer tax benefits.

Protection of Uzbekistan Railways JSC companies from inflation: Because long-term assets may be utilized to generate goods or render services in the future, they can shield Uzbekistan Railways JSC companies from inflation.

For instance, a building purchased by "Uzbekistan Railways" JSC businesses for 100 million soums can be utilized for manufacturing or service provision for many years to come. This guarantees the long-term stability and financial success of the JSC "Uzbekistan Railways" businesses. The structure may also offer tax advantages and raise the value of Uzbekistan Railways JSC businesses. It is important to remember, however, that long-term assets can also come with dangers, such the potential to reduce monthly cash flow and the capacity to make investments in the expansion of JSC "Uzbekistan Railways" businesses.

Which long-term assets might be at danger while JSC "Uzbekiston temir yollari" firms are operating?

Long-lived assets may be prone to depreciation due to shifts in the demands and circumstances of the market.

We provide the reflection of long-term assets in the account in Table 1 based on the aforementioned information.

Table 1

The procedure for accounting for long-term assets based on the IFRS¹

Composition of long-term assets	Description	Accounting model	Depreciation calculation methods
Fixed assets	Fixed assets are an important tool for the implementation of the activities of economic entities, they are assets used for a long time in the activities of enterprises in order to	Initial value Fair value	Straight line method. Diminishing residual method. Production method.

¹ Author development

	produce products, perform works or provide services, as well as perform administrative, economic, social and cultural tasks, according to their economic nature.		
Investment property	Investment property is land or buildings intended for rental or capital growth, or both, but not for use or sale in the normal course of business.	Initial value Fair value	Depreciation is not calculated under the fair value model, the cost model is the same as for fixed assets.
Biological asset	Biological assets are living animals or plants	Initial value Fair value	Accounting at initial cost is similar to fixed assets. Depreciation is not considered at fair value.
Intangible assets	Assets that do not have a tangible appearance, are identifiable in the enterprise and serve for a long time	Initial value Fair value	Straight line method. Diminishing residual method. Production method.

As can be seen from the accompanying table, the account reflects long-term assets in accordance with the international criteria of 16-BHXS "Fixed assets".

The long-term assets of JSC "Uzbekistan Railways" firms are meant to be used for carrying out the business's operations, which include product manufacturing, work performance, and service delivery. Long-term assets can also be utilized to support railway firms' administrative requirements.

In light of this, the account takes into consideration and reflects the following aspects:

The revenue of long-term assets is included in the original and revaluation value, depreciation is computed, and revaluation at the end of the year is represented in the reports, all in accordance with the correctly established accounting policy.

Second, journal entries provide the foundation of accounting's two-way system.

Thirdly, the arrangement of the "long-term assets" section in the financial statement's asset section—which makes up the financial statement composition—should be appropriate based on the kinds of long-term assets. This helps to guarantee that financial reporting is transparent for international investors.

We use the following quotation from the "Financial Statement"'s Long-term Assets section in Table

2:

Table 2

Composition of long-term assets in the financial statement of railway enterprises²

	Assets	
	Long-term assets	
1.	Property, plant and equipment (IAS 16)	XXX
2.	Investment property (IAS 40)	XXX
3.	Intangible assets (IAS 38)	XXX
4.	Goodwill (IFRS 3)	XXX
	Deferred tax assets (IAS 12)	XXX
	Investments in Associates and Joint Ventures (IAS 28)	XXX
	Biological assets (IAS 41)	XXX
	Exploration and evaluation of mineral reserves (IFRS/IFRS 6)	XXX
	Right of use (IFRS/IFRS 16)	XXX
	Financial assets (IFRS/IFRS 9)	XXX
	Non-current assets held for sale (IFRS/IFRS 5)	XXX
	Total non-current assets	XXX

It is appropriate to take into account long-term assets in the businesses of "Uzbekistan temir yollari" JSC using the indicators shown in the above table. This aids in removing dangerous circumstances from the financial statement creation process.

However, long-term assets still don't receive enough credit for the scientific research conducted by many economists on long-term asset accounting, the development of theoretical and methodological foundations, the determination of fair value, and the creation of recommendations for reflecting their depreciation. For this reason, it is desirable to give scientific research a higher weight.

Conclusion and Recommendation

In summary, the conceptual framework for accounting for long-term assets is defined by the fundamental accounting principles. As a result, it's critical to adhere to these principles' criteria while creating and implementing accounting policies in businesses.

According to the guidelines for recognizing long-term assets, an asset must have a control function, be able to generate income, and be used for a longer length of time than a year.

Second, when assets are classified as current and long-term, their service lives must be completely reflected in the financial statement of accounting. This may be done by analyzing the assets' service lives.

Thirdly, goodwill, fixed assets, intangible assets, connected enterprise investments, other financial investments, and long-term receivables should all be taken into consideration when classifying long-term assets.

The 15th MHXS's requirements should be followed when accounting for long-term assets, such as 1-IAS, 8- IAS, 16- IAS, 7- IAS, 38- IAS, 40- IAS, and 1-IFRS, 3- IFRS, 5- IFRS, 9- IFRS, and 10- IFRS.

² Муаллиф ишланмаси

Any business must prioritize reporting in order to accurately depict assets (long-term assets) and make it evident how much property is held on the balance sheet of the organization.

Fair value, which may be established using factors like market pricing, replacement costs, profitability, etc., should be applied when valuing long-lived assets.

The basic and qualitative definition of long-term assets indicates that they should be categorized based on completeness, neutrality, accuracy-free, verifiability, timeliness, comprehensibility, and dependability, relevance, and truthful presentation.

Fair value, which may be established using factors like market pricing, replacement costs, profitability, etc., should be applied when valuing long-lived assets.

Taking everything into consideration, the primary norm of international standards is the recognition of long-term assets under the following conditions, and the idea of continuity is upheld by one of the fundamental tenets of financial reporting.

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