



INTERNATIONAL EXPERIENCE IN ACCOUNTING FOR LONG-TERM ASSETS AND OPPORTUNITIES FOR ITS APPLICATION

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ABSTRACT	KEYWORDS
This article analyzes the theoretical issues of long-term assets in accounting. Various approaches present such assets in regulatory documents as resources acquired by enterprises as contributions, bonuses, or for long-term use. In addition, long-term financial investments and assets recognized as investment property are considered one of the effective directions for future capital investment. Therefore, reconsidering the classification and characteristics of long-term assets is of particular relevance.	Long-term assets, principles, development trends, costs, royalties, rights, uncertainty, practice, relationships, investment, investment property.

Introduction

Within the International Financial Reporting Standards (IFRS) system, rules have been established that clearly regulate the recognition, measurement, depreciation, and impairment of these assets, which is particularly important for ensuring the transparency and reliability of financial information. International standards establish two main criteria for recognizing long-term assets: first, they must be expected to generate future economic benefits for the enterprise; second, their cost must be reliably measurable. Two main approaches are applied to asset measurement: the cost model and the revaluation model. Under the first model, an asset is recognized at its cost at the date of recognition, and its carrying amount is reduced through depreciation. The second model, based on market prices, makes it possible to reflect the fair value of assets. In IFRS practice, depreciation and impairment issues are also of great importance. For example, certain intangible assets, such as goodwill, are not subject to traditional amortization; instead, they are reassessed through annual impairment testing. This contributes to greater transparency in the formation of financial results and increases the reliability of financial reporting information.

Literature Review

In the context of Uzbekistan, the practical significance of applying international experience lies in the opportunity to modernize the national accounting system, provide transparent information to investors, and integrate the economy into the international financial environment. In addition, applying international experience in accounting for long-term assets makes it possible to accurately assess the production potential and financial stability of enterprises and to make strategically sound management decisions. Therefore, the composition of long-term assets in different countries was initially comparatively examined and studied, resulting in the following information (Table 1).

Table 1 Comparative Characteristics of the Composition of Long-Term Assets in Different Countries

Country	Composition of Long-Term Assets
United States	Property, plant and equipment; intangible assets; long-term investments; deferred tax assets; goodwill.
Germany	Property, plant and equipment; intangible assets; financial investments (equity interests and securities); long-term receivables.
France	Property, plant and equipment; intangible assets; financial investments; long-term receivables.
Russian Federation	Property, plant and equipment; intangible assets; long-term financial investments; capital investments; deferred tax assets; biological assets.
Republic of Belarus	Property, plant and equipment; intangible assets; long-term financial investments; capital investments; in some cases, biological assets.
Japan	Property, plant and equipment; intangible assets; investments and other long-term assets; long-term receivables; deferred expenses.
China	Property, plant and equipment; intangible assets; capital investments; long-term equity investments; deferred tax assets.
Saudi Arabia	Property, plant and equipment; intangible assets; investment property; long-term financial investments; biological assets in certain industries.
United Arab Emirates	Property, plant and equipment; intangible assets; investment property; financial investments; right-of-use assets (arising from lease relationships).

The data in Table 1 show that there are common similarities in the composition of long-term assets across different countries, mainly consisting of property, plant and equipment, intangible assets, and financial assets. This practice of classifying and accounting for long-term assets indicates that it has been shaped under the influence of International Financial Reporting Standards (IFRS) requirements. This, in turn, ensures the comparability of countries' financial statements at the international level. In turn, it is important to comprehensively analyze, from both scientific-theoretical and practical perspectives, the approaches to recognizing, measuring, accounting for, and presenting long-term assets in the financial statements of the countries presented in Table 1, as well as to identify their specific features and differences. The results of such analysis make it possible to assess the influence of the regulatory and legal framework of accounting and international standards applied in the practices of different countries. They also help identify the possibilities for using these practices to improve the

national accounting system based on the strengths and weaknesses of existing approaches to accounting for long-term assets.

The Japanese accounting regulatory system relies on a number of standards regulating the accounting of intangible assets within the framework of J-GAAP (Japanese Generally Accepted Accounting Principles) (Table 2). These standards were developed by the Accounting Standards Board of Japan (ASBJ) and establish both general rules for long-term assets and specific requirements for certain types of intangible assets. In the Japanese accounting system, long-term assets (“固定資産” — futei shisan, fixed assets) occupy a central position and are interpreted more broadly than in a number of foreign practices. This category includes tangible assets (buildings, equipment, vehicles) and intangible assets (patents, licenses, copyrights, and intellectual property). While differences between accounting and tax accounting in many countries have led to the existence of two depreciation systems, Japan applies a unified approach in which the principles of accounting for long-term assets are used simultaneously in both areas. This contributes to the harmonization of financial reporting.

The Japanese model is based on two regulatory frameworks:

- International Financial Reporting Standards (IFRS);
- Japanese Generally Accepted Accounting Principles (J-GAAP).

Such institutional cooperation between international and national rules is a distinctive feature of Japanese accounting. Many countries either fully harmonize their systems with IFRS (for example, European Union countries) or retain independent standards (for example, the United States with the US GAAP system). The combination of IFRS and J-GAAP enables Japanese companies to enter international capital markets while taking domestic regulatory characteristics into account. However, it also creates certain challenges for the comparability of financial statements.

At present, these regulations have been harmonized with IFRS requirements and new national standards.

As an alternative approach, in the United Kingdom, assets may be measured at current or market value as of the latest revaluation date. The frequency of revaluation is determined by the company itself. There is no statutory requirement in this regard. However, annual revaluation is recommended.

UK legislation provides considerable flexibility in the measurement of investments. The Companies Act 1985 gives management the right to choose any measurement method appropriate to the circumstances of the enterprise.

Special rules apply to investment property. For example, SSAP 19, Accounting for Investment Properties, requires annual revaluation instead of depreciation for such assets. The resulting difference is transferred to the revaluation reserve; if a negative difference exceeds this reserve, the excess amount is recognized in the statement of profit or loss.

In the United Kingdom, leases are divided into two types in accordance with SSAP 21, Accounting for Leases and Hire Purchase Contracts: finance leases and operating leases.

The main characteristic of a finance lease is the transfer from the owner to the lessee of all risks and rewards associated with the use of the asset. If the discounted value of lease payments covers at least 90% of the asset's value, the contract is treated as a finance lease. Other cases are classified as operating leases. Under UK standards, assets under finance leases must be recognized in the lessee's balance sheet as assets similar to its own assets and depreciated accordingly. The lessor, in turn, recognizes lease payments as a financial asset. In the case of an operating lease, the asset remains on the lessor's balance sheet, while lease payments are recognized in the statements of profit or loss of both parties.

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In Spain, accounting is based on a number of special rules for measuring assets. Property, plant and equipment must be presented in the financial statements at their initial cost. This amount is determined on the basis of the purchase price, production costs, or market value, with the lowest amount selected. The purchase cost includes the amount stated on the supplier's invoice and additional costs.

Intangible assets are capitalized only when they are expected to generate future economic benefits. Such assets include licenses, patents, software, trademarks, copyrights, models, and customer lists. Education and reorganization costs, as well as expenditures related to scientific research, are not recognized as assets. Capitalized intangible assets are measured at the lower of cost and net realizable value, amortized over their useful lives, and periodically tested for impairment.

Thus, based on the study and analysis of international experience in accounting for long-term assets and the opportunities for its application, the following conclusions have been formulated:

A comparative analysis of accounting for long-term assets in Germany, Spain, and Switzerland shows that these jurisdictions seek to harmonize with IFRS while retaining certain specific features related to national legal traditions and economic interests.

In Germany, accounting for long-term assets has a strict legal foundation and is closely linked to tax rules and the prudence principle. This reflects the conservative approach characteristic of the German accounting tradition.

Spain is characterized by openness to international practices, particularly after its national chart of accounts was harmonized with IFRS. In this country, there is greater flexibility in measuring intangible assets when accounting for long-term assets. For example, research and development costs may be capitalized when the established criteria are met. At the same time, depreciation policy is strictly regulated, while asset revaluation is carried out only in cases established by law.

Switzerland combines conservative methods based on historical cost and the creation of reserves with modern approaches influenced by IFRS, such as the capitalization of goodwill and intangible assets. Particular attention is paid to reserves: legislation requires their mandatory formation, and they are primarily used to cover losses. Swiss practice also widely applies mechanisms for translating the financial statements of foreign subsidiaries, bringing it closer to global standards for multinational reporting.

In Uzbekistan's national accounting system, both NAS and IFRS requirements are being applied in practice to account for long-term assets. In particular, under NAS, long-term assets are often measured at their initial cost less accumulated depreciation. In practice, a prudence principle similar to the German approach is applied: revaluation of assets is carried out in limited cases, and the formation of hidden reserves is permitted. This is aimed at protecting the interests of creditors and the state budget. However, in recent years, in line with the policy of gradually introducing IFRS, opportunities for capitalizing intangible assets have expanded, similarly to practices in Spain and Switzerland. For example, software, licenses, patents, and brands are recognized as assets under national legislation, and depreciation is charged over their useful lives. At the same time, education and reorganization costs and expenditures on fundamental research are not recognized as assets.

Although the practice of accounting for goodwill has not yet been fully established, a number of large companies and financial institutions are beginning to recognize it in accordance with IFRS requirements and to reflect it through amortization or impairment testing. This process is similar to the Swiss experience because the national accounting system is seeking a balance between prudence and transparency in international financial reporting.

The depreciation policy in NAS No. 5, "Property, Plant and Equipment," and NAS No. 7, "Intangible Assets," recommends the straight-line, units-of-production, declining-balance, and sum-of-the-years'-digits methods of depreciation; however, in practice, the equal-charge method is mainly relied upon. The main reason is that the norms established by tax legislation determine the choices actually made by enterprises. In this respect, a tax-oriented approach, similar to that in Germany, predominates. However, companies implementing IFRS also use the units-of-production method or the declining-balance method in some cases.

With regard to reserves, Uzbekistan incorporates certain features of Swiss practice: legislation establishes certain mandatory reserves that are important for covering enterprise losses. At the same time, in some cases, insufficient transparency in the actual size of reserves and their use is noted as a problem.

Conclusion

In conclusion, the practice of accounting for long-term assets in Uzbekistan is incorporating certain elements of Germany's prudence-based tradition, Spain's IFRS-harmonized flexibility, and Switzerland's model aimed at achieving a balance. This contributes to strengthening the reliability and transparency of information on long-term assets, further increasing the investment attractiveness of companies, and ensuring the effectiveness and comparability of financial reporting.

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