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ECONOMIC ESSENCE OF LONG-TERM ASSETS AND THEORETICAL FOUNDATIONS OF THEIR ACCOUNTING

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Abstract:

This article analyzes the theoretical issues of long-term assets in the field of accounting. Various approaches to such assets in regulatory documents present them as resources acquired by enterprises as contributions, gifts, 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.

Keywords: Long-term assets, principles, development trends, costs, royalties, rights, uncertainty, practice, relationships, investment, investment property.

Introduction

In a market economy, long-term assets play a particularly important role in ensuring the efficiency of business entities, strengthening their financial stability, and increasing their competitiveness. Because these assets are one of the main



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factors determining the production potential of a business entity, through which the process of producing products, providing services, and generating income is carried out.

It is well known that the implementation of priority tasks outlined in the Resolutions of the President of the Republic of Uzbekistan—specifically Resolution No. PP-4611 dated February 24, 2020, "On additional measures for the transition to International Financial Reporting Standards," and Resolution No. PP-282 dated September 15, 2025, "On measures to improve the financial accounting system in accordance with international requirements and standards"—is driving the need to refine the theoretical, regulatory-legal, organizational-methodological, and practical aspects of accounting for long-term assets within business entities. Consequently, a precise and accurate interpretation of the concept of long-term assets—as both an object of accounting and an element of financial statements—along with their clear classification, ensures that the information remains simple and understandable for users.

According to the national accounting standard (No. 1 BHMS) **"Financial reporting and accounting policies"**, "the long-term assets of the organization consist of the following assets:

assets used in the organization's activities on a long-term basis, including the organization's property, buildings and equipment, intangible assets, capital expenditures and goodwill;

assets that are held for investment purposes and cannot be sold for 12 months from the reporting date" [3].

If we pay attention to this criterion established in IFRS No. 1, then long-term assets are classified in two directions as assets used in operating activities and held for investment purposes. Of course, this does not allow us to interpret them as an object of accounting and an element of financial reporting, although it does



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clarify the general content and composition of long-term assets. At the same time, this standard classifies the structural structure of long-term assets as an element of financial reporting as follows: “The long-term assets section of the balance sheet should reflect the value of fixed assets and intangible assets, long-term investments, fixed equipment, capital investments, long-term receivables and deferred long-term expenses”[4].

A review of the economic literature shows that they offer different approaches to explaining the economic essence of the concept of “long-term assets”. In particular, according to P. Kimmel, J. Weygandt, D. Kieso, “long-term assets are assets that are stored for use in the activities of the enterprise and generate economic benefits for several years, and are intended not for resale, but for exploitation”[5]. In this approach, the authors focus on the main economic characteristics of long-term assets, such as their functional purpose, useful life, economic efficiency, and orientation to exploitation.

In his research on improving the accounting of long-term assets, economist I.N. Ismanov defines long-term assets as follows: “long-term assets are resources acquired by an enterprise—whether through capital contributions, donations, or purchases—for use over an extended period (exceeding 12 months), characterized by their potential to generate future economic benefits and their susceptibility to control.”[6] In doing so, the author presents his approach by taking into account such characteristics as the sources of asset formation, the time criterion, and the nature of the asset as a resource that generates economic benefits.

In general, in current regulatory legal acts and approaches of economists, the main attention is paid to the economic content of long-term assets, focusing on their long-term service life and economic benefit. Of course, these definitions and approaches are of scientific and practical importance. However, they do not fully



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reveal the content of long-term assets as an object of accounting and an element of financial reporting. Therefore, the following author's approach to the concept of "long-term assets" as an object of accounting and an object of financial reporting has been formed: "Long-term assets are a set of economic resources that are controlled by the accounting entity and can be reliably estimated, are intended for use for a long period (more than 12 months), bring economic benefit in the future through direct and indirect participation in production and investment processes, and the value of which is systematically distributed through depreciation or other economic methods in a fixed manner."

In the scholarly and educational works of economists, one can observe various approaches to classifying long-term assets based on diverse characteristics and criteria—such as economic nature, type of activity, function, specific operational features of the enterprise, ownership status, role in the operating process, sources of formation, useful life, form of collateral for loans, mode of utilization, liquidity, and others. Categorizing these assets into subgroups based on such classification criteria is certainly noteworthy. However, in our view, it is also appropriate to classify long-term assets specifically as objects of accounting and elements of financial reporting, and to reflect this in the accounting policy. This is because categorizing long-term assets according to the aforementioned criteria helps in understanding their economic substance, role, and potential for utilization.



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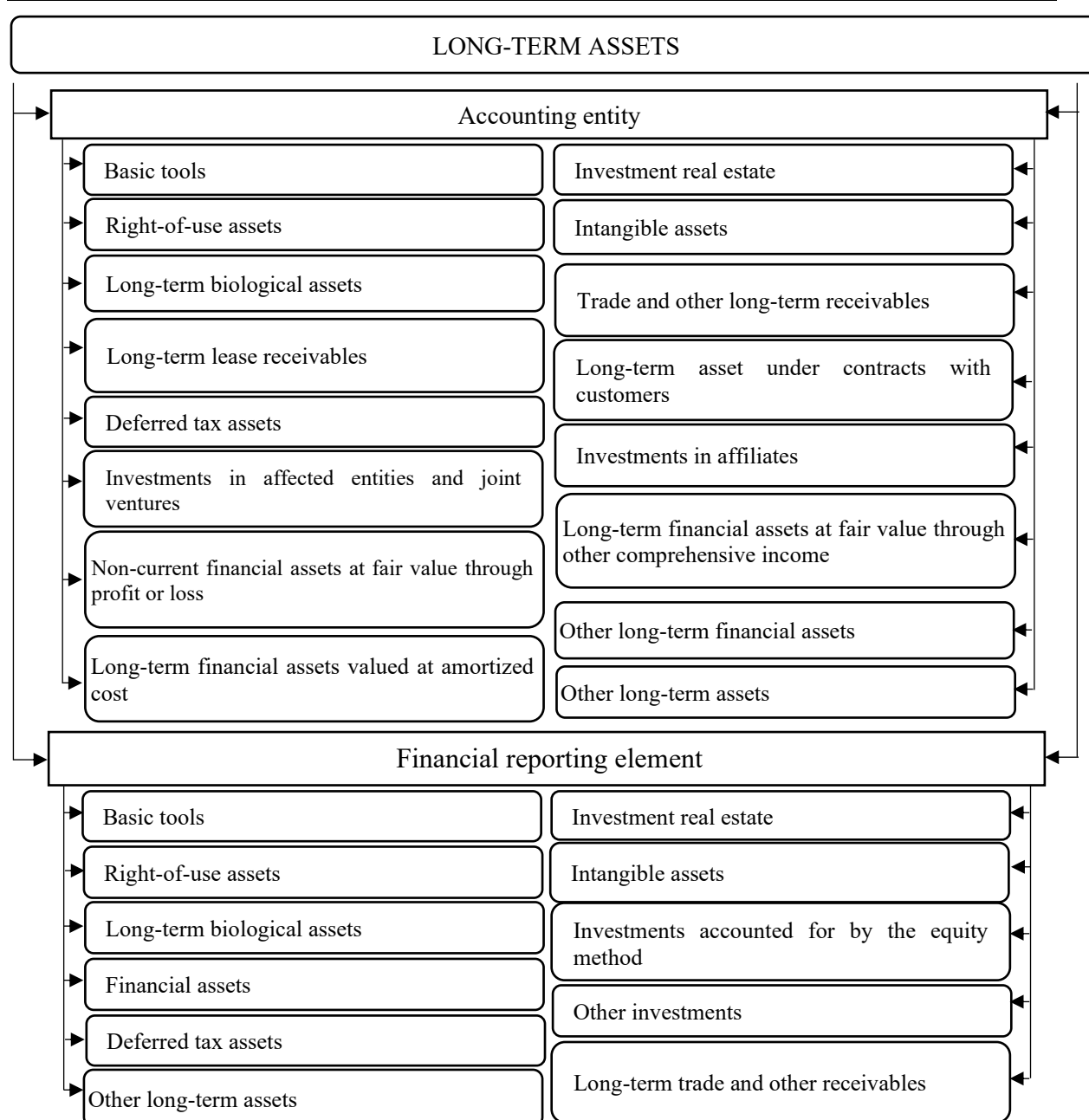


Figure 1. Classification of long-term assets as an accounting object and element of financial reporting.



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In general, we consider the approaches of economists to classify long-term assets according to various characteristics and criteria to be both theoretically and methodologically significant.

However, in our opinion, based on the nature of the activities of accounting entities, in particular, the object of monographic research, the joint-stock company "Navoiyazot", we consider it appropriate to classify long-term assets as an object of accounting and an element of financial reporting as follows (Figure 1.1).

Figure 1 presents a classification—refined based on IFRS—of assets that constitute long-term assets for accounting purposes and are required to be reported within the long-term assets section of the statement of financial position. This initiative facilitates the harmonization of the national accounting system's long-term asset structure with IFRS requirements and supports accurate accounting and financial reporting for entities that maintain their accounts and prepare financial statements in accordance with IFRS.

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