ISSN : 2466-0744

MULTIDISCIPLINE PROCEEDINGS OF

DIGITAL FASHION CONFERENCE

KOREA, REPUBLIC OF

Multidiscipline Proceedings of

DIGITAL FASHION CONFERENCE

July 2025 *(Volume 5, No.4)*

Available at digitalfashionsociety.org
Published:
서울 합정역
파주출판도시
ISSN 2466-0744
Seoul
Rebuplic of Korea (ROK),

EDITORIAL BOARD

CLASSIFICATION OF LONG-TERM ASSETS

Gozieva Mokhira Rustamovna
Assistant of the Department of Accounting, TSUE
moxira.gozieva@mail.ru

Abstract. The article examines the structure of long-term assets, their distinctive features, and their classification according to national accounting standards and International Financial Reporting Standards (IFRS).
Keywords: long-term assets, depreciation, amortization, investment.

The effective functioning of an enterprise is only possible if it possesses and efficiently utilizes a set of economic resources involved in the production of goods or the provision of services. The development of market relations implies increasing competition among producers, and those who manage to use all available resources most effectively are more likely to succeed. In economic literature, all resources owned and used by a firm in its production activities are referred to as assets.

The accounting of fixed assets in a non-profit organization should be conducted in accordance with the provisions of NSBU No. 5 "Fixed Assets."

For the purpose of harmonizing Uzbekistan's legislation with the International Financial Reporting Standards (IFRS), it would be reasonable to adopt a classification of assets into long-term and short-term categories, while in the current Chart of Accounts for accounting, the distinction is made between long-term and current assets. An asset is recognized as long-term if it meets the following criteria:

- it is acquired for use in the enterprise's economic activities;
- it is not intended for resale;
- its useful life exceeds one calendar year.

The primary purpose of acquiring long-term assets is their use in the process of production, service provision, or sales, rather than for subsequent resale. Long-term assets may also be used for leasing operations, administrative purposes, or maintaining the operability of fixed assets. They serve as essential instruments that enable enterprises to conduct business. In most industrial enterprises, a significant portion of total property is comprised of long-term assets. Their condition and the efficiency of their use directly influence the overall results of the organization's economic performance.

More efficient and rational use of long-term assets contributes to improvements in all key technical and economic indicators: increased labor productivity, higher return on assets, greater output volume, lower production costs, and savings in capital investments in long-term assets. In this context, the use of economic analysis tools becomes especially relevant for making informed and effective managerial decisions aimed at improving asset utilization.

In the modern economy, accounting has become an indispensable source of information for managers and owners of organizations when forming costs and setting prices for products, with the aim of ensuring high-quality and comprehensive control over the use of long-term assets and assessing investment potential.

Each organization possesses property which, under national legislation, is reflected in the assets section of the balance sheet and classified according to:

- duration of use: into long-term and short-term assets;
- the presence or absence of physical substance: into tangible and intangible assets.

The majority of long-term assets are formed based on acommon princi ple: long-term participation in the production process (more than one year) and gradual transfer of their value to the produced goods over several reporting periods. Thus, these long-term assets are continuously involved in the enterprise's cycle of economic resources, returning their value through depreciation charges. Although the cycle of this turnover is prolonged, it is continuous in nature.

At the same time, long-term assets are classified as low-liquidity assets. This means they can be converted into cash without significant loss in value only after considerable periods (usually six months or more). It is evident that capital-intensive property tailored to specific business activities is significantly more difficult to sell on the market than, for example, consumer goods or short-term assets such as liquid products or inventories.

Another characteristic feature of long-term assets is their limited adaptability to operational management, as their structure tends to remain stable over short time periods. Therefore, they require a strategic management approach.

In summary, long-term assets are those that are repeatedly involved in the entrepreneurial activity of an organization, gradually transferring their value to newly created consumer value (finished goods), have a service life of more than one year, are not acquired for resale, but for use, and may or may not have physical substance.

Long-term assets are reflected in the first section of the asset side of the balance sheet. According to NSBU No. 21 "Chart of Accounts for the Accounting of Financial and Economic Activities of Business Entities and Instructions for its Application", approved by the Order of the Minister of Finance of the Republic of Uzbekistan, they include:

- fixed assets (account 0100);
- depreciation of fixed assets (account 0200);
- long-term investments (account 0600);
- intangible assets (account 0400);
- amortization of intangible assets (account 0500);
- long-term financial investments (account 0800);
- equipment for installation (account 0700);
- capital investments in long-term assets (account 0800);
- long-term receivables and deferred expenses (account 0900).

It is also important to note that, according to the above-mentioned regulatory document, the structure of long-term assets includes entries for long-term receivables and deferred costs.

According to IFRS, the following types of resources are included in long-term assets:

- assets with or without physical substance intended for long-term use in economic activity (IAS 16, IFRS 4, IFRS 36);
- assets in the form of financial instruments (IFRS 32 and IFRS 39);
- assets used on the basis of long-term lease agreements, investment property, and long-term assets held for sale (IFRS 17, IFRS 40, IFRS 5).

To examine the composition and structure of long-term assets in a systematic manner, it is advisable to rely on the classification approaches embedded in the typical chart of accounts for accounting, approved by the Ministry of Finance of the Republic of Uzbekistan. This allows for comparability between national and international accounting approaches and provides a deeper understanding of the organizational asset structure.