

THE TYPES AND SIGNIFICANCE OF THE FIXED ASSET MAINTENANCE COSTS IN ENHANCING OPERATIONAL EFFICIENCY AND FINANCIAL PERFORMANCE

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Abstract. Fixed asset maintenance is an essential aspect of asset management that involves performing regular inspections, cleaning, and repairs to ensure that assets are in good working condition. There are several types of maintenance, including preventive, corrective, predictive, condition-based, planned, and breakdown maintenance, each with its own benefits and drawbacks. Effective maintenance can help organizations to improve asset performance, reduce downtime, increase efficiency, ensure safety, comply with regulations, and maintain asset value. Ultimately, proper maintenance can help organizations to extend the useful life of their assets and maximize their return on investment.

Key words: fixed assets, fixed assets maintenance, costs, useful life of fixed assets, efficiency, reduce costs and maximize profits.

A fixed asset is a long-term tangible asset that is used in the production or supply of goods and services, and has a useful life of more than one accounting period. Fixed assets are also known as property, plant, and equipment (PP&E) and include items such as buildings, land, machinery, vehicles, furniture, and fixtures.

Fixed assets are essential for the operation of a business and are typically used to generate revenue. They are not intended for resale and are expected to provide benefits to the organization for a significant period. Fixed assets are recorded on the balance sheet and are subject to depreciation, which is the process of allocating the cost of the asset over its useful life.

Fixed assets are an important component of a company's financial statements and are used to calculate key financial ratios such as return on assets (ROA) and asset turnover. Proper management of fixed assets is essential for maximizing their value and ensuring that they are used efficiently to support the organization's strategic objectives.

Fixed asset maintenance refers to the process of keeping fixed assets in good working condition to ensure that they operate efficiently and effectively throughout their useful life. It typically involves a range of activities, including regular inspections, cleaning, lubrication, and repairs. Maintenance schedules may vary depending on the type of asset, its age, and its usage. Organizations may also use computerized maintenance management systems (CMMS) to track maintenance activities and ensure that they are completed on schedule.

There are several types of fixed asset maintenance that organizations can use to keep their assets in good working condition. Here are some of the most common types:

1. Preventive maintenance: This type of maintenance involves performing regular inspections, cleaning, and repairs to prevent breakdowns and extend the useful life of the asset. Preventive maintenance is typically scheduled based on the asset's usage and age.

2. Corrective maintenance: This type of maintenance involves repairing an asset after it has broken down or malfunctioned. Corrective maintenance is typically more expensive than preventive maintenance and can result in downtime and lost productivity.

3. Predictive maintenance: This type of maintenance uses data and analytics to predict when an asset is likely to fail and schedule maintenance accordingly. Predictive maintenance can help organizations to reduce downtime and minimize the cost of repairs.

4. Condition-based maintenance: This type of maintenance involves monitoring an asset's condition and performing maintenance when specific conditions are met. For example, a machine may be serviced when it reaches a certain number of operating hours or when a specific part shows signs of wear and tear.

5. Planned maintenance: This type of maintenance involves scheduling maintenance activities in advance, based on a predetermined schedule or usage pattern. Planned maintenance can help organizations to reduce downtime and ensure that maintenance activities are completed on time.

6. Breakdown maintenance: This type of maintenance involves repairing an asset after it has broken down or malfunctioned. Breakdown maintenance is typically more expensive than preventive maintenance and can result in downtime and lost productivity.

In summary, the type of maintenance used will depend on the asset's age, usage, and condition, as well as the organization's budget and maintenance goals.

The importance of calculating fixed asset maintenance and its impact on businesses

Firstly, the calculation of fixed asset maintenance helps businesses to identify potential issues before they become major problems. By regularly monitoring and analyzing the performance of fixed assets, businesses can identify any signs of wear and tear, damage, or malfunction. This allows them to take proactive measures to prevent breakdowns and minimize downtime, which can be costly and disruptive to operations.

Secondly, the calculation of fixed asset maintenance helps businesses to optimize their maintenance schedules and minimize costs. By analyzing the performance data of fixed assets, businesses can determine the optimal time for maintenance and repairs. This helps to minimize the frequency of maintenance and reduce the associated costs, while still ensuring that the assets are operating at peak efficiency.

Thirdly, the calculation of fixed asset maintenance helps businesses to maximize profits by extending the lifespan of their assets. By identifying potential issues early and taking proactive measures to prevent them, businesses can extend the lifespan of their fixed assets. This reduces the need for costly replacements.

Moreover, the proper calculation of fixed assets maintenance ensures safety: regular inspections and maintenance can identify potential safety hazards and prevent accidents from occurring.

Another essential reason of calculation is that it complies with regulations: many industries have specific regulations and standards that require organizations to maintain their fixed assets properly. Compliance with these regulations is essential for avoiding fines, legal liabilities, and reputational damage.

In conclusion, the calculation of fixed asset maintenance is crucial for businesses to ensure the longevity and efficiency of their assets, as well as to minimize costs and maximize profits. By regularly monitoring and analyzing the performance of fixed assets, businesses can identify potential issues, optimize maintenance schedules, and extend the lifespan of their assets. This helps businesses to operate more efficiently, reduce costs, and ultimately achieve greater success.

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