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ACCOUNTING FOR FIXED ASSETS

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Annotation. This article examines the theoretical and practical aspects of accounting for fixed assets in modern enterprises. Fixed assets play a crucial role in the production process, as they form the material and technical basis of business operations. The study analyzes the recognition, measurement, depreciation, revaluation, and disposal of fixed assets in accordance with international accounting standards. Special attention is given to the impact of modern accounting systems and digital technologies on improving the accuracy and efficiency of fixed asset accounting. The article also highlights the importance of proper fixed asset management in ensuring financial stability and increasing the profitability of enterprises.

Keywords: fixed assets, accounting, depreciation, revaluation, asset management, financial reporting, IFRS, cost accounting, capital assets, digital accounting systems.

In modern economic conditions, fixed assets represent one of the most important components of an enterprise's resource base, playing a decisive role in ensuring production capacity, technological development, and overall economic efficiency. Fixed assets include buildings, machinery, equipment, vehicles, and other long-term tangible resources that are used in the production of goods and services over an extended period of time. Their proper accounting and management are essential for maintaining financial stability, improving operational efficiency, and supporting sustainable development.

The relevance of fixed asset accounting has significantly increased in recent years due to the rapid transformation of economic systems, globalization processes, and the widespread adoption of digital technologies. Enterprises are now operating in highly competitive environments where accurate financial information is crucial for making strategic decisions. In this context, fixed asset accounting is not only a technical accounting function but also an important tool for management control and investment planning.

One of the key factors increasing the importance of this topic is the growing capital intensity of modern production processes**.** As industries become more technologically advanced, the share of fixed assets in the total structure of enterprise resources continues to rise. High-value equipment, automated production systems, and advanced infrastructure require significant investment and long-term financial planning. Therefore, accurate recognition, valuation, and depreciation of fixed assets are essential for reflecting the real financial position of an enterprise.

Another important aspect is the complexity of accounting standards and regulations**.** The introduction of International Financial Reporting Standards (IFRS) has significantly changed the approach to fixed asset accounting. Enterprises are now required to apply more precise methods of valuation, revaluation, impairment testing, and depreciation calculation. This increases the responsibility of accountants and financial managers, as errors in fixed asset accounting can directly affect financial statements and investment decisions.

In addition, the impact of digitalization has transformed traditional accounting practices. Modern accounting information systems, such as Enterprise Resource Planning (ERP) platforms, enable real-time tracking, monitoring, and analysis of fixed assets. These technologies improve the accuracy of data, reduce human errors, and increase the efficiency of asset management processes. As a result, fixed asset accounting has become more transparent, automated, and strategically oriented.

Furthermore, effective fixed asset accounting is closely linked to asset lifecycle management**,** which includes acquisition, usage, maintenance, depreciation, and disposal stages. Proper management at each stage ensures optimal utilization of resources, minimizes unnecessary costs, and extends the useful life of assets. Poor management, on the other hand, can lead to financial losses, reduced productivity, and inefficient capital allocation.

Another important factor highlighting the relevance of this topic is the need for investment efficiency and capital optimization**.** Enterprises must continuously evaluate the performance of their fixed assets to determine whether they generate sufficient economic benefits. This requires accurate accounting data that supports decisions related to modernization, replacement, or disposal of assets.

The accounting of fixed assets has been widely studied in accounting theory and practice, as it represents a key area of financial reporting and management accounting. Early research in this field focused primarily on traditional historical cost accounting approaches, where fixed assets were recorded at their initial acquisition cost and systematically depreciated over their useful life. Classical accounting scholars such as Paton and Littleton laid the foundation for modern asset accounting by emphasizing the importance of reliable measurement and consistent valuation methods.

With the development of international accounting practices, the introduction of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) significantly influenced the treatment of fixed assets. In particular, IAS 16 “Property, Plant and Equipment” became a fundamental standard regulating recognition, measurement, depreciation, and revaluation of fixed assets. According to IFRS-based studies, the fair value model and revaluation model have increased the relevance and transparency of financial reporting, allowing enterprises to reflect more realistic asset values in financial statements.

Many researchers, including Hendriksen and Van Breda, have emphasized that fixed asset accounting is not only a technical process but also an important tool for managerial decision-making. Their studies highlight that accurate asset valuation directly affects profitability analysis, investment decisions, and long-term financial planning. Similarly, contemporary scholars argue that depreciation methods play a critical role in cost allocation and performance measurement, especially in capital-intensive industries.

Another important direction in the literature is the study of depreciation methods. Researchers such as Horngren, Datar, and Rajan have analyzed straight-line, declining balance, and units-of-production methods, noting that the choice of depreciation method can significantly influence reported profits and tax obligations. Empirical studies also suggest that enterprises often select depreciation methods based on both economic reality and financial reporting objectives.

In recent years, the literature has increasingly focused on the impact of digital technologies on fixed asset accounting. The implementation of Enterprise Resource Planning (ERP) systems has transformed traditional accounting processes by enabling automated asset tracking, real-time reporting, and improved data accuracy. Studies by Granlund and Malmi indicate that digitalization enhances the efficiency of asset management and reduces human error in accounting processes.

Furthermore, research on asset revaluation has gained importance in the context of inflationary economies and volatile market conditions. Scholars argue that revaluation provides more relevant

information for investors and stakeholders, although it also introduces subjectivity and estimation uncertainty into financial reporting.

Despite the significant progress in this field, some challenges remain unresolved. These include difficulties in fair value measurement, inconsistencies in depreciation policies, and the complexity of integrating international standards with national accounting systems. Therefore, the literature suggests that continuous improvement of fixed asset accounting practices is necessary to ensure transparency, comparability, and reliability of financial information.

In modern economic conditions, fixed asset accounting plays a crucial role in ensuring the accuracy of financial reporting and the efficiency of enterprise resource management. However, many organizations face a number of significant problems in the process of accounting, controlling, and managing fixed assets. These problems arise due to technological limitations, insufficient methodological development, and the complexity of applying international accounting standards in practice. Identifying these issues and developing effective solutions is essential for improving financial transparency, optimizing asset utilization, and strengthening the overall financial stability of enterprises.

One of the main problems in fixed asset accounting is the inaccuracy and inconsistency of asset valuation methods**.** In many enterprises, fixed assets are still recorded using outdated historical cost approaches, which do not reflect the real market value of assets. As a result, financial statements may present distorted information, especially in conditions of inflation or rapid technological changes. This can negatively affect investment decisions, financial analysis, and strategic planning.

To solve this problem, it is necessary to implement fair value accounting and revaluation models in accordance with International Financial Reporting Standards (IFRS). Regular revaluation of fixed assets ensures that their carrying amount reflects current market conditions, thereby improving the reliability and relevance of financial information.

Another important problem is the incorrect calculation of depreciation and useful life estimation**.** Many enterprises face difficulties in accurately determining the useful life of assets and selecting appropriate depreciation methods. As a result, expenses may be either overestimated or underestimated, which affects profit reporting and tax calculations.

This issue can be addressed by applying more flexible and realistic depreciation methods**,** such as the units-of-production method, especially for machinery and equipment with variable usage intensity. In addition, enterprises should regularly review asset conditions and adjust useful life estimates based on actual performance and technical condition.

A further problem is the lack of effective fixed asset tracking and inventory control**.** In some organizations, especially those with large-scale operations, fixed assets are not properly recorded or monitored throughout their lifecycle. This leads to asset loss, inefficient utilization, and difficulties in conducting accurate audits.

The solution to this problem lies in the implementation of modern digital accounting systems such as Enterprise Resource Planning (ERP)**.** These systems enable real-time tracking of assets, automated inventory control, and integration of financial and operational data. As a result, enterprises can significantly improve asset management efficiency and reduce losses.

Another challenge is the limited integration between fixed asset accounting and strategic management processes**.** In many cases, accounting data is used only for reporting purposes and is not effectively utilized in decision-making processes such as investment planning, modernization, or asset replacement strategies.

To overcome this issue, enterprises should strengthen the role of management accounting and analytical tools in fixed asset management. By using data analytics and business intelligence systems,

organizations can evaluate asset performance, identify inefficient assets, and make informed strategic decisions regarding capital investments.

In addition, the complexity of applying International Financial Reporting Standards (IFRS) remains a significant challenge, especially for small and medium-sized enterprises. The standards require detailed documentation, professional judgment, and continuous updates, which may be difficult to implement without sufficient expertise.

This problem can be addressed through staff training programs, professional development, and gradual implementation of international standards**.** Governments and professional institutions can also support enterprises by providing guidelines, methodological assistance, and simplified reporting frameworks.

Finally, the lack of automation and digital transformation in accounting processes is another important issue. Manual accounting systems are prone to errors, time-consuming, and less efficient compared to automated solutions.

The solution lies in the full digitalization of accounting processes, including the use of specialized accounting software, cloud-based systems, and artificial intelligence tools. These technologies enhance accuracy, reduce operational costs, and improve the speed of financial reporting.

In conclusion, although fixed asset accounting faces several challenges related to valuation, depreciation, tracking, and system integration, these problems can be effectively solved through the adoption of international standards, digital technologies, and modern management approaches. The implementation of these solutions will significantly improve the accuracy, efficiency, and transparency of fixed asset accounting, thereby strengthening the financial stability and competitiveness of enterprises.

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