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## **THE ROLE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS IN IMPROVING THE RELIABILITY OF ACCOUNTING FOR LONG-TERM ASSETS IN ENTERPRISES**

**Abstract:** This article examines the role of International Financial Reporting Standards in increasing the reliability of accounting for long-term assets in enterprises, with particular attention to the economic and accounting environment of transport-related organizations. Long-term assets form the material and technological foundation of enterprise activity, especially in sectors where infrastructure, vehicles, machinery, buildings, equipment, and investment property determine production capacity and financial stability. The reliability of their accounting directly influences the quality of financial statements, investment decisions, depreciation policy, asset valuation, and managerial control. The article emphasizes that International Financial Reporting Standards create a unified methodological basis for recognizing, measuring, depreciating, revaluing, impairing, and disclosing long-term assets. Their application helps reduce subjectivity, improves comparability between enterprises, and increases the transparency of information presented to investors, creditors, auditors, and regulatory bodies. The study also highlights the importance of professional judgment, fair value assessment, impairment testing, and disclosure requirements in ensuring the objective presentation of assets in financial reporting. In the context of enterprises operating in a developing economic environment, the transition to international standards is viewed not only as a technical accounting reform, but also as an institutional mechanism for strengthening financial discipline, improving corporate governance, and increasing trust in accounting data. The article concludes that the effective implementation of International Financial Reporting Standards requires methodological training, digital accounting systems, internal control mechanisms, and coordination between national accounting practices and international requirements.

**Keywords.** International Financial Reporting Standards, long-term assets, accounting reliability, financial reporting, asset valuation, depreciation, impairment, fair value, enterprise accounting, transport economy.

### **Introduction.**

The reliability of accounting information is one of the fundamental conditions for effective enterprise management, investment analysis, financial control, and strategic planning. In modern economic practice, this issue becomes especially important when accounting concerns long-term assets, because these assets usually represent a significant part of the enterprise's total resources and directly determine its production capacity, technological stability, and future economic benefits. For enterprises connected with the transport sector, long-term assets include buildings, railway and road infrastructure elements, vehicles, machinery, equipment, terminals, warehouses, repair facilities, information systems, and other resources used for more than one reporting period. Their incorrect recognition or measurement may distort the financial position of an enterprise and reduce the analytical value of financial statements.

International Financial Reporting Standards provide a comprehensive methodological framework for presenting long-term assets in a transparent, comparable, and economically justified manner. Unlike accounting approaches that may focus mainly on legal form or historical registration, IFRS emphasizes the economic substance of transactions and events. This principle is highly relevant for enterprises whose assets are expensive, technically complex, and subject to long useful lives, modernization, depreciation, impairment, and changes in market value. The application of IFRS allows enterprises to reflect long-term assets not merely as static accounting objects, but as resources capable of generating future economic benefits under specific operating conditions.

The importance of IFRS in improving the reliability of accounting for long-term assets is connected with several key aspects. First, the standards establish clear criteria for asset recognition, requiring the probability of future economic benefits and reliable measurement of cost. Second, they regulate subsequent measurement models, including the cost model and the revaluation model, which enables enterprises to select an approach that better reflects the nature of their assets and the reliability of available information. Third, IFRS requires systematic depreciation based on useful life, residual value, and the expected pattern of asset consumption. This prevents mechanical depreciation practices and encourages enterprises to revise estimates when economic or technological conditions change.

Another important feature of IFRS is the requirement to assess impairment. Long-term assets may lose their recoverable value due to physical wear, technological obsolescence, market changes, inefficient use, or external economic factors. If impairment is not identified in time, financial statements may overstate the value of assets and mislead users. Therefore, impairment testing strengthens the credibility of accounting data and supports more responsible management decisions.

For transport enterprises, reliable accounting of long-term assets is not only a financial reporting issue, but also a factor of economic security and operational efficiency. Transport activity depends on stable infrastructure, timely renewal of fixed assets, and accurate calculation of depreciation expenses. The transition to IFRS contributes to better planning of capital investments, more objective assessment of asset productivity, and increased confidence among creditors, investors, and other stakeholders. Thus, the study of the role of IFRS in accounting for long-term assets remains relevant for improving the quality of financial information and strengthening the economic sustainability of enterprises.

### **Methods.**

The methodological basis of this article is formed by a theoretical and analytical approach to the study of International Financial Reporting Standards and their influence on the reliability of accounting for long-term assets in enterprises. The research is based on the examination of accounting principles, recognition criteria, measurement models, depreciation methods, impairment procedures, and disclosure requirements that are directly connected with the preparation of financial statements. Special attention is given to the relevance of these standards for transport enterprises, where long-term assets have a decisive role in production processes, service delivery, infrastructure maintenance, and capital investment planning.

The study applies a systematic approach, which makes it possible to consider long-term assets not as isolated accounting objects, but as part of the general financial and economic structure of an enterprise. This approach allows the analysis of the relationship between asset recognition, valuation, depreciation, impairment, and financial statement reliability. Within this framework, long-term assets are examined through their economic substance, useful life, expected future benefits, and influence on the financial position of an enterprise. Such an approach is important because the reliability of accounting data depends not only on the correct recording of transactions, but also on the ability of accounting information to reflect the real economic condition of assets.

The comparative method is also used in the research. It helps to identify the differences between traditional accounting practices and the requirements of International Financial Reporting Standards. Through comparison, it becomes possible to determine how IFRS strengthens the objectivity of financial information by introducing principles such as fair presentation, substance over form, consistency, prudence, and disclosure transparency. This method is especially useful for analyzing the transition from formal accounting procedures to standards based on professional judgment and economic interpretation. In the field of long-term assets, such comparison reveals the importance of selecting appropriate measurement models,

reviewing useful lives, recognizing impairment losses, and disclosing significant assumptions.

The analytical method is applied to examine the role of specific standards related to long-term assets. These include standards regulating property, plant and equipment, intangible assets, investment property, leases, impairment of assets, fair value measurement, borrowing costs, and financial statement presentation. The analysis focuses on how these standards contribute to the reliability of accounting information by defining when an asset should be recognized, how its initial cost should be measured, how subsequent changes in value should be reflected, and what information should be disclosed to users of financial statements.

The research also uses the method of generalization. This method makes it possible to summarize theoretical positions and practical accounting requirements in order to determine the broader significance of IFRS for enterprise management. The generalization of scientific and methodological sources shows that the application of international standards increases the comparability of financial statements, improves the quality of audit procedures, supports investment decisions, and strengthens internal control over long-term assets.

In addition, the study relies on a logical approach to connect accounting procedures with enterprise decision-making. Reliable accounting for long-term assets affects depreciation policy, modernization planning, asset replacement, cost calculation, investment evaluation, and financial risk assessment. Therefore, the methodology of the research is directed toward revealing not only the technical accounting role of IFRS, but also its broader economic function in increasing transparency, accountability, and the quality of financial management in transport enterprises.

### **Results.**

The analysis shows that the application of International Financial Reporting Standards significantly increases the reliability of accounting for long-term assets by strengthening the methodological connection between accounting data and the real economic condition of enterprise resources. Long-term assets are not reflected only as formal objects recorded in accounting registers; they are presented as resources that generate future economic benefits and influence the financial stability of an enterprise over a long period. This approach is especially important for transport enterprises, where fixed assets, infrastructure facilities, vehicles, technical equipment, repair bases, terminals, and digital management systems form the foundation of operational activity and require accurate financial presentation.

One of the main results of the study is the identification of the role of IFRS in improving the recognition of long-term assets. The standards require that an asset be

recognized only when future economic benefits are probable and its cost can be measured reliably. This reduces the possibility of including economically unjustified objects in the balance sheet and increases the credibility of financial statements. For enterprises with large capital investments, such as transport organizations, this requirement helps separate real productive assets from expenses or objects that do not meet recognition criteria. As a result, the financial position of the enterprise is reflected more objectively.

Another important result is connected with asset measurement. IFRS provides enterprises with a structured approach to initial and subsequent measurement, including the cost model and the revaluation model. The use of these models makes it possible to reflect long-term assets in accordance with their economic characteristics and the availability of reliable valuation information. In transport enterprises, where assets may have long useful lives and high market sensitivity, the revaluation model can improve the relevance of accounting information, while the cost model may ensure stability and consistency when market data are limited. The choice of model requires professional judgment, but it also increases responsibility for the quality of financial reporting.

The study also reveals that IFRS improves depreciation accounting by requiring regular review of useful life, residual value, and depreciation method. This requirement prevents the mechanical use of outdated depreciation rates and supports a more realistic distribution of asset cost over the period of economic use. For example, vehicles and technical equipment in the transport sector may lose value differently depending on operating intensity, maintenance quality, technological renewal, and external market conditions. Therefore, depreciation under IFRS becomes not only an accounting calculation, but also an analytical instrument for evaluating asset consumption.

A further result concerns impairment testing. IFRS requires enterprises to assess whether long-term assets have lost part of their recoverable amount. This mechanism is important because asset values may become overstated due to physical deterioration, technological obsolescence, decline in profitability, changes in demand, or inefficient use. Timely recognition of impairment losses increases the reliability of financial statements and protects users from distorted information about enterprise resources.

The research also shows that IFRS strengthens disclosure quality. Enterprises are required to provide information about measurement bases, depreciation methods, useful lives, revaluation effects, impairment losses, and significant estimates. Such disclosure increases transparency and allows investors, creditors, auditors, managers, and other users to better understand the structure and condition of long-term assets. In general, the results indicate that IFRS contributes to more objective accounting,

stronger internal control, improved comparability of financial statements, and higher confidence in enterprise financial information.

### **Discussion.**

The obtained results demonstrate that International Financial Reporting Standards play a strategic role in improving the reliability of accounting for long-term assets, because they change the logic of financial reporting from formal registration to economic interpretation. In traditional accounting systems, long-term assets may often be recorded mainly on the basis of acquisition documents and fixed depreciation rules. Such an approach may be sufficient for tax control or internal registration, but it does not always provide users with a realistic view of the enterprise's financial position. IFRS, in contrast, requires enterprises to evaluate assets according to their ability to generate future economic benefits, their current condition, the pattern of consumption, and possible loss of value. This makes accounting information more analytical and more useful for decision-making.

For transport enterprises, this issue has particular practical importance. The transport sector is capital-intensive, and the share of long-term assets in the total asset structure is usually high. Vehicles, stations, warehouses, loading equipment, repair facilities, communication systems, and infrastructure elements require significant investment and long-term maintenance. If their value is overstated, understated, or depreciated incorrectly, the enterprise may make wrong managerial decisions regarding tariffs, investment needs, modernization programs, loan attraction, and profitability assessment. Therefore, reliable accounting of long-term assets under IFRS becomes one of the necessary conditions for sustainable financial management.

A key advantage of IFRS is that it links accounting with professional judgment. This is especially important when determining useful life, residual value, depreciation method, fair value, and recoverable amount. However, this also creates certain challenges. Professional judgment must be supported by sufficient evidence, technical expertise, market information, and internal control procedures. Without qualified accountants, appraisers, auditors, and financial managers, the application of IFRS may become formal rather than substantive. For this reason, the transition to international standards should be accompanied by continuous professional training and the development of methodological guidelines adapted to the specific features of enterprises.

Another discussion point concerns the balance between reliability and relevance. Historical cost may be more verifiable, but it may not always reflect the actual economic value of long-term assets. Fair value or revaluation may provide more relevant information, but it requires reliable market data and professional valuation. In developing markets, the lack of active markets for specialized transport assets may

complicate fair value measurement. Therefore, enterprises must carefully justify the selected accounting model and disclose the assumptions used in valuation. Such disclosure is essential for maintaining the credibility of financial statements.

The role of impairment testing also deserves special attention. In many enterprises, long-term assets continue to be presented at book value even when their economic usefulness has decreased. IFRS reduces this risk by requiring the assessment of impairment indicators and the comparison of carrying amount with recoverable amount. For transport enterprises, impairment may arise from outdated technology, decreased passenger or cargo flow, inefficient routes, high repair costs, or changes in infrastructure policy. Timely recognition of impairment losses allows management to identify problematic assets and make more realistic investment decisions.

The discussion confirms that IFRS improves not only external reporting, but also internal management. Reliable data on long-term assets help enterprises plan capital repairs, calculate depreciation more accurately, control asset efficiency, forecast renewal needs, and evaluate investment projects. At the same time, the effectiveness of IFRS depends on digital accounting systems, asset inventory quality, documentation discipline, and coordination between accounting, technical, and management departments. Thus, IFRS should be understood as a comprehensive mechanism that strengthens transparency, accountability, and economic validity in the accounting of long-term assets.

### **Conclusion.**

The role of International Financial Reporting Standards in improving the reliability of accounting for long-term assets is determined by their ability to transform accounting information into a more transparent, comparable, and economically meaningful system of financial representation. Long-term assets are among the most significant elements of enterprise resources, because they participate in production, service delivery, infrastructure development, technological modernization, and the creation of future economic benefits. In enterprises related to the transport sector, this importance becomes even stronger, since vehicles, technical equipment, buildings, terminals, warehouses, repair facilities, communication systems, and infrastructure objects form the material basis of economic activity. Therefore, the accuracy of their recognition, measurement, depreciation, impairment assessment, and disclosure directly affects the quality of financial statements and the reliability of managerial decisions.

International Financial Reporting Standards strengthen the credibility of accounting data by establishing clear principles for recognizing long-term assets. An object should be included in financial statements only when it is probable that it will bring future economic benefits and when its value can be measured reliably. This

requirement prevents artificial expansion of the asset structure and ensures that the balance sheet reflects resources with real economic significance. In addition, IFRS encourages enterprises to consider not only the legal form of asset ownership, but also the economic substance of transactions. This is especially important in cases involving leases, modernization, reconstruction, investment property, or assets used under complex contractual arrangements.

A significant contribution of IFRS is also observed in the field of asset measurement. The use of the cost model and the revaluation model allows enterprises to select an approach that corresponds to the nature of the asset, the availability of reliable information, and the purpose of financial reporting. Proper measurement increases the analytical value of financial statements and helps users understand the real condition of enterprise resources. At the same time, depreciation under IFRS becomes more than a routine accounting procedure. It reflects the expected pattern of consumption of economic benefits and requires regular review of useful life, residual value, and depreciation method. This makes depreciation policy more flexible, realistic, and connected with actual asset use.

The requirement to conduct impairment testing has particular importance for ensuring reliability. Long-term assets may lose value due to physical deterioration, technological obsolescence, market changes, reduced demand, or inefficient use. If such losses are not recognized in time, financial statements may present an overstated picture of enterprise resources. IFRS reduces this risk by requiring enterprises to compare carrying amounts with recoverable amounts and to recognize impairment losses when necessary. This improves the objectivity of reporting and supports more responsible investment and management decisions.

The study shows that the implementation of IFRS improves not only external financial reporting, but also internal economic management. Reliable information about long-term assets supports planning of capital repairs, modernization programs, asset renewal, investment projects, and financial risk assessment. However, the effective application of international standards requires qualified personnel, professional judgment, digital accounting systems, strong internal control, and cooperation between accounting, technical, and management departments. Thus, IFRS serves as an important methodological and institutional instrument for increasing transparency, strengthening financial discipline, and improving the reliability of accounting for long-term assets in enterprises.

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