ANALYSIS OF METHODS OF ACCOUNTING FOR FIXED ASSETS ACCORDING TO INTERNATIONAL STANDARDS OF FINANCIAL REPORTING

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Abstract. *The International Financial Reporting Standards (IFRS) are a set of accounting rules for public companies with the goal of making company financial statements consistent, transparent, and easily comparable around the world. Fixed assets should be recorded at cost of acquisition. Cost includes all expenditures directly related to the acquisition or construction of and the preparations for its intended use. Such costs as freight, sales tax, transportation, and installation should be capitalized. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. Fixed asset information helps in the valuation of the business and forming accurate financial reports with the help of financial analysis.*

Keywords: *standard requirements, reporting standards, international reporting, financial statements.*

Introduction. Using such reports financial health of a company can be determined by the Investors and creditors that help them to decide when to buy shares or give a loan to the business. Without international reporting standards, investors could have less trust in the financial statements and other data presented to them by companies. Without that trust, we might see fewer transactions and a less robust economy. You can use serial numbered asset tags to manage fixed assets. Asset tags are labels with bar codes that contain information about each asset. You can keep track of your assets by using a mobile bar code reader and creating reports. Fixed asset management software can help you manage business property. Fixed asset accounting is the process of capitalizing the purchase cost, allocating the cost over the asset's useful life via depreciation, testing the fixed asset for impairment, and removing the fixed asset from the books following a disposal.

Figure 1. International financial reporting standards

International Financial Reporting Standards (IFRS) began as an attempt to harmonize accounting across the European union but the value of harmonization quickly made these concepts attractive around the world. These standards were issued by IASC (the predecessor of ASB) are still in use today and go by the name of international accounting standards (IAS). The need for IFRS arises from the fact that businesses and investors operate in an increasingly globalized economy. With the expansion of international trade and investment, there is a growing need for a common global language for financial reporting. IFRS provides this common language by establishing a single set of accounting standards that can be used by companies in different countries. International Financial Reporting Standards (IFRS) are a set of accounting rules for the financial statements of public companies that are intended to make them consistent, transparent, and easily comparable around the world. IFRS specify in detail how companies must maintain their records and report their expenses and income. They were established to create a common accounting language that could be understood globally by investors, auditors, government regulators, and other interested parties. IFRS fosters transparency and trust in the global financial markets and the companies that list their shares on them.

Figure 2. Composition of IFRS

If such standards did not exist, investors would be more reluctant to believe the financial statements and other information presented to them by companies. Without that trust, we might see fewer transactions and a less robust economy. Accountants commit to applying the same standards throughout the reporting process, from one period to the next, to ensure financial comparability between periods. Accountants are expected to fully disclose and explain the reasons behind any changed or updated standards in the footnotes to the financial statements. When a company holds investments such as shares, bonds, or derivatives on its balance sheet, it must account for them and their changes in value. Both GAAP and IFRS require investments to be segregated into discrete categories based on asset type. The main differences come in recognizing income or profits from an investment: under GAAP it's largely dependent on the legal form of the asset or contract; under IFRS the legal form is irrelevant and only depends on when cash flows are received. The reason why this variant is the best, is the fact, that costs are the most important criterion. Not only preparation of financial statements but also keeping accounts during the accounting period is easier in comparison with IFRS. The problem of this variant is a low quality and credibility of the accounting and financial statements compared to IFRS. Because the IFRS standards are transnational, the financial statements prepared in accordance with this system are more comprehensible than just financial statements in accordance with national accounting standards.

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