

## PRINCIPLES OF VALUATION OF NON-CURRENT ASSETS

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











In the current global economic environment, the correct valuation of long-term assets is of great importance in increasing the efficiency of enterprises, strengthening investment attractiveness, and ensuring the reliability of financial statements. In particular, the issue of determining the fair value of assets remains relevant during the transition to International Financial Reporting Standards (IFRS). Incorrect valuation of long-term assets can lead to such negative consequences as unreliability of financial statements, incorrect investment decisions, artificial increase or decrease in the value of the enterprise, and incorrect formation of the tax base. From this point of view, improving the procedure for valuing long-term assets and in-depth study of its theoretical and practical aspects is an important scientific task.

In the process of valuation of long-term assets, it is necessary to follow certain theoretical principles to ensure the reliability, objectivity and relevance of the results to the economic content. These principles form the methodological basis of accounting, financial analysis and international accounting standards. Valuation principles serve as a guiding rule in determining the value of assets and play an important role in the decision-making process. The principles used in the process of valuation of long-term assets are a set of fundamental rules that determine the quality of accounting and financial reporting. Adherence to these principles makes it possible to establish the true value of assets, accurately represent financial results and provide reliable information for interested parties. Principles are not only of theoretical importance, but also play a decisive role in making concrete economic decisions in practice.

As is known, the process of valuing long-term assets is carried out on the basis of accounting principles. First, documents and accounting data related to assets are checked, ensuring their reliability and objectivity. In accordance with the principle of prudence, assets are not overvalued and possible losses are taken into account in advance.

The going concern principle ensures that assets are valued over their useful lives, while the matching principle ensures that expenses are recognized in the same period as related income. The substance principle also emphasizes the economic substance of transactions over legal form. The going concern and materiality principles ensure that accounting policies are consistent and that only material information is reported.

Opinions on the principles of valuation of long-term assets are diverse and rich in discussion (Table 1).

 <b>THE PRINCIPLES FOR VALUATION OF LONG-TERM ASSETS - OPINIONS OF ECONOMISTS</b> 					
No	Principles	Essence of the principle	Opinion of the economist	Economist	Reference
1	 <b>Reliability Principle</b>	Information must be objective, verifiable and supported by documents.	“ Without reliable values, errors arise in decision making.”	 A.V. Chelpanov	[1]
2	 <b>Prudence Principle</b>	Assets must not be overstated; possible losses are recognized in advance, gains are not anticipated.	“ The condition of conservatism requires that losses be recognized in advance and that potential damage be reflected in accounting.”	 A.A. Bernstein	[4]
3	 <b>Going Concern Principle</b>	The company is assumed to continue its operations; assets are valued based on useful life.	“ If the company is not expected to continue its operations, assets should be valued at liquidation value.”	 P. Meek	[5]
4	 <b>Matching Principle</b>	Expenses are recognized in the same period as the related revenues.	“ The matching rule states: expenses incurred to generate revenue should be recognized in the same period as the related revenue.”	 M.I. Kuter	[6]
5	 <b>Impartiality Principle</b>	The valuation process must be free from personal interests; information must be neutral.	“ The valuation process must not be influenced by subjective factors and personal interests. Impartiality ensures the reliability of information.”	 L. Hongren	[7]
6	 <b>Substance over Form Principle</b>	The economic substance of a transaction prevails over its legal form.	“ The economic substance must prevail over the legal form. In leasing arrangements, this is very important.”	 M. Becker	[8]
7	 <b>Consistency Principle</b>	Accounting methods and policies should be applied consistently across periods.	“ Accounting methods should be applied consistently over time so that the comparability and reliability of information are maintained.”	 D. Alexander  A. Britton	[10]
8	 <b>Materiality Principle</b>	Only information that influences the economic decisions of users should be presented in the financial statements.	“ The consistency principle should not hinder improvement — if changes enhance the relevance and reliability of information, they are justified.”	 K. Schippers  R. Chambers	[11–12]

The results of the research show that the application of the principles increases the quality of financial reporting and provides users with reliable, fair and comparable information. As a result, financial information becomes transparent and reliable, reflects the financial condition and activities of the enterprise as close to reality as possible; investors, creditors and other users have the opportunity to make the right decisions; risks are identified in advance and financial stability is ensured; the neutrality and objectivity of information prevents manipulation and increases the quality of corporate governance; accounting in accordance with international standards is ensured, and financial reporting increases the competitiveness of the enterprise. Thus, the assessment process based on accounting principles serves to increase the efficiency of the enterprise's activities, rational use of financial resources and achieve sustainable development.

Valuation of long-term assets in national practice is carried out on the basis of national accounting standards and current regulatory legal documents. The main purpose of the assessment is to determine the real value of assets, reliable reflection in financial statements, accounting for depreciation, assessment of investment attractiveness and formation of the tax base.

One of the important areas of improvement of national practice is the development of valuation mechanisms based on IFRS. In practice, assets are valued mainly at historical cost, which may not fully reflect their true economic value in the conditions of inflation and a market economy. Therefore, it is important to introduce the fair value, revaluation and impairment mechanisms provided for in IFRS No. 16 into national practice. In the conditions of the digital economy, automation of valuation processes is also an urgent task. Traditional valuation is highly subjective, and the process of collecting and revaluation of market data is time-consuming. Therefore, the introduction of digital valuation platforms based on artificial intelligence, Big Data and blockchain technologies will serve to increase the accuracy of valuation, reduce the human factor and ensure the transparency of financial reporting.

It is also important to strengthen the institution of independent appraisers and develop the infrastructure of the asset market. Because a developed market infrastructure allows you to

determine the fair value of assets, increase the transparency of investment information and reduce subjectivity in valuation. In addition, it is important to use integrated valuation models that combine cost, market and income approaches in a modern financial reporting system. This allows for a more accurate and comprehensive assessment of the true economic value of assets.

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