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**THE ACCOUNTING OF FIXED ASSETS ACCORDING
TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
AND NORMATIVE DOCUMENTS OF THE REPUBLIC OF BELARUS**

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The economic development of our country is connected with the continuous growth of fixed assets, capital investment and indigenous organizations rearmament at present.

The value of fixed assets in social production is determined by the position of tools in the development of productive forces and production relations. The dependence on the state of social production and the level of fixed assets increases with the development of technological progress. Quality status of fixed assets, their development level and accordance with the latest achievements of scientific and technical progress determine the level of society productive forces.

The applied system of accounting has to answer the realities of economic relations. Change of these relations and civil environment inevitably involves reorganization including systems of accounting.

International Financial Reporting Standards is a set of the documents regulating rules of drawing up the financial statements. These statements are necessary for external users to adopt the economic decisions concerning the enterprise. They don't regulate book of accounts, accounting transactions or forms of primary documents and registration registers [1, c. 336].

National standards of accounting, the reporting and IFRS are gradually drawn together. Some national standards already completely correspond to IFRS now, some are just missing.

The accounting of fixed assets in IFRS is regulated by the separate standard of IFRS (IAS) 16 «Fixed assets». It corresponds to the instruction № 26 «Instruction on accounting of fixed assets» Belarusian legislation.

Consider the characteristics of fixed assets according to the international financial reporting standards in Table 1.

To compare the international and national standards, we will consider the characteristic of the fixed assets accounting according to normative documents of the Republic of Belarus in Table 2.

Table 1 – The characteristics of fixed assets according to IFRS 16 "Fixed Assets" (IAS 16)

Positions	Fixed assets accounting characteristics
Definition of fixed assets	Fixed assets are material assets, which: (a) are intended for use in the course of production or delivery of goods and rendering of services, when leasing or in the administrative purposes; (b) are assumed to use during more than one reporting period
Criteria of fixed assets recognition	The object of fixed assets is recognized as asset if: (a) there is a high probability of getting high economic benefits connected with this asset by the company; (b) the cost of this asset can be reliably measured
Initial assessment of fixed assets	The object of fixed assets, which can be recognized as an asset, has to be estimated at actual costs of acquisition.
The subsequent assessment of fixed assets	Account model at actual costs, or account model at the overestimated cost
The reflection of fixed assets depreciation	Assets depreciate if their balance cost surpasses the compensated cost.
The term of the useful service	The term of the Useful Service is defined by the management of the company on the basis of "the best assessment" ("best estimate") and has to be reconsidered if necessary. Any change in the terms of useful service is reflected as a change of registration estimates
Depreciation	The depreciable project cost of fixed assets is written off systematically throughout the term of its useful use. The method of depreciation has to reflect the scheme according to which the company consumes the benefits received from an asset. Depreciation charges admit quality of an expense (if only they don't join in the balance cost of other assets)
Disclosure of information in the reporting	The following information on each class of fixed assets has to be revealed in financial statements: (a) the base used for an assessment of balance cost in gross - an assessment; (b) the depreciation methods used; (c) the applied useful services or norms of depreciation; (d) balance cost in gross – an assessment and the saved-up depreciation of fixed assets (in total with accumulated losses from depreciation) for the beginning and for the end of the reporting period; (e) verification of balance cost for the beginning and the end of the corresponding period, etc.

Source: own research based on the study of IAS 16 «Fixed assets».

Table 2 – Fixed assets characteristics according to the legislation of the Republic of Belarus

Positions	Characteristic of the fixed assets accounting
Fixed assets definition	Assets having material form at the simultaneous performance of the following recognition conditions: <ul style="list-style-type: none"> – assets are intended for use in the organization activities, in production, during work, rendering services, for administrative needs of the organization, for temporary use, except for the cases established by the legislation; – the organization expects to get economic benefits from the assets use; – assets are intended to be used during the period of more than 12 months; – the organization doesn't suppose alienation of assets within 12 months from the acquisition date; – the initial cost of the assets can be authentically determined
Criteria of fixed assets recognition	Lack of criteria of fixed assets recognition
The initial assessment of fixed assets	The initial cost of the acquired fixed assets is defined in the sum of the actual costs of their acquisition, including: <ul style="list-style-type: none"> – cost of fixed assets acquisition; – customs duties and taxes; – credits and loans interests; – insurance expenses upon delivery; – costs of the other people services connected with making fixed assets unsuitable for use; – other expenses which are directly connected with acquisition, delivery, installation of fixed assets and making them suitable for use
The subsequent assessment of the fixed assets	<ul style="list-style-type: none"> – at the initial cost if the price change isn't obligatory according to the legislation; – at the changed cost. Revaluation of the land plots and projects that aren't completed isn't allowed by the legislation of the Republic of Belarus
Depreciation reflection of fixed assets	The sum of depreciation of the main means is equal to the sum of the residual cost excess of the main means over its compensated cost, if there is a documentary confirmation of depreciation signs of the main means and possibility of reliable determination of the sum of depreciation
The term of the useful service	Commission has the right to accept the terms of the objects useful services of fixed assets equal in size to standard service life of the corresponding objects. The commission has the right to make revision of standard service life and/or useful services of fixed assets with obligatory reflection in accounting policies
Depreciation	Includes depreciable cost distribution of fixed assets objects between the reporting periods making in total the settlement (expected) service life, a rational way, chosen by the organization independently
Disclosure of information in the reporting	The explanatory note for the financial statements in each class of fixed assets reveals the following information: <ul style="list-style-type: none"> – the approaches used to determine the overestimated cost of fixed assets including the date of revaluation and participation of the legal person or the individual entrepreneur in the process of revaluation; – the applied methods and ways of depreciation charge; – established periods of use or depreciation norms; – existence and restriction degree (encumbrances) of the rights for fixed assets, and cost of the fixed assets providing obligations performance; – the undrawn commitments costs concerning contracts for the fixed assets acquisition which are valid till the reporting date; – the cost of completely softened fixed assets which are still used; – the cost of fixed assets which are not used anymore; the exchange rate differences arising at financial recalculation by foreign banks into the currency of bank financial statements

Source: own research based on the study of the legislation of the Republic of Belarus.

We have made up table 3 for fixed assets systematizing and comparison according to IFRS 16 «Fixed Assets» and the legislation of the Republic of Belarus.

Table 3 – Fixed assets comparative characteristics according IFRS and the legislation of Belarus

Positions	Similarity	Differences
Definition of fixed assets	Definition matches	-
Criteria of recognition of fixed assets	-	The instruction number 26, «Accounting for fixed assets» no recognition criteria
The initial assessment of fixed assets	Matches with the exception of some details	According to IAS 16 is included in the cost of allowances for removal and disposal of a fixed asset
The subsequent assessment of fixed assets	Possibility of accounting initial cost or revalued cost	The legislation of the Republic of Belarus does not allow the revaluation of land. Different approaches to reflection and realization of revaluation surplus
The reflection of fixed assets depreciation	The approach to the depreciation of the same	-
The term of the useful service	The rules for determining match	-
Depreciation	Value depreciation methods	The depreciation instructions have no requirement for periodic review of the depreciation method. There are clear instructions specifying the start, termination and suspension of depreciation
Disclosure of information in the reporting	Separate figures match	The national standard specifies the approaches used in the definition of a revalued amount of fixed assets, including the date information and the participation of the legal person or an individual entrepreneur in the assessment. IAS 16 reflects all the information about the impairment

Source: own research based on the international standards and normative documents study of the Republic of Belarus.

Having examined the fixed assets accounting according to IAS 16 «Fixed Assets» and regulations of the Republic of Belarus, we can say that Belarus is working hard to transit gradually to the international financial reporting standards use in the organization of accounting and taxation. For this reason some amends are being made in the existing legislation. The regulatory framework in the field of accounting significantly updated for the current year.

The reform of national accounting is due to:

- firstly, the process of economic globalization and increase of the participation of the Republic of Belarus in the global economic integration;
- secondly, the need for legislative consolidation of the modern theory and practice of accounting provisions.

Making statements according to IFRS is essential for the republic organizations to enter the initial public offering (IPO), obtain credits from foreign banks, as well as an objective assessment of the potential investors financial condition. Access to international capital markets will allow Belarusian organizations attract investments that will give a good impetus for their development.

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