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ANALYSIS OF THE ENTERPRISE'S LONG-TERM ASSETS BASED ON STRUCTURAL AND EFFICIENCY INDICATORS

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Summary. Long-term assets determine the production capacity of organizations, characterize their technical equipment and are directly related to labor productivity, mechanization, automation, production costs, profit and profitability. Accordingly, the efficient use of fixed assets plays a key role in the organization's activities. This efficiency is characterized by the ratio of the growth rate of output to the growth rate of fixed assets, as well as capital productivity, capital intensity, capital-labor ratio and profitability of assets. The results of the analysis of the efficiency of long-term assets allow for strategic decision-making. This article examines the development of an analytical system for managing long-term assets based on indicators in the financial statements of Agro Dairy LLC for 2021–2022, prepared in accordance with International Financial Reporting Standards (IFRS). The application of the system will allow for a more comprehensive assessment of the efficiency of long-term assets.

Keywords: long-term assets, asset management, financial analysis, efficiency indicators, fund yield, profitability, investment activity.

1. INTRODUCTION. In international accounting and reporting standards, long-term assets are understood as economic resources controlled by the enterprise, created as a result of past events and that will benefit the enterprise for more than one year. Long-term assets are used continuously in the enterprise and transfer their value to products produced in stages. The main part of long-term assets is fixed assets. The enterprise can transfer, sell, exchange or lease its fixed assets to other enterprises. In addition, the enterprise can also temporarily use or lend buildings, facilities and equipment, and vehicles it owns. If the asset is physically and morally obsolete, it can write them off from the balance sheet [1].

One of the most important aspects of a company's operations is the availability of long-term assets. Long-term assets are one of the most common types of enterprise assets, regardless of ownership, industry or organizational structure. Increasing the efficiency of the use of long-term assets is an important issue for enterprises today. In today's market conditions, one of the main issues is to increase the productivity of long-term assets. The overall financial condition of an economic entity, its stability in the market and the competitiveness of its products and services largely depend on the solution of these issues. One of the most important goals of accounting is to provide the user with complete, reliable and fair information about long-term assets. However, the information reflected in financial statements regarding long-term assets in some cases arises due to incorrect interpretation of accounting legislation and frequent changes. Therefore, it is necessary to continue to develop and study the accounting of long-term assets [2].

The first thing a professional planning to do a financial analysis needs to know is what financial statements are, what forms are required for financial analysis, and what each line item on the balance sheet and income statement means. For example, a balance sheet and income statement are usually required to do a financial analysis for business valuation purposes. According to the Accounting Encyclopedia, the balance sheet is the oldest type of financial statement prepared by an organization. It is a list of balances under the double-entry system for a specific period of time. Initially, the balance sheet was not designed as a cost statement at all, but as a by-product of the periodic closing of the books under the double-entry system, which was achieved mechanically [3].

The central, most important and main goal of any enterprise operating in a market economy is to achieve an optimal level of profit that can ensure sufficient competitiveness and long-term growth. The efficient use of all types of resources, including long-term assets, helps to achieve this goal. Making management decisions to increase the efficiency of long-term assets is facilitated by an analysis that identifies and combines internal resources related to their operating conditions [4].

Table 1

Efficiency indicators of the use of long-term assets

Indicator	Calculation formula	Economic content
Indicators on long-term assets		
Return on long-term assets	Sales revenue / Average annual long-term assets	It characterizes the volume of sales revenue per unit of long-term assets.
Long-term asset capacity	Average annual long-term assets / Sales revenue	It shows the value of long-term assets per unit of output or sales revenue.
Long-term asset profitability	Net profit / Average annual long-term assets	It reflects the level of efficiency in the use of long-term assets.
Extended factor model of long-term asset profitability	(Net profit / Current assets) × (Current assets / Long-term assets)	It allows you to determine the impact of current asset profitability and asset structure factors on the profitability of long-term assets.
Intangible assets indicators		
Intangible asset profitability	Sales revenue / Average annual intangible assets	It characterizes the sales revenue per unit of intangible assets.
Intangible asset capacity	Average annual intangible assets / Sales revenue	It shows the value of intangible assets per monetary unit of sales revenue.
Profitability of intangible assets	Net profit / Average annual intangible assets	It reflects the efficiency of using intangible assets.
Fixed assets indicators		
Return on fixed assets	Sales revenue / Average annual fixed assets	It characterizes the sales revenue per unit of fixed assets.
Fixed asset intensity	Average annual fixed assets / Sales revenue	It shows the amount of fixed assets per unit of sales revenue. A decrease in capital intensity indicates more efficient use of fixed assets.
Fixed asset profitability ratio	Net profit / Average annual fixed assets	It characterizes the efficiency of using fixed assets and shows the profit generated per unit of fixed assets.
Fixed assets per employee	Average annual fixed assets / Average number of employees	It characterizes the value of fixed assets per employee.

Prepared by the researchers

2. LITERATURE REVIEW. 2.1 Long-term asset analysis methods and database. The main source of information for the analysis of long-term assets is financial statements, which serve as a single information system on the property and financial condition of the enterprise, as well as the results of financial and economic activities. Several traditional methods are used to analyze long-term assets: horizontal analysis; vertical analysis; comparative analysis; and financial ratio analysis. Financial ratio analysis analyzes the profitability of the organization's assets, financial stability, and asset turnover. Analysis of long-term assets includes the analysis of long-term assets as a whole, as well as the analysis of individual types of long-term assets. It is characterized by an assessment of the

dynamics and structure of long-term assets. The most general assessment of the structure is provided by the ratio of long-term assets to current assets. This ratio characterizes the degree to which long-term assets are covered by capital. It is also necessary to determine the share of long-term assets in the total assets of the organization [5].

2.2 Analysis of the structure and grouping of balance sheet assets. The balance sheet contains information about the placement of capital at the disposal of the enterprise, that is, their investments in certain property and tangible assets, investments in capital associated with financial transactions, and free cash balances. Each type of capital placement corresponds to a separate subject of the fixed assets balance sheet. To analyze the structure of the balance sheet, it is necessary to group its fixed assets items, as well as liability items. The main features of the grouping of assets are their degree of liquidity and the direction of use in the economy of the enterprise. Thus, the company's assets are divided into two large groups: current assets (mobile assets) and non-current assets (fixed assets) [6].

2.3 The economic importance and strategic role of intangible assets. In the modern economy, the concept of a knowledge economy has further increased the importance of intangible assets. These assets include education and research expenditures aimed at human capital, investments in the development of products and services, as well as expenditures aimed at increasing organizational and management efficiency. Such investments are considered within the framework of the “intangible assets” category and play a strategic role in the long-term development of enterprises. The mentioned intangible investments are of great importance in the formation of sustainable economic growth and competitiveness in the long term for both the national economy and individual enterprises. [7].

2.4 The purpose and importance of financial statement analysis. The purpose of financial statement analysis is to assess the efficiency of an enterprise's operations and determine its financial condition. This process allows obtaining important information about the company's profitability, financial stability, operational efficiency and future development potential. Such analysis also plays an important role in assessing the overall performance of business units.

The main purpose of this study is to obtain information about the company's financial condition and its trends over time using accounting and statistical analysis methods. The results of the analysis are useful not only for making management decisions, but also for investors, creditors and other interested parties. [8].

2.5 Stages of fixed asset efficiency analysis. Long-term assets make up the majority of the total fixed capital of a business entity. The final results of the business entity's activities largely depend on their quantity, value, quality and efficiency of use. The algorithm for analyzing the efficiency of the use of fixed assets is as follows:

- Analysis of the availability of fixed assets for the organization and its structural units
- Analysis of the composition and structure of fixed assets
- Analysis of the condition of fixed assets, assessment of their life cycle stages and identification of trends in the movement of fixed assets
- Analysis of the depreciation policy for fixed assets
- Factor analysis of the efficiency of the use of fixed assets
- Analysis of the impact of the use of fixed assets on the financial condition of the enterprise
- Preparation of priority areas for improving the efficiency of the use of fixed assets [9].

2.6 Application of horizontal and vertical methods in the analysis of long-term assets. Horizontal analysis is used to analyze dynamics. The following indicators can be calculated: absolute growth, growth rate and growth rate. The assessment is carried out over several reporting periods. It is also possible to analyze the dynamics of the initial cost, depreciation and residual value of the enterprise's balance sheet. The structure of long-term assets is assessed by determining the share of individual long-term asset components in their total value. This analysis is called vertical. Basically, vertical analysis establishes a connection between each financial statement item and its main element. When interpreting the results of the analysis, it is necessary to pay attention to the types of activities of the enterprise, industry and ownership of assets. For example, in manufacturing enterprises, a larger

share should be allocated to production equipment, while in service organizations, office equipment and premises will prevail [10].

3. METHODOLOGY. The information base of the study is the consolidated financial statements of Agro Dairy LLC for 2021–2022 prepared in accordance with International Financial Reporting Standards (IFRS) and an independent auditor's report. The financial statements were formed based on information as of December 31, 2022.

Table 2

Asset structure and dynamics (thousand manats)

Indicators	2021	2022	Change	Growth (%)
Total assets	299665	329738	+30073	+10.0%
Long-term assets	234756	245691	+10935	+4.7%
Share of long-term assets (%)	78.3	74.5	-3.8 p.p	-

Source: Prepared by the author based on Agro Dairy LLC's Statements of Financial Position for 2021–2022.

Table 2 reflects the structure and dynamics of the enterprise's assets for 2021–2022. The analysis shows that during the reporting period, the volume of the enterprise's total assets increased from 299,665 thousand manat to 329,738 thousand manat, as a result, an increase of 30,073 thousand manat or 10.0%. This increase indicates that the enterprise's economic potential has expanded, financial capabilities have increased, and its asset base has been strengthened.

The volume of long-term assets also demonstrated positive dynamics. Thus, long-term assets, which amounted to 234,756 thousand manat in 2021, reached 245,691 thousand manat in 2022, an increase of 10,935 thousand manat or 4.7%. This increase indicates that the enterprise directed funds to fixed assets, intangible assets and other long-term investments. However, the growth rate of long-term assets was lower than the growth rate of total assets. As a result, their share in total assets decreased by 3.8 percentage points, from 78.3% to 74.5%.

The decrease in the share of long-term assets indicates that certain changes have occurred in the asset structure of the enterprise. This situation may be due to a faster increase in current assets. The increase in current assets has a positive effect on the increase in the liquidity level of the enterprise, the expansion of the ability to fulfill short-term obligations and the more flexible organization of operational activities. At the same time, this trend indicates that the enterprise prefers to increase working capital and expand the scale of its activities.

Analysis of the asset structure shows that long-term assets still make up the majority of total assets - 74.5%. This characterizes the enterprise's capital-intensive activities and extensive use of fixed assets. Although such a structure indicates high production potential, a high share of long-term assets may in some cases reduce the level of flexibility of assets and negatively affect liquidity indicators. In general, the increase in the volume of the enterprise's assets during the analyzed period should be assessed as a positive phenomenon. At the same time, the increase in the share of current assets in the asset structure has created conditions for strengthening financial stability and solvency. In the future, it is considered appropriate for the enterprise to increase the efficiency of asset use, maintain the optimal ratio between long-term and current assets, and balance the investment policy.

Table 3

Structure of long-term assets (thousand manats)

Asset Type	2021	2022	Change	Growth (%)
Land, Buildings and Equipment	227572	239781	+12209	+5.4%
Right-of-Use Assets	4816	4166	-650	-13.5%
Qeyri-maddi aktivlər	151	118	-33	-21.9%
Avans ödənişləri	2217	1626	-591	-26.7%
Cəmi	234756	245691	+10935	+4.7%

Source: Financial Statement of "Agro Dairy" LLC for 2021–2022

The table reflects the structure and dynamics of long-term assets of “Agro Dairy” LLC for 2021–2022. The analysis shows that during the reporting period, the total value of the enterprise’s long-term assets increased from 234,756 thousand manat to 245,691 thousand manat, resulting in an increase of 10,935 thousand manat or 4.7%. This increase indicates that the enterprise continues its investment activities in expanding its production and operational potential.

The largest share in the composition of long-term assets falls on land, buildings and equipment. While this indicator was 227,572 thousand manat in 2021, it reached 239,781 thousand manat in 2022. Thus, an increase of 12,209 thousand manat or 5.4% was recorded. The fact that this type of asset occupies a dominant position in total long-term assets indicates that the main activity of the enterprise is based on the material and technical base. The increase in investments in land, buildings and equipment can be assessed as a result of measures taken to expand production capacities, technological innovation and increase operational efficiency.

The volume of right-of-use assets changed in the opposite direction. Thus, this indicator, which amounted to 4,816 thousand manat in 2021, decreased to 4,166 thousand manat in 2022, resulting in a decrease of 650 thousand manat or 13.5%. This situation can be explained by the expiration of some lease agreements, the impact of depreciation expenses or the acquisition of new right-of-use assets less than in the previous period.

Intangible assets also showed a decreasing trend. Their value decreased from 151 thousand manat to 118 thousand manat, decreasing by 33 thousand manat or 21.9%. The decrease in this indicator may be due to the calculation of depreciation on existing intangible assets or the failure to acquire new intangible assets. However, the very low share of intangible assets in total long-term assets indicates that intellectual property, software and other intangible resources occupy a limited place in the activities of the enterprise.

A decrease was also observed in advance payments. Advance payments, which were 2,217 thousand manats in 2021, decreased to 1,626 thousand manats in 2022, resulting in a decrease of 591 thousand manats or 26.7%. This change may be due to the transfer of advances paid on investment projects implemented in the previous period to fixed assets or a decrease in advance payments on new investment projects.

In general, the analysis shows that the increase in long-term assets of Agro Dairy LLC was mainly due to the increase in the value of land, buildings and equipment. Although there was a decrease in other types of long-term assets, their share in the overall structure is relatively low, so it did not have a significant impact on the overall growth of long-term assets. This situation indicates that the investment policy of the enterprise is mainly aimed at the development of tangible fixed assets and considers strengthening production potential a priority. The high share of fixed assets in the structure of long-term assets gives reason to say that the enterprise has formed a strong material base for stable production activity in the future.

4. DISCUSSION. Analysis of long-term assets should include the study of the distribution of production costs and the use of income, the analysis of production volumes, products and investment projects. The availability of fixed assets of the enterprise and the efficiency of their use ultimately affect the financial condition of the company. Therefore, the main areas of efficiency in the use of long-term assets in Agro Dairy LLC are:

- timely renewal of fixed assets, especially the active part, in order to prevent excessive physical and moral wear and tear;
- improving the quality of preparation of raw materials and materials for the production process;
- timely and high-quality implementation of planned preventive and major repair work.
- improving the structure of fixed assets;
- improving technological processes, increasing the level of mechanization and automation of production, ensuring the asset-saving development of the enterprise.

5. CONCLUSION. As a result of the study, it was determined that the volume of long-term assets of Agro Dairy LLC increased by 10,935 thousand manat or 4.7% in 2021–2022. The main share in the structure of long-term assets fell on land, buildings and equipment, and this indicator increased

by 5.4% during the reporting period, indicating that the production potential of the enterprise was strengthened. At the same time, a decrease was observed in right-of-use assets, intangible assets and advance payments.

The structural analysis of assets showed that although long-term assets make up the majority of total assets, their share decreased from 78.3% to 74.5%. This situation arose as a result of a higher rate of increase in current assets and had a positive effect on the expansion of the liquidity capabilities of the enterprise. At the same time, the high specific weight of long-term assets confirms that the enterprise operates capital-intensively and has a strong material and technical base.

Within the framework of the study, indicators such as fund yield, fund capacity, fund profitability, fund armament, long-term asset profitability and profitability were systematized to assess the efficiency of long-term assets. The proposed analytical approach allows for a more accurate assessment of the level of use of long-term assets by the enterprise, to identify existing problems in their management, and to provide information support for strategic decision-making.

The research results show that in order to increase the efficiency of the use of long-term assets, timely renewal of fixed assets, technological modernization, automation of production processes, high-quality organization of preventive maintenance work, and optimization of the structure of assets are of great importance. The implementation of these measures will create conditions for increasing the competitiveness of the enterprise, improving financial results, and ensuring its long-term sustainable development.

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