

## **MODERN PROBLEMS OF RENEWAL OF FIXED ASSETS**

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The term “fixed assets” refers to a long-term tangible piece of property or equipment that a firm owns and uses in its operations to generate income. The general assumption about fixed assets is that they are expected to last, be consumed, or be converted into cash after at least one year. As such, companies are able to depreciate the value of these assets to account for natural wear and tear. Fixed assets most commonly appear on the balance sheet as property, plant, and equipment (PP&E). The need to update fixed assets is due to the natural processes of depreciation of fixed assets, their depreciation. In addition to physical wear and tear, the main means of production may become obsolete morally. Moral depreciation of fixed assets – aging and depreciation of fixed assets due to the fact that their technical and technological indicators are increasingly lagging behind the growing world level. High depreciation (physical) and moral wear of the main production equipment at enterprises leads not only to their low productivity and incompetitiveness, but also causes a high level of accident rate of this equipment, low production safety. In addition, the low level of utilization of existing production capacities observed in recent years is also a destabilizing factor, as it overestimates the cost of production and diverts financial resources from the reproduction cycle.

Current problems of updating fixed assets include:

1) Financial constraints: the renewal of fixed assets requires significant financial costs, which cannot always be allocated from the company's budget.

This can lead to lagging of technological equipment and deterioration of product quality.

2) Technological changes: rapidly changing technologies and new production requirements may lead to the need to update fixed assets. However, it can be difficult and expensive, especially for small and medium-sized enterprises.

3) Lack of qualified specialists: modern equipment requires highly qualified operators and technicians. The lack of such specialists can become an obstacle to the renewal of fixed assets.

4) Environmental requirements: Modern environmental requirements may require replacing outdated equipment with more environmentally friendly. It can also be expensive and difficult.

5) Leasing problems: Many companies use leasing to purchase equipment. However, this may lead to problems with the renewal of fixed assets, as lessors may not want to change equipment before the term of the lease agreement.

6) Insufficient information support: Some companies do not have enough information about new technologies and equipment that can be useful for their business. This may lead to the loss of opportunities for updating fixed assets.

At first glance, underutilized capacities can be considered as backup. However, the moral and physical deterioration of a significant part of the production equipment, its resource waste and the outdated technologies used here are currently the main obstacle to the possible involvement of spare capacity for the production of competitive products.