

ACTUAL PROBLEMS OF ACCOUNTING AND EVALUATION OF NON-ETHERICAL ASSETS OF THE ENTERPRISE**Shmigol N.M., Somchenko V.V., Romanova A.S.***Zaporizhzhia National University
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intangible assets, accounting, estimation, financial reporting, accounting model, cost, intellectual property.

The article deals with the theoretical principles of formation and disclosure in the accounting and financial reporting of information about NMA on the basis of both existing national and international regulatory regulation, and taking into account important practical aspects. The problem sides and conditions of reflection in the objects of the NMA have been analysed, depending on the way the object got into the enterprise. The importance of objective formalized information about intangible assets in the management of the enterprise has been determined. The variants of development and improvement of the accounting system with the help of accounting models have been offered. The primary, fair and revalued amount of the NAV, the determination of fair value, as well as the terms and procedures for revaluation have been determined in detail, and it has been established that the law does not fully regulate the procedure for measuring intangible assets at fair value, as well as the terms and procedure for revaluation. The possibilities of classification, identification of intangible assets, expansion of the approach to the understanding of this concept, as well as the features that should have an intangible asset: the presence of the target nature and scientific validity, have been determined. The problems associated with the valuation of intangible assets that are not reflected in the enterprise balance sheet and approaches to assess their valuation have been identified. Also, approaches have been analysed to determine the value of individual intellectual property objects and the methods by which these approaches have been implemented. As a result, it has been found out: an expense, which includes a replacement cost method, a profit, which includes the method of capitalization of profits, discounting of future cash income, residual income, market, where the method of comparative analysis and exemption from royalties is used. Generalized problems related to the organization of accounting and valuation of intangible assets and the impact on the reliability of information about the general state of assets.

АКТУАЛЬНІ ПРОБЛЕМИ ОБЛІКУ ТА ОЦІНКИ НЕМАТЕРІАЛЬНИХ АКТИВІВ ПІДПРИЄМСТВА**Шмиголь Н.М., Сьомченко В. В., Романова А.С.***Запорізький національний університет
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нематеріальні активи, облік, оцінка, фінансова звітність, облікова модель, вартість, інтелектуальна власність.

Розглянуто теоретичні засади формування й розкриття в бухгалтерському обліку й фінансовій звітності інформації про НМА на засадах як діючого національного та міжнародного нормативного регулювання, так і з урахуванням важливих практичних аспектів. Проаналізовано проблемні сторони та умови відображення в обліку об'єктів НМА, залежно від того, яким шляхом цей об'єкт потрапив на підприємство. Визначено важливість об'єктивної формалізованої інформації про нематеріальні активи в управлінні підприємством. Запропоновано варіанти розвитку та вдосконалення системи бухгалтерського обліку за допомогою облікових моделей. Детально розглянуто первісну, справедливу та переоцінену вартість НМА, визначення справедливої вартості, а також умови та порядок здійснення переоцінки та встановлено, що законодавством повністю не регулюється порядок оцінки нематеріальних активів за справедливою вартістю, а також умови та порядок переоцінки. Визначено можливості класифікації, ідентифікації нематеріальних активів, розширення підходу до розуміння цього поняття, а також особливості, які повинен мати нематеріальний актив: наявність цільового характеру та наукова обґрунтованість. Виділено проблеми, пов'язані з оцінкою нематеріальних активів, які не відображені в балансі підприємства, та підходи для визначення їх оцінки. Також проаналізовано підходи для визначення вартості окремих об'єктів інтелектуальної власності та методи, за допомогою яких реалізуються ці підходи. Виявлено: витратний, який

включає метод вартості заміщення, прибутковий, до складу якого входять метод капіталізації прибутків, дисконтування майбутніх грошових прибутків, залишкових прибутків, ринковий, де використовується метод порівняльного аналізу та звільнення від роялті. Узагальнено проблеми, пов'язані з організацією обліку та оцінкою нематеріальних активів, та вплив на достовірність інформації про загальний стан активів.

Statement of the problem

Recently, some intangible assets in enterprises are growing and at the same time the issue of their registration and evaluation arises, because objects are non-physical, intellectual property objects are more difficult to organize, and in general they require to be qualified in the documents of the enterprise. Effective formation and use of intangible assets by a modern enterprise as an important component of equity capital is a prerequisite for the implementation of its development strategies, the formation of investment attractiveness and the provision of competitive advantages in the sectoral markets.

Analysis of recent studies and publications

Problems and peculiarities of accounting and valuation of intangible assets of enterprises are the subject of scientific research of many domestic and foreign scientists, in particular, T.M. Banasco [1], O.V. Karelova, I.S. Kilivnyk, F.F. Butinets, B.I. Valuev, G. G. Kireytshev. The problem of formalizing the components of the intangible assets object in the accounting system is considered in the scientific publications of many contemporary researchers, in particular O.V. Popovich [2], I.V. Klimchuk [2], who gave the definition of the asset and, accordingly, the object of accounting, formulated in IFRS, and provides for compliance with certain criteria for formalizing the capitalization of this object: the availability of control, identification (the possibility of objective valuation), provision of future economic benefits. In their studies, they put the problem of objective valuation of intangible assets in the first place, which serves as the basis for their recognition as an object of accounting.

Objectives of the article

The purpose of the article is the substantiation of the essence of intangible assets in modern economic conditions, as well as to identify rational methods for their valuation based on the analysis of domestic experience, improvement of the methodology of

accounting for intangible assets and their reflection in the reporting, the definition of individual approaches to solving the problem.

The main material of the research

The Ukrainian legislation does not allow our enterprises to realize the transformation of the cost value of NMA into their market value, which progressively enhances the economy of highly competitive organizations in the world. The presence of valid patents gives foreign companies the right to affirm the market value of intellectual property objects to strengthen their position on the market and win rivals, increasing the value of their own enterprises at the expense of intellectual property.

Intangible assets fall into the company in various ways: as a result of their acquisition, independent creation, free-of-charge receipt or in the process of exchange for other assets. Domestic and international accounting standards establish the necessary conditions for the recognition of intangible assets (NMA) – the probability of obtaining economic benefits from their use.

Methodological tools for the formation and disclosure of information and financial reporting of information on NMA determine AP (S) 8 “Intangible assets,” which specify that NMA is a non-monetary asset that is not material and can be identified [3]. With regard to international standards, such as the general accounting of intangible assets, then IAS 38 “Intangible Assets,” which contains a similar definition, specifies that an active asset is a resource:

- controlled by the subject of information management in the past event;
- probability of receipt of future economic benefits to the entity.

In order to determine the further path of accounting for the object of the IA, which has arrived at the company, identification is required. IFRS 38 specifies the conditions under which an IA object is considered to be identified (Fig. 1).

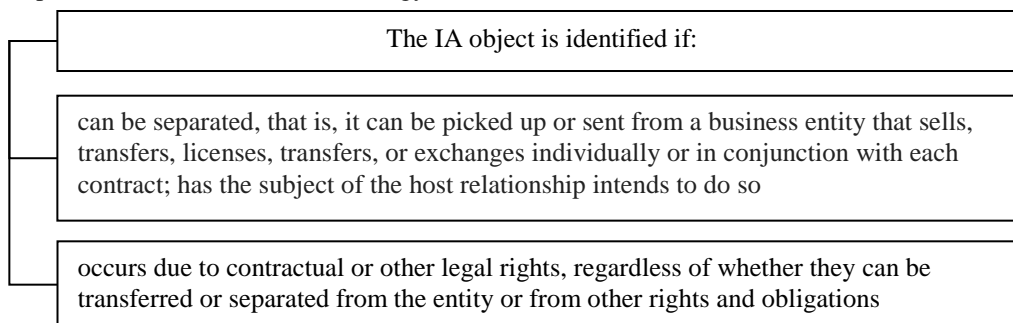


Fig. 1. Conditions for identifying an IA object

In IAS 38, Intangible Assets, paragraph 8 states that intangible assets include scientific knowledge, the development and introduction of new technologies and

systems, licenses, intellectual property, market research and trademarks (including product stamps and title of publications) [4].

Acquisition and posting of any item of intangible assets at the enterprise must be confirmed by the relevant primary documents. The accounting of intangible assets should provide information on their availability and cost, the correctness of the determination and depreciation (depreciation), reliable data on the purpose and effectiveness of the use of each asset.

According to AP (S) 8 “Intangible assets,” the

accounting of intangible assets is carried out for each object by the groups indicated in Fig. 2

According to P (C) BO 8 “Intangible assets,” the acquired or acquired intangible asset may be shown in the balance sheet, provided that the entity controls it, there is a likelihood of obtaining future economic benefits associated with its use, and its value can be measured reliably.

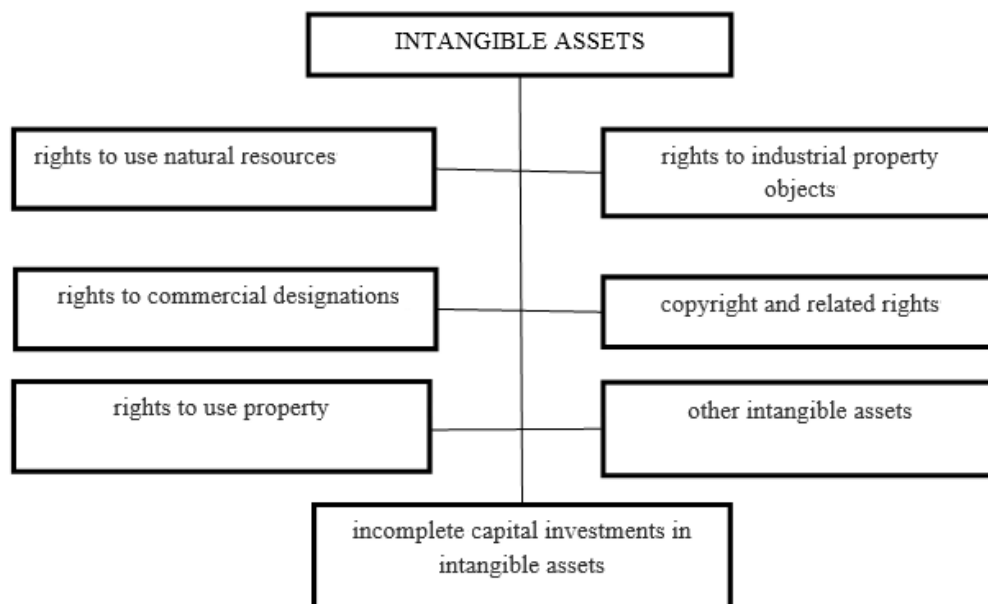


Fig. 2. Classification of intangible assets

According to AP (S) 8 “Intangible assets,” the acquired or acquired intangible asset may be shown in the balance sheet, provided that the entity controls it, there is a likelihood of obtaining future economic benefits associated with its use, and its value can be measured reliably.

If an intangible asset is created in the course of development, then it is recognized and reflected in the balance sheet if the enterprise has:

- intention, technical capacity and resources to bring the intangible asset into a state in which it is suitable for the realization or use;
- the possibility of obtaining future economic benefits from the sale and operation of intangible assets;
- information to accurately determine the costs associated with the development of an intangible asset.

Not recognized as an asset, but must be reflected in the expense of the reporting period in which they were incurred:

- research costs;
- training and retraining costs;
- expenses for advertising and promotion of products on the market;
- costs for the creation, reorganization and transfer of an enterprise or a part thereof;
- costs for improving the business reputation of the company (goodwill), the cost of publications [5].

Current issues of modern accounting are the ability to accurately display information about intangible assets in

financial and other types of reporting. To do this, it is necessary to determine the real assessment of these assets, which has its own characteristics: authenticity, the presence of a target nature and the lack of a single universal method. In addition, the scientific validity of the valuation that is taken into account when incorporating intellectual property objects into authorized capital, mergers of enterprises or division of an organization for the determination of property units in the authorized capital, in the preparation of financial statements, valuation of collateral for a loan, determination of losses, is of great importance, when a violation of rights to intellectual property objects is detected, etc. [6].

Another problem in accounting for intangible assets is the depreciation charge, since when choosing a method, the conditions under which the economic benefits will be received will be taken into account. In accounting, depreciation is not charged on assets whose useful life cannot be determined.

One of the options for developing (improving) the accounting system to cover all intangible assets and their amount of intellectual capital is the Accounting model for the future (Assortment for the Future (AFF)), developed by H. Nash. This model is distinguished by a certain extraordinary nature due to the fact that it provides for accounting on the basis of the present value of projected discounted cash flows. In accounting, the predominant significance is managerial decisions, and the difference between tangible assets and intangible assets is not relevant. The added value is determined by

the difference between the values determined by the method at the beginning and the end of the analysed period. The model provides for a “double-check procedure” to achieve the reliability of the assessment. You can also take into account the accounting model “Intelligent Value Added” (VAIS), which is a system of indicators for measuring the value added generated by the intellectual capital of the enterprise. The basis for developing this model is the hypothesis that value added is the main indicator of the transformation of intangible assets into market assets of the enterprise [7].

The law provides for several types of intangible assets: initial, fair and overestimated.

Acquired (created) intangible assets are credited to the balance sheet of the entity at its original cost. It reflects the historical (actual) cost of economic assets and consists of the price (value) of the acquisition (in addition to the trade discounts received), duties, indirect taxes not subject to indemnity, and other expenses directly related to its acquisition and bringing to the state, in which it is suitable for intended use [8]. It is important that the initial value of intangible assets is increased by the number of costs, if such are related to the improvement and improvement of their capabilities or extension of the life of these intangible assets. That is, the costs incurred will increase the expected future economic benefits.

Pursuant to Item 18 AP (S) 8, the cost of maintaining an asset in conditions that are suitable for future use and obtaining expected future economic benefits from its operation are included in the expense of the reporting period, that is, the costs that support the intangible asset in the current state, are written off for current expenses. When doing business, difficulties often arise in including them in the appropriate category of expenses, as well as providing accurate information about intangible assets in the relevant forms of financial reporting.

Increasing the costs of creating objects of various intangible assets (research and development), the formal recognition of the economic entity by its productive force is one of the most important tasks of modern standardization of accounting and reporting. In this case, there is no complete and unambiguous definition of the criteria by which the object is recognized as an intangible asset.

Today, the interpretation of “fair value” is quite controversial, since the law does not completely regulate the procedure for assessing intangible assets at fair value. AP (S) 8 “Intangible assets” specifies only the conditions under which fair value measurement should be used, but there are no explanations regarding the methodology for its determination, which, accordingly, causes many complications for practicing accountants. One of the problems is that legislation limits the composition of intangible assets due to the fact that the cost of creating many intangibles obliges to attribute to the costs of the reporting period.

The cost of intangible assets may vary, so it is worthwhile revaluing them. This is not an obligatory measure; therefore, it is carried out only by those enterprises which are interested in displaying the real

state of their intangible assets. When performing a revaluation, some difficulties may arise. First, revaluation is carried out at fair value at the balance sheet date only for those intangible assets for which there is an active market. In practice, the list of such assets is quite limited. An active market does not exist for copyrights, trademarks, or other unique intangible assets. Secondly, in case of a revaluation of a separate intangible asset, it is necessary to revalue all other assets of the group to which this intangible asset belongs (except for those for which there is no active market). This approach assumes that: all objects in the same group are displayed either at the original or at fair (market) value. Objects for which there is no active market should be measured at cost less accumulated depreciation and losses from diminishing its usefulness. And again, a practical question arises as to how objectively such losses can be detected and how they can be documented.

An actual problem that arises in practice and related to the valuation of intangible assets is the carrying out of their inventory and identifying those that are not reflected in the balance sheet of the enterprise. The answer to the question of the correct assessment of such objects is partly given by AP (S) 8 and National Standard 4 “Appraisal of Intellectual Property Rights.” The three main approaches are used to determine the value of objects of individual intellectual property and intangible assets: cost, profitability (income), market. In each of these approaches, in turn, there are several specific methods for assessing the value of intangible assets.

Consequently, for the purpose of determining the reliable estimate of the IA, an expedient approach is used, the essence of which is to determine the cost of the costs necessary to reproduce or replace the object of evaluation.

The substitution method is used provided there is information about the cost of acquiring the enterprise or creating its own forces, similar in functionality, consumer characteristics and economic indicators of the objects. This method is very relevant in the absence of basic primary documents in order to record intangible assets (economic agreements (agreements) on their acquisition or creation, accounts and documents confirming payment for the right to use land, water and other natural resources; patents for the variety and other organizational and administrative and accounting documents).

The essence of the replacement cost method is that the maximum value of a particular intangible asset is determined by the minimum required to be paid for the acquisition of an asset of a certain usefulness or a certain cost of consumption.

The profit (return) approach comes from predicting that the economic value of a specific economic asset is currently related to the amount of income that they want to obtain from this asset in the future. In other words, the value of an object can be defined as its ability to make a profit in the future. The following methods are used to realize a profitable approach: capitalization of profits, discounting of future cash income, residual income.

The market approach to estimating the value of

intangible assets is realized using the method of comparative analysis of sales and the method of exemption from royalties. The method of comparative analysis of sales involves comparing the estimated object of intellectual property with the value of similar objects that were sold on the market.

The value of the asset in accordance with the exemption from royalties is determined on the basis of the conditional assumption that all intellectual property owned by the enterprise does not belong to it. Then, part of the enterprise's income would be paid in the form of remuneration (royalty) to the owners of this intellectual property. In fact, this part of the company remains on its own. This part of the proceeds is considered an additional profit generated by the given intangible asset. The value of cash flows generated on the basis of this profit is taken as the market value of the estimated asset [9].

Conclusions

To sum up, we note that inconsistencies in the organization, accounting and valuation of intangible assets have a significant effect on the reliability of information about the general state of the assets disclosed by economic entities. Accounting for intangible assets presents a number of problematic aspects related to the identification and classification of intangible assets, the lower book value of intangible assets in comparison to market value, ignoring the unique intangible assets of the company. The increasing influence on the theory and practice of accounting as a whole and intangible asset, in particular, is its transformation into international standards. Undoubtedly, it is necessary to take into account existing foreign experience on these issues, however, with a reference point on domestic realities, as well as the maximum approximation of theoretical achievements to existing practice.

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