Ministry of Education Republic of Azerbaijan

ACCOUNTING FOR INTANGIBLE ASSETS: ITS VALUATION AND IMPLEMENTATION IN INDUSTRIES

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ABSTRACT

The economic restructuring brought by the information economy has led to an increase in the importance given to the intangible assets of companies. Intangible assets or intellectual capital are contributing tremendously to the increase in market value of enterprises. Today's business executives who have come to realize that they have begun to give importance to their intangible assets as well as their material assets. As a result of these developments, businesses have begun to change hands on the market with a value well above their tangible assets and in this case the importance of intangible assets has increased.

Key words: Accounting, İntangible assets, Valuation, İmplement

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INTRODUCTION

The economic restructuring brought by the information economy has led to an increase in the importance given to the intangible assets of companies. Intangible assets or intellectual capital are contributing tremendously to the increase in market value of enterprises. Today's business executives who have come to realize that they have begun to give importance to their intangible assets as well as their material assets. As a result of these developments, businesses have begun to change hands on the market with a value well above their tangible assets and in this case the importance of intangible assets has increased. The aim of this study is to conduct a research on the reporting of intangible assets and the reporting of intangible assets in publicly traded companies. Within the scope of the research, there are 10 companies in the technology index of the ISE.

1.1. Background of the study

Modern market conditions have caused a steady increase in the share of intangible assets in the form of rights associated with the objects of industrial intellectual property and business reputation in the property complex of enterprises.

The ongoing reform of accounting and reporting has developed an approach to understanding such objects as an independent category. However, the new regulatory documents did not solve all the problems of organizing accounting of intangible assets. In particular, the questions of the conceptual apparatus, the identification of intangible assets as objects of accounting, are not fully developed. There are difficulties in the rules for recognizing income and expenses within the framework of accounting, in the lack of developed classifications to take into account analytical work and in the absence of the necessary unified forms of accounting records. In addition, the lack of specialized literature and methodological developments in the analysis of intangible assets make this area of accounting work one of the most problematic.

1.2. Motivation for the choice of research topic

In particular, the characteristic of accounting policy is given, methods and ways of improving accounting and analysis of NMA are studied. Methods of research. Diploma work is based on the application of the dialectical method in considering historical, organizational, accounting and legal features of the subject of research. In specific studies, grouping methods, comparisons, economic-statistical and analytical methods were used. The constructive method and method of describing objects and the results obtained are also widely used.

The novelty of the research consists in setting, theoretical and practical justification and solving a set of issues related to the organization and improvement of accounting for intangible assets in the enterprise in the current conditions of transition to the market.

1.3. Aim of research and research questions

The purpose of writing this course work is to study the system of accounting for intangible assets and to find ways to improve it.

The main tasks of this work are:

· Consideration of the main forms of settlement relationships in the enterprise;

· Study of existing problems of accounting for intangible assets and ways to solve them;

· Consideration of specifics of accounting for intangible assets;

· Studying the specifics of accounting for intangible assets in the context of automation;

· Development of recommendations on keeping accounting of intangible assets.

1.4. Research methodology

The main provisions of the diploma research can be used in the development of regulations on accounting at enterprises and in the educational process. The practical significance of the study is to develop a set of proposals and recommendations aimed at improving the methodology for accounting for intangible assets at enterprises of Kyrgyzstan in modern conditions. Their implementation will facilitate the receipt of reliable information by investors, creditors and other interested users of accounting information.

1.4.1. Research approach and strategy

Indicators in the companies' reports for years are counted and marked. Finally, the indicator numbers are expressed in percent and the total indicator numbers are revealed. A total of 96 indicators were included in the study. Of the 96 indicators, 39 were identified as human capital, 27 as relational capital and 30 as structural capital indicators.

1.4.2. Research method

Content analysis method was used in the study.

1.5. Challenges and limitations

As a result of this study, republic "has also attempted to reveal which indicator is reported that more companies operating in the technology of intangible assets or intellectual capital reports show that in the show and showing sufficient. Thus, the importance that the companies place on their intellectual capital or their intangible assets has emerged.

1.6. Thesis method and structure

This study consists of three parts. In the first part of this work, the definition of intangible assets or intellectual capital is made, its characteristics, classification, evaluation and measurement methods are emphasized. In the second chapter, information on the reporting of intangible assets or intellectual capital is given. In the third and final section, it was tried to be found out that 10 technology companies from publicly owned companies were included in their intangible assets or intellectual capital elements by examining their balance sheets, income statements, balance sheet and income table footnotes, annual reports and internet sites. In the study, human capital, relational capital and structural capital indicators were examined by examining the balance sheets, income statements, balance sheet and income table footnotes, annual reports and internet sites of 10 technology companies registered to ISE.

FINANCIAL STATEMENT ANALYSIS

2.1. Description of financial reporting and financial statement analysis

Analysis of the level of sustainable growth of the company is a dynamic analytical framework that combines financial analysis with strategic management to explain the particularly important interrelationships between the variables of strategic planning and financial variables, and also to verify the adequacy of corporate growth and financial policies. This analysis allows to determine the presence of the company's existing opportunities for financial growth, to establish how the company's financial policy will influence the future and analyze the strengths and weaknesses of the company's competitive strategies.

In this article, we consider the components of the analysis of financial indicators (Slywotzky, 2004).

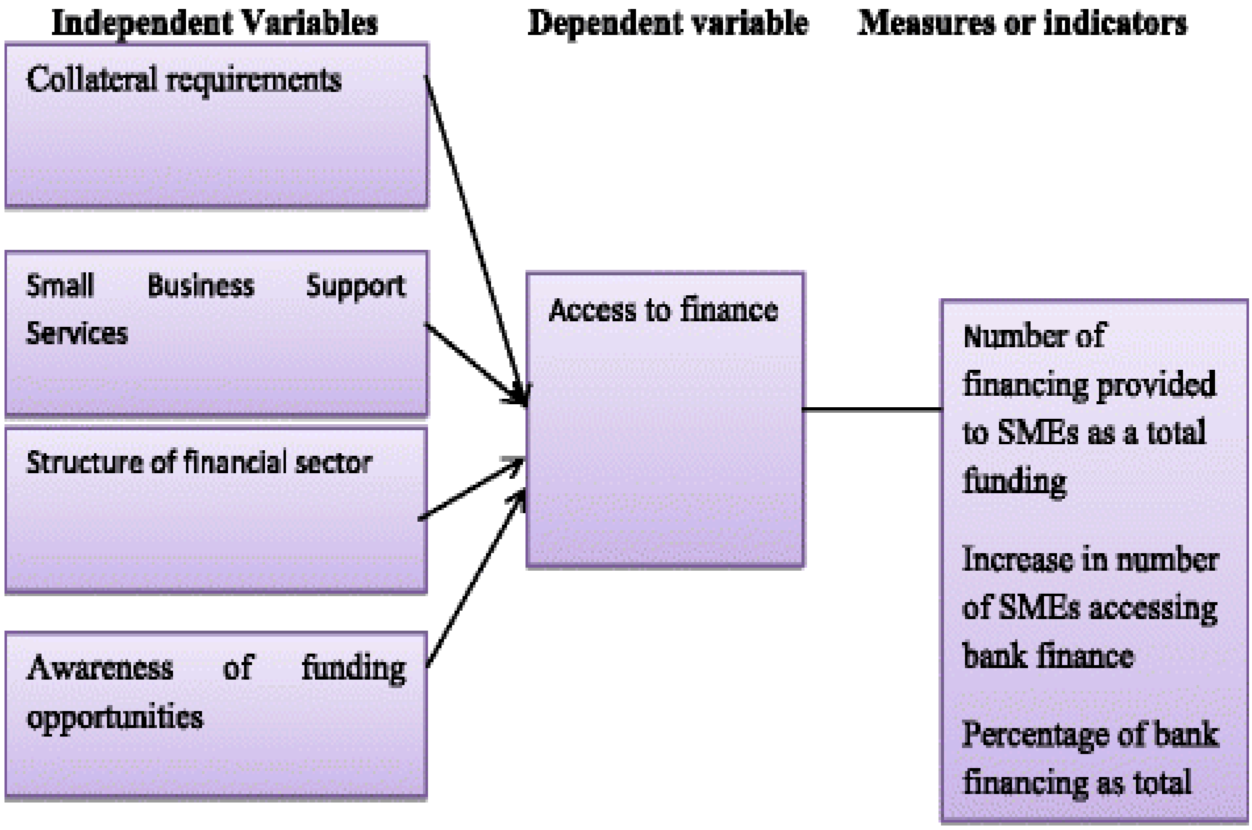
Any activities to implement strategic programs have their value. A necessary part of planning and implementing the strategy is to calculate the necessary and sufficient financial resources that the company must invest.

The most complete definition of the concept of financial analysis is given in the Financial and Credit Encyclopedic Dictionary: "Financial analysis is a set of methods for determining the property and financial position of an economic entity in the past period, as well as its opportunities for the short and long term." The purpose of financial analysis is to determine the most effective ways to achieve profitability of the company, the main tasks are profitability analysis and enterprise risk assessment.

Analysis of financial indicators and ratios allows the manager to understand the competitive position of the company at the current time. Published reports and accounts of companies contain a lot of figures, the ability to read this information allows analysts to know how effectively and effectively their company and competitors operate.

The coefficients allow you to see the relationship between sales profit and expenses, between the main assets and liabilities. There are many types of coefficients, they are usually used to analyze the five main aspects of the company: liquidity, the ratio of equity and debt, asset turnover, profitability and market value.

Fig. 1. Structure of financial indicators of the company



Source: Reilly, Robert F;Schweihs, Robert P. (1998) Valuing Intangible Assets, New York: McGraw-Hill.

Analysis of financial ratios and indicators is an excellent tool that provides an idea of the company's financial position and competitive advantages and prospects for its development (Offsey, 2004: 113).

1. Performance analysis. Coefficients allow you to analyze the change in the company's performance in terms of net profit, capital use and control over the level of costs. Financial ratios allow analyzing the financial liquidity and stability of an enterprise through the effective use of the system of assets and liabilities.

2. Evaluation of market business trends. Analyzing the dynamics of financial indicators and coefficients over a period of several years,it is possible to study the effectiveness of trends in the context of the existing business strategy.

3. Analysis of alternative business strategies. Changing the coefficients in the business plan - it is possible to analyze alternative options for the company's development.

4. Monitoring the progress of the company. Choosing the optimal business strategy, the company's managers, while continuing to study and analyze the main current coefficients, can see a deviation from the planned indicators of the current development strategy.

The analysis of coefficients is the art of interrelation of two or more indicators of the company's financial performance. A more complete picture of the results of the activity of analysts can be seen in the dynamics for several years, and additionally comparing the performance of the company with the average industry indicators (Lev, 2001).

It is worth noting that the system of financial indicators is not a crystal ball, in which you can see everything that was and what will be. This is simply a convenient way to summarize a large amount of financial data and compare the performance of various companies. In themselves, the financial ratios help the company's management to focus on the weak and strong aspects of the company's activities, correctly articulate the questions that these coefficients can rarely answer. It is important to understand that financial analysis does not end with the calculation of financial indicators and ratios, it only begins when the analyst has carried out their full calculation.

The real utility of the calculated coefficients is determined by the tasks posed. First of all, the coefficients give an opportunity to see changes in the financial position or results of production activities, help to determine the trends and structure of the planned changes; which helps management to see the threats and opportunities inherent in this particular enterprise (Lev and Sougiannis, 2003).

2.2. Roles of: Income Statement, Balance Sheet Statement, Cash Flow Statement

It is easy to see that the organization of the financial service provides for monitoring the progress of actions within the designated five areas. Indeed, in each enterprise a financial plan is regularly drawn up and the annual report of the asset balance allows you to justify investment decisions. The balance sheet provides an assessment of the state of the sources of financing. The profit and loss account, considered in the dynamics, allows you to judge the profitability of the enterprise on an average cash budget, and reporting and a cash flow statement allow you to give an analytical assessment and monitor the status of payment and settlement discipline.

In addition to the results of the analysis of the financial ratios, it is useful to present the balance sheet, the financial results report and the cash flow statement in the form of unit shares to all assets or sales proceeds. In addition, often the financial statements of (Blair and Wallman, 2003: 449).

The persons responsible for making financial decisions receive an overwhelming majority of the information they are interested in about the results of the economic activities of various companies from the standard financial statements published in the annual and quarterly reports provided to shareholders. These financial statements - balances, statements of financial results and cash flow reports - are compiled in accordance with established rules, and their knowledge is extremely important for any financial professional. However, financial analysts sometimes express their disagreement with the criteria on the basis of which professional accountants assess certain basic financial indicators. The most significant disagreement concerns the criteria for assessing the value of assets and liabilities (Epstein and Mirza, 2005: 10).

Management decisions affect not only profits and losses. They also cause changes in assets and liabilities, especially in the working capital accounts of cash, receivables, inventory and current payments. The cash flow statement reflects such changes, provides the basis for a dynamic analysis of changes in the financial state under the influence of decisions in the reporting period. The statement of cash flows is compiled from the comparison of the initial and final balance. It is associated with the profit and loss account for the reporting period and reflects decisions affecting investments and sources of assets (Contractor, 2001).

As already noted, the reporting is made by a legal entity, however, in the modern economy there are various ways of organizing business, and one of the most effective ways to consolidate and improve the competitiveness of business is the formation of corporate groups. Simplified, a group can be represented as a combination of property-related companies, one of which is the parent company, and the other is a subsidiary. In economically developed countries, there are national regulations explaining the concept of the group, options and methods of association, ways of reporting, etc. In Russia, the concepts of a subsidiary and an associate are defined in art. 105 and 106 of the Civil Code. The parent company determines the activities of the subsidiaries through, for example, ownership of controlling stakes. Thus, through a property relationship, a group of legally independent companies is formed, one of which (the maternal) controls the economic activities of others. According to national laws and accounting regulations, in this case, the parent company must compile, in addition to its own reporting, also the group's reporting, that is, consolidated reporting. In large business, in particular, in the case of transnational corporations, consolidated reporting becomes the main one. More precisely, in the annual report of such a corporation, you can see several sets of reporting forms (the set usually includes a profit and loss account, a balance sheet, a cash flow statement and explanations to the reporting forms) (a) for the group as a whole (b) for the parent company and (c) for the group as a whole in accordance with International Financial Reporting Standards. Note that the latest set of reporting forms is not always compiled, since many countries claim that their national standards are in line with international standards. Thus, in the UK it is customary to include only consolidated statements in the annual report. Since in economically developed countries the corporate organization of business is dominant, and the overwhelming number of large corporates (Blair and Wallman, 2003: 450).

Thus, the existing accounting, financial and tax reporting, as well as a report on the flow of cash and equity, are sometimes characterized by disunity and the absence of an explicit relationship, despite the fact that they share a common source - the chess balance sheet (Edvinsson at all, 2001: 4).

2.3. Objectives of Audit of Financial Statement

The purpose of the audit of the financial statements is to increase the degree of confidence of the prospective users in the financial statements. This objective is achieved by expressing the opinion of the auditor whether the financial statements have been prepared fairly and reliably, in all material respects, in accordance with the applicable basis for the presentation of the financial statements. Transparency and reliability of the company's financial statements today determines the long-term prospects for business development and underlies its investment attractiveness.

The purpose of the audit is a specific task for which the auditor's activity is aimed; it is determined by legislation, the regulatory regulation of audit activities, contractual obligations of the auditor and the client.

The main purpose of the audit is to establish the reliability of the accounting (financial) reporting of economic entities and the compliance of their financial and business operations with regulatory acts.

The rule (standard) of audit activities in the Federation "Objectives and basic principles related to the audit of financial statements" determines the audit objectives of the financial statements as follows:

The objectives of the audit of financial statements are the formation and expression of the opinion of the audit firm on the reliability of the financial statements of the economic entity in all material respects (Lev and Sougiannis, 2003).

In the course of audit of accounting reports, sufficient and appropriate audit evidence should be obtained, allowing the audit firm with a reasonable degree of certainty to draw conclusions regarding[15]:

a) the compliance of the economic entity's accounting with the documents and requirements of regulatory enactments regulating the procedure for maintaining accounting records and preparing accounting reports in the Azerbaıjan;

b) the compliance of the financial statements of the economic entity with the information that the auditing organization has about the activities of the economic entity.

The opinion of the audit firm on the reliability of the financial statements can help increase the credibility of this reporting by users interested in information about the economic entity.

At the same time, users of financial statements should not interpret the opinion of the audit firm as a full guarantee of the future viability of the economic entity or the effectiveness of its management.

The audit report containing the opinion of the audit firm on the degree of reliability of the financial statements should not be interpreted as a guarantee to the audit firm that there are no other circumstances (other than those stated in the audit report) that affect or are capable of affecting the financial statements of the economic entity.

Purpose of audit of financial statements (INAC -InstitutoNacional de Aviaçao Civil, 2015):

- confirmation of the authenticity of reports or a statement of their unreliability;
- monitoring compliance with the laws and regulations governing accounting and reporting rules, methodologies for assessing assets, liabilities and equity;
- confirmation of the completeness, reliability and accuracy of the accounting and reporting of costs, revenues and financial performance of the enterprise for the period being audited;
- revealing reserves of the best use of own basic and circulating assets, financial reserves and borrowed funds.

The main objective of the audit of financial statements is an objective assessment of the reliability, completeness and accuracy of reporting assets, liabilities, equity and financial performance of an enterprise for a certain period, checking compliance of the accounting policies adopted at the enterprise with current legislation and regulations
(Edvinsson at all, 2001: 4).

The reliability of the financial statements is understood as the degree of accuracy of the reporting data that allows the qualified information user to make correct conclusions on the financial position and performance of the audited organizations and take appropriate informed decisions based on it.

The main purpose of the audit can be supplemented by a contract with the client that determines the reserves of the best use of financial resources, an analysis of the correctness of the calculation of taxes, the development of measures to improve the financial position of the enterprise, optimize costs and performance, income and expenses.

During the audit, it is established that the balance sheet, profit and loss statement is correct, and that the explanations to them are correct.

In this case, establish (Lev and Sougiannis, 2003):

- whether all assets and liabilities are reflected in the report;
- whether all documents are used in the report;
- how much the actual method of assessing the property deviates from the enterprise adopted when determining the accounting policy.

The auditor checks the report on profits and losses for an establishment of correctness of calculation of the general (balance) and taxable profit.

The auditor should check (Kaplan and David, 1996):

- completeness of implementation of decisions of the owners of the enterprise on changes in the volume of the authorized capital;

- the identity of the data of synthetic and analytical accounting for the assets and liabilities of the balance;
- completeness of accounting in accounts receivable and accounts payable.
- In the process of preparing an audit opinion, it is checked:
- adherence to the accounting policy adopted at the enterprise for the reflection of business transactions and property valuation;
- Correctness of attribution of income and expenses to the reporting periods;
- the distinction in accounting for current production costs and capital investments;
- ensuring the identity of the data of analytical accounting for turnover and balances on the accounts of analytical accounting on the first day of each month.

To achieve the main objective and provide the conclusion, the auditor should form an opinion on the following issues (INAC -InstitutoNacional de Aviação Civil, 2015).

1) general acceptability of the reporting: whether the reporting as a whole meets all the requirements for it, and whether it contains inconsistent information;

2) validity: whether there are grounds for including in the reporting the amounts indicated therein;

3) completeness: whether all appropriate amounts are included in the statement; in particular, whether all assets and liabilities belong to the company;

4) evaluation: whether all articles are correctly evaluated and accurately calculated;

5) classification: is there any reason to relate the amount to the account for which it is recorded;

6) separation: whether operations conducted shortly before or after the balance sheet date are attributed to the period in which they were made;

7) accuracy: whether the amounts of individual transactions correspond to the data given in the books and journals of analytical accounting, whether they are

summed up correctly, whether the totals correspond to the data given in the General Ledger;

8) disclosure: are all the items listed in the financial statements and are they correctly reflected in the reports and annexes to them.

To realize these goals, the auditor can use various ways of accumulating the necessary information.

Auditors (audit firms) in the course of their activity also solve a number of tasks related to the provision of audit services (Koza and Lewin, 2000: 146):

- verification of accounting and reporting, the legality of business transactions;
- assistance in the organization of accounting;
- assistance in the restoration and maintenance of accounting, preparation of accounting (financial) statements;
- assistance in tax planning and tax calculation;
- consulting on specific issues of accounting and reporting;
- expert assessments and analysis of the results of economic activity;
- consulting on a wide range of financial and legal issues, marketing, management, technological and environmental consulting, etc. .;
- development of constituent documents, etc;
- providing information about future partners;
- information services for clients;
- other services.

In carrying out the audit, independent auditors perform two main functions: the function of a high-quality collector and an appraiser of evidence to confirm the completeness, truthfulness and arithmetic accuracy of the information presented in the financial report and to verify the conformity of the decoding and estimates in the financial report with generally accepted accounting principles. The role of the appraisal function - the interpretation of the facts supporting the conclusions of the compiler of the financial report, and the evaluation of the conclusions - has greatly increased in the last two decades. This was partly due to the successful improvement of the internal control structures by the administration, which ensures the receipt of technically reliable information. Auditors often find it more appropriate to check the internal control system to obtain evidence of the effectiveness of its organization and work, rather than subject to verification the information issued by this accounting system. Another reason for the shift in emphasis in the audit is the quantitative growth of complex transactions, transactions of a new type and the need to assess the way they are reflected in the accountability of the administration (Inken and Madhok, 2001).

These two functions are not exhaustive, since auditors also perform consulting, information and other functions.

FINANCIAL ANALYSIS TECHNIQUES

3.1. Classification of Balance Sheet elements

The balance sheet is a method of economic grouping of property according to its composition, location and sources of its formation at a particular moment in time. This is a two-sided table. In the left part of the balance sheet, property is shown on the composition and placement - this is the asset of the balance sheet, on the right side are the sources of the formation of this property - this is the balance sheet.

The indicators in the balance sheet are called balance items. The balance sheet totals are called the balance currency. A feature of the balance sheet is that the balance asset's currency is equal to the balance sheet's currency.

The basis for the construction of the balance sheet is the grouping of accounting objects by their functional role in the process of economic activity and sources of formation.

The balance sheet consists of 5 sectionsInken and Madhok, 2001: 10):

- fixed assets;
- current assets;
- capital and reserves;
- long term duties;
- Short-term liabilities.

In the conclusion of the balance sheet there is a special line for the asset and liability - the "balance currency" (Healy, at all, 2002: 677).

The typical structure of the balance sheet contains the following numerical indicators.

Assets. Section 1. Non-current assets.

Intangible assets: rights to intellectual property; patents, trademarks, service marks, organizational expenses; business reputation of the organization.

Fixed assets: land plots and objects of nature use; buildings, machinery, equipment, unfinished construction.

Profitable investments in tangible assets: property for transfer to leasing, provided under a rental agreement.

Financial investments: investments in subsidiaries, in dependent companies; loans extended to organizations for a period of more than 12 months; other financial investments (Garrod and Rees, 1998: 1255).

Section 2. Current assets.

Stocks: raw materials, materials and similar values; costs in work in progress; finished goods, goods for resale and shipped; Future expenses.

Accounts receivable: customers and customers; bills of exchange receivable; debts of subsidiaries and affiliates; debt of participants on contributions to the authorized capital.

Financial investments: loans granted by the organization for a period of less than 12 months; own shares redeemed from shareholders; financial investments (Epstein and Mirza, 2005: 10).

Cash: settlement accounts; currency accounts; cash.

The passive. Section 1. Capital and Reserves.

Authorized capital. Extra capital. Reserve capital: reserves formed in accordance with legislation and constituent documents. Retained earnings.

Section 2. Long-term liabilities.

Borrowed funds: loans that are repayable more than 12 months after the reporting date; loans to be repaid more than 12 months after the reporting date.

Other liabilities.

Section 3. Current liabilities.

Borrowed funds: loans due for repayment within 12 months after the reporting date; loans to be repaid within 12 months after the balance sheet date (Edvinsson, at all, 2001: 52).

Accounts payable: suppliers and contractors; bills payable; debt to subsidiaries and dependent companies; before the personnel of the organization; before the budget and state off-budget funds; before the participants in the payment of income; received advances.

Incomes of future periods: reserves of future expenses and payments.

The balance is always drawn up on a certain date, that is, on the first day following the reporting date of the month, quarter, year. The balance shows the state of funds and their sources at the end of the reporting period. The elements of the asset and liability of the balance are the articles grouped in sections, that is, each line of the balance sheet is a balance sheet item.

The main principle of balance is the equality of assets and liabilities. The balance currency is the amount of the asset and liability. The structure of the balance sheet is the proportion of individual items in the total balance sheet currency (Contractor, 2001)

The balance sheet is a way of economic grouping of economic means by composition and placement and by sources of their formation in monetary terms for a certain date. The balance sheet is a form of financial reporting that characterizes the property position of the organization at a certain point in time.

Modeling of the balance sheet and its content are directly dependent on the purposes of its compilation.

The concept of balance should be distinguished from the point of view of accounting (as accounting practice) and accountancy (as a science), because accounting practice reduces the definition of balance to the reporting form - a blank of certain content, and science understands under balance not only the form filled by the accountant, but rather a specific model , which combines the characteristics of the elements included in it [48]. Balance modeling is directly dependent on the interests of its users. Each consumer of information contained in the balance sheet, seeks to solve their problems. In this case, there may be contradictions between the interests of users that violate the logical development of the principles used in modeling the balance.

Accounting balances, depending on the purpose of their compilation, are classified according to certain characteristics: by sources and terms of compilation, by volume of information, by the nature of the activity, by ownership, by reform, by the "cleaning" method.

According to sources of compilation, balances are divided into inventory, book and general (Slywotzky, 2004).

Inventory balances are made only on the basis of inventory data. They are a shortened and simplified version of them. Such balances are made upon change of ownership or reorganization of a legal entity.

The book balance is made on the basis of the current accounting (book data) data without inventorying. The book balance is intermediate.

The general balance is a list of balances on the accounts of the General Ledger, but corrected based on the results of the inventory.

According to the terms of compilation, the balance sheets are divided into the introductory, current, final, sanitized, dividing and unifying, liquidation.

The introductory (primary) balance sheet is drawn up at the time of the formation of the organization on the basis of only the constituent documents and the absence of any obligations. The asset of the opening balance sheet contains the accounts receivable of the founders for contributions to the authorized capital (account 75-1) and the value of the contributed property (accounts 08, 10, 41, 43, 50, 51, etc.). Passive - shows the value of the authorized capital (account 80), reflected in the constituent documents.

3.2. Tangible vs. İntangible assets

It is convenient to consider the composition of the organization's assets on the basis of an analysis of the relevant section of the balance sheet. In it, the assets of the enterprise are presented in the following form:

Fıg 2. Tangible vs. İntangible assets

Source: Reilly, Robert F;Schweihs, Robert P. (1998) Valuing Intangible Assets, New York: McGraw-Hill.

At first glance, the answer lies on the surface. Intangible assets include intangible assets, as well as intangible search assets. Hereinafter in our consultation, to distinguish the term "Intangible assets", applied to the assets accounted on account 04 "Intangible assets" in accordance with PBU 14/2007, capitalization of assets will be used (Intangible assets). And to assets in general, which do not have material-material form (which include Intangible assets, in particular), writing with a lowercase letter will be used.

Recall that Intangible assets are the results of intellectual activity and other objects of intellectual property that the organization intends to use in the production of products (works, services) or for their management needs for a period of more than 12 months. One of the criteria for recognizing an object A non-material asset is precisely the absence of a material-material form (subparagraph "ж" item 3 of PBU 14/2007). More details about Intangible Assets of the organization we told in a separate material (Offsey, 2004: 113).

And to non-material search assets include the costs of searching for, evaluation of mineral deposits and exploration of minerals in a particular subsoil area that do not relate to the acquisition or creation of an object that is materially material (paragraphs 2, 6 of PBU 24/2011) .

However, the list of intangible assets is not limited to these two types. Intangible assets and intangible prospecting assets, reflected in the balance sheet in lines 1110 and 1130, respectively, are rather the most obvious ones (Lev, 2001, 123).

- But the lack of a material-material form is characteristic of other types of assets of the enterprise.
- Such assets can be attributed, for example:
- financial investments;
- Deferred tax assets;
- VAT on purchased assets;
- accounts receivable and others.

Typical representatives of tangible assets in the balance of the organization include:

- fixed assets;

- income investments in tangible assets;
- stocks.

However, even in stocks can be assets that can be attributed to intangible. For example, in addition to finished goods and goods, this line of the balance sheet can take into account, for example, the cost of selling products and goods (commercial costs), which usually do not have a material form.

The problem of an objective assessment of the value of companies' assets in the current economic situation is becoming more urgent, because (Lev and Sougiannis, 2003):

the value of assets is the initial information for the development of a strategy and tactics for the implementation of the operating activities of any enterprise, as well as subsequent monitoring of the implementation of the goals and tasks, their adaptation to changing conditions;

the value of assets is the basis for obtaining reliable information about the financial position of the company and the results of its activities, as well as their analysis;

objective data on the assets of enterprises in the country (by industry) are necessary for public administration in developing directions for balanced strategic development of the economy and meeting the country's needs guaranteeing its national security, as well as implementing the adopted economic policy;

the adequate value of assets creates prerequisites for maintaining the stability of the banking system, since assets often act as collateral for obtaining a loan.

In the crisis and post-crisis period, the issues under consideration acquire special significance due to the fact that:

First, for most national enterprises, the value of their assets for the past stage of crisis processes has dramatically decreased;

Secondly, this decrease in most cases was not reflected in their official reporting.

At the same time, the value of assets is an indicator of the prospects for the development of the enterprise in the post-crisis period. Obviously, an objective valuation of assets will allow for proactive measures to minimize negative consequences from possible situations of the ongoing crisis and to maximize future potential benefits.

Of all the assets, the intangible are the most complex objects of research. It should be noted that world trends indicate the growing influence of NMAs on the value of companies. Over the past 20-30 years, NMAs have become the main class of assets of large corporations. At present, the value of companies is no longer considered as an aggregate of tangible assets - the price of a share reflects the significance and value of all NMAs, including objects of patent rights, trademarks, copyrights (Cohen, 2005: 15).

The possibility of accurate identification and the presence of a specific and recognizable description. Unlike, for example, from real estate, NMA, of course, can not always be described using actual boundaries and parameters. But at the same time, the NMA should have a clear and fairly simple definition that distinguishes it as a unique object.

Legal recognition and the opportunity to provide legal protection. In most cases, the ability to control an asset implies the existence of legal rights to use the NMA. It is by the criterion of control that it is possible to distinguish NMA from non-material resources. The latter may include staff qualifications, customer loyalty, market share, etc., however, as a rule, the company can not demonstrate the possibility of obtaining economic benefits from the use of these resources, since it is unlikely to be able to control the actions of external factors such as personnel behavior, the reaction of competitors and buyers.

Availability of material evidence or evidence of its existence (contract, list of clients, certificate of registration, etc.). This requirement does not affect the economic value of the NMA (for example, the lack of formal know-how documentation does not mean that its owner can not derive any benefits from its use), however, it is a prerequisite for its existence as an identifiable object (Campbell and Goold, 1998: 115).

The ability to accurately determine the date of its occurrence or creation. Despite the fact that the NMA, like other types of assets, can be created or developed over a long period of time, each such asset must have a definite creation date (for example, the date of signing the contract, granting the patent).

Termination of existence at an identifiable time or as a result of a specific event. The requirement to determine the life of an NMA does not mean that a specific date for the termination of its existence must necessarily be established, although it is possible for many NMAs (for example, the expiry of the contract or patent).

When assessing NMA, it must be taken into account that often they have a very narrow scope, and this significantly limits their ability to generate revenue, since NMAs are often created by the company itself, rather than purchased on the market. However, this does not mean that they can easily be recreated. The uniqueness of each NMA and the lack of an active market for such assets make it very difficult to match them, unlike tangible assets (Campbell and Goold, 1998: 115).

Taking into account the Azerbaıjanpractice of valuation, intangible assets can be classified into the following main categories:

technological (inventions, utility models, industrial designs, production secrets (know-how), topology of integrated microcircuits, design and technical documentation, technical conditions, teaching materials) (Brockington, 2001);

- marketing (trademarks and domain names);
- contractual (licensing agreements, franchising agreements);
- NMA related to data processing (database software).

Each of the above categories of intangible assets is characterized by a set of factors affecting their value, in particular: absolute / relative age, universality, expansion potential, commercialization costs, commercialization means, specificity (application / use sector), geography of use, market share, competition, forecasted demand, associations.

3.3. Valuation of Goodwill

The evaluation of the quality of the company's employees is a powerful tool for increasing labor productivity and business competitiveness in the context of the main financial indicator - profitability of the company. Assessment of the effectiveness of labor activity is a comparative analysis that compares the characteristics of living labor, presented in the form of a standard. Such analysis helps to develop both professional and individual qualities of employees. Requirements for assessing the quality of work include professional, qualifying and business skills that determine how suitable an employee is for a given type of work. That is why the assessment of the workforce implies a deep and constant study of the quality of labor in order to continuously develop it by changing, increasing and improving the qualification. Knowingly economically developed countries pay great attention to the analysis of effective labor in the enterprise. This process is the main part of improving management and the formation of work. The first to assess the effectiveness of labor activity began in the United States. There it was called an "evaluation by merit", and soon it was used everywhere in different countries of the world.

All elements (assets, liabilities, capital, income, expenses) are reflected in the financial statements, with the simultaneous observance of 2 conditions (Blair and Wallman, 2003: 449):

there is a reasonable probability of an increase or decrease in future economic benefits associated with the financial statement element;

the possibility of reliable evaluation of the value of this element.

An evaluation is the definition of the monetary equivalent of an element of the financial statements, in accordance with which it is reflected in the financial statements.

There are several evaluation methods used in the formation of reporting, and it is possible that several methods of evaluation can be used in different combinations (Barth, at all, 2003: 153).

1. The initial (historical, actual, historical cost) cost is the valuation of an accounting object on the basis of the actual amount of money, its equivalents paid upon its acquisition, taking into account the transportation and other costs associated with this operation, or accrued at its (for assets - this is the cost of their acquisition, and for liabilities - the amount received in exchange for the obligation).

If we assume a clearly unreal situation that the purchasing power of the monetary unit in which the value is expressed will remain unchanged, then this method can be identified as optimal. But this is not so. In this regard, valuation of inventory is often made at the cost of sales, net of trade costs or market value.

2. The current (replacement) current cost is the amount of cash or cash equivalents that would have to be paid at a given time if a new physical property object needs to be replaced. Liabilities are measured at their present value, which is the undiscounted amount of cash required to repay them at the time.

3. Fair value (fair value) is defined as the amount of cash sufficient to acquire an asset or perform obligations when a transaction is concluded between knowledgeable, willing parties in an arm's length transaction. This assessment is used to a greater extent for the current accounting of assets and liabilities in order to form an objective picture of the organization's activities.

4. Market value - the amount of money that can be obtained upon sale or must be paid upon the acquisition of a financial instrument or other asset in the current financial market.

5. Realization price (net selling price, value of settlement, realizable or settlement value is the amount that can be obtained from the sale of an asset in the course of a transaction between knowledgeable, willing parties to perform it after deduction of disposal costs, t of trade costs.

6. Present value (present value) is the amount of future net cash inflow from the use of this asset in the ordinary course of business. Liabilities are measured at the present value of the future cash outflow that will be required to settle the obligations in a normal economic situation.

The discounting of value is based on the actual situation, that some amount of money today is worth more than in the future, because it can be used to generate interest income. The discounted amount is determined by the formula of compound interest, depending on the calculated rate of interest and the number of time periods (Andriessen, 2004).

In general, the rate of interest is selected by the average or prevailing value of the current market interest rate for these financial transactions.

Currently, many investors, financial analysts and managers make an appraisal of the value of commercial organizations according to the new system of actuarial financial statements, which distinguishes two generalized types of activity of such organizations: financial activity, during which funds are attracted and returned, and operational activities, during which Agents - hired managers invest the raised funds in these or other operations to create economic value and increase the wealth of property organizations (investors).

Actuarial financial statements are prepared at the preparatory stage of the analysis and valuation of the organization by transforming the traditional accounting statements prepared in accordance with IFRS. Thus, when drawing up the actuarial report on changes in equity, the value of equity is calculated, the net result of transactions with shareholders is calculated (the so-called net dividend) and the aggregate profit or loss is calculated (Inken and Madhok, 2001).

When drawing up the actuarial balance sheet, operational and financial assets, operational and financial liabilities and equity are differentiated. These types of assets and liabilities are re-grouped and used to calculate net operating assets (separation between operating assets and operating liabilities) and "net financial assets or liabilities (the difference between financial assets and financial liabilities).

In the preparation of the actuarial report of the gross profit, all items of income and expenses of the ordinary profit and loss account are grouped into sections of operating and financial activities to enable the determination of the net financial result for each of these two activities.

In this simplified example, the method of capitalized surplus earnings is used to estimate the value of the goodwill of professional practice within a small corporate transaction.

In this example, suppose that physician-doctors Zeta Physicians Clinic (Zeta) and Eta Medicine, Inc. (Eta) decided to join a joint venture to provide certain medical services for emergency medical care.

The joint venture will be called Theta Medical Group ("Theta"). In this transaction Zeta provides a joint venture Theta with the following:

1. Use (but not possession) of its trademark and trade name and its associated positive reputation

2. Access to (but not to own) his patient charts and reports and patient loyalty associated with him

To simplify this example, let's assume that the financial adviser is invited to evaluate these discrete intangible assets in aggregate as goodwill. Suppose that this benevolence is the only asset that Zeta should bring to Theta. Eta will provide Tete with all tangible assets and all current assets (but without obligations).

Eta will contribute tangible assets and working capital to the joint venture Theta in the amount equal to the cost of goodwill contributed by Zeta. Theta will be established as of December 31, 2014.

Owners of "Eta" and "Zeta" need to share the shared ownership of the joint venture Theta. The owners agreed to distribute the cost of equity on the basis of the relative values of the assets contributed by each party. The purpose of the analysis is to estimate the cost of goodwill contributed by Zeta to Tetu as of December 31, 2014 (the date of valuation). The purpose of the analysis is the distribution of property Theta equity.

Most of the cost of the Theta joint venture is related to expected future revenues and revenues. Based on the specific facts of this assignment, the financial adviser concludes that the income approach and the method of creditable excess revenues are appropriate for assessing the goodwill of the Zetas.

Appendix 1 presents the forecast balance sheet as of December 31, 2014, the date of establishment of the joint venture. Appendix 2 presents a joint venture that forecasts a profit and loss statement for the following year as of December 31, 2014. The forecasted profit and loss account is based on the forecast of the incomes and expenses of the financial adviser. The joint venture predicts net cash flow as of December 31, 2014, is presented in Appendix 3 on the next page.

Exhibit1

Current assets	$3,000,000	
Property, plant, and equipment	2,000,000	
Totalassets		$5,000,000
Liabilities		
Current liabilities		$1,000,000
Long-term debt		1,000,000
Totalliabilities	2,000,000	
Owner'sEquity	3,000,000	
Total liabilities and owner’s equity	$5,000,000	

Exhibit2

	Projected Fiscal Year Ended12/31/15

Netrevenue	$8,000,000
Operatingexpenses	
Cash expenses	5,400,000
Depreciation expense	1,000,000
Interest expense	100,000
Total expenses	6,500,000
Pretax income	1,500,000
Income taxexpense	(600,000)
Net income	$900,000

Exhibit3

NetCashFlow (toinvestedcapital)	ProjectedFiscalYearEnded 12/31/2015
Projectednetincome	$900,000plus:
Tax affectedinterestexpense	60,000equals:
Aftertaxnetoperatingincome	960,000plus:
Depreciationexpense	1,000,000less:
Capitalexpenditures	1,000,000less:
Increaseinnetworkingcapital	100,000equals:
Projectednetcashflow	$860,000

For the purposes of this analysis, the financial adviser determines the excess profit as the difference between the predicted total income of Theta and the total fair yield of assets and current assets of Theta. The fair rate of return applied to working capital assets, tangible assets and goodwill Theta is based on market evidence.

Intangible assets (including goodwill) usually have a higher level of financial and operational risk than tangible assets. And, tangible assets usually have a greater level of financial and operational risk than working capital (or financial assets).

As a rule, intangible assets are expected to receive a higher rate of return on assets than are expected to earn tangible assets. As a rule, tangible assets are expected to receive a higher rate of return than the expected financial assets. Appendix 4 provides an assessment of the financial adviser for allowances for the joint venture.

Exhibit4	
ValuationAnalysis	
Projectednetcashflow	$860,000
Workingcapitalassetvalue	2,000,000
Requiredrateofreturn[a]6%Fairreturnon workingcapitalassets	(120,000)
Tangibleassetvalue	2,000,000
Requiredrateofreturn[a]10%Fairreturnonnet tangibleassets	(200,000)
Totalfairreturnonworkingcapital assetsandtangibleassets	(320,000)
Excessincome	$540,000
[a]Basedonmarket-derivedrateofreturnevidence.	

Appendix 5 illustrates the procedure for capitalizing excess income in estimating goodwill. Based on this illustrative analysis, the value of the Zeta's contribution to Tetu as of December 31, 2014 is US $ 2,700,000.

Exhibit5	
ValuationAnalysis	Indicated Value
Excessincome	$540,000
Dividedby:Selecteddirectcapitalizationrate20%Equals:	
Intangiblevalueinthenatureofgoodwill$2,700,000	
ValueoftheZetaPhysiciansClinicgoodwill contributedtotheThetajointventure (rounded)	$2,700,000

Accordingly, Zeta provided Theta with $ 2,000,000 of intangible assets. And, This will contribute $ 3,000,000 of current assets and $ 2,000,000 of tangible assets (totaling $ 5,000,000) to Aunt. Thus, Theta's capital will be allocated to 35 percent for Zeta (2,700,000 ÷ 7,700,000 US dollars) and 65 percent for Eta (5,000,000 ÷ 7,700,000 US dollars).

There are various types of benevolence, including (1) business or institutional benevolence and (2) personal or professional benevolence. Financial advisors are often asked to assess these different types of business reputation for operations, taxation, financial reporting, litigation and other purposes. This section describes the various components of goodwill and the various reasons why financial advisers, especially independent financial advisers, can ask for an estimate of goodwill.

In this section of the document types of business reputation and personal business reputation are considered, and general components and types of benevolence are generalized.

This section explains that the approach to income is not the only approach to the value of business reputation. The approach to cost and the market approach can also correspond to the assessment of goodwill.

An independent financial adviser should carefully consider which evaluation approach is most suitable for a particular type of organization and a specific type of assignment.

In addition, subject to any instructions provided by the legal adviser, the financial adviser should apply the valuation approach and the valuation method, which completes the cost norm and the prerequisite for the cost corresponding to the purpose and purpose of the goodwill assessment.

ACCOUNTING FOR INTANGIBLE ASSET

4.1. Accounting for Intangible Assets: Issues and Problems

Today there is no need to prove that the twenty-first century, admittedly, is becoming the century of globalization and blurring of borders, information and communication technologies and the Internet, a century of ever-increasing competition in world space and the world market.

Under these conditions, the state can declare itself, which, among the main priorities, always remains the growth of investments and investments in human capital, the preparation of an educated and intellectually developed generation, which in the modern world is the most important value and decisive force in achieving the goals of democratic development, modernization and updates.

The beginning of the twenty-first century is characterized for our country by the economy's exit to a new stage of its development. The rapid development of information resources has led to the formation of a new economy, global in scale. The main resources of development are increasingly people and knowledge, which they possess, intangible assets. In commercial organizations, the main purpose of which is to make a profit, intangible assets become more important than real estate and equipment. Intangible assets play a special role in knowledge-intensive industries. According to experts, in the conditions of a developed economic system, the property of a commercial organization on average 30-60% consists of intangible assets, but there are companies in which only trademarks and brands can occupy about 80% of their capital (Epstein and Mirza, 2005: 10).

The accounting of intangible assets in many commercial organizations is not given due attention, these assets are sometimes not reflected in full, which reduces the investment attractiveness of the organization. In large commercial organizations, management is interested in the correct organization of accounting and audit operations with intangible assets. Audit of intangible assets, performing a control function, allows to form an opinion on the reliability and completeness of their reflection in the accounting (financial) statements of the commercial organization. As part of the audit activity, a commercial organization can use a whole range of audit-related services and other audit services aimed at developing recommendations for improving the quality of intangible assets to improve the efficiency of their use.

At present, the role of intangible (intangible) assets is steadily growing in the property of enterprises. This is due to the wave of absorption of some enterprises by others, the speed and scale of technological changes, the spread of information technology, the complication and integration of the financial market of Uzbekistan.

The issues of methodology and organization of accounting for this type of property are actively discussed all over the world. One can safely say that intangible assets are one of the most problematic issues of accounting methodology at the moment. Practical use of intangible assets in the economic turnover of enterprises is in fact the process of commercialization of the innovation sphere, which can be conditionally reduced to the following stages [6].

The first stage is a competent classification of intellectual property objects, on the basis of which a preliminary estimate of their market value should be formed. However, at present, enterprises either do not fulfill it, or do it in an amateurish way. Therefore, professional development of basic methodological and methodological recommendations is necessary.

The second stage is the inclusion of the value of objects of intangible assets in the composition of property of enterprises. In accordance with the legislation of the Republic of Uzbekistan, these funds are subject to amortization: they are referred to the cost of production (works, services) on a monthly basis according to the norms that the enterprise calculates based on their initial cost and useful life, but no more than the life of the enterprise itself, then realized and settled on bank account of the enterprise.

The third stage is the commercialization of intangible assets, which consists in the active entry of enterprises into the market of scientific and technical products; in the ability to find his buyer, master the art of the entrepreneur, i.e. find the customer (consumer) for his idea or development, etc. From the IFRS point of view, an intangible asset is an identifiable controlled asset that does not have a tangible form (Koza and Lewin, 2000: 146).

Intangible assets are recorded at historical cost and depreciated value, separately accounted for depreciation of intangible assets. The original cost is the cost of acquiring intangible assets or the costs of creating intangible assets and bringing them to a condition suitable for use.

The costs of acquiring intangible assets include amounts paid to the facility's seller, intermediaries, information and consulting services, registration fees and duties, customs expenses and other costs associated with the acquisition of facilities.

Expenditures for the creation of intangible assets include labor costs, social transfers, material costs and general production and general economic expenses accrued to the relevant employees.

The main tasks of accounting for intangible assetsv (Lev and Sougiannis, 2003):

· Ensuring control over their availability and safety from the moment of acquisition to the moment of disposal;

• correct and timely calculation of wear and tear;

· Obtaining information for the correct calculation of taxes transferred to the budget;

· Obtaining data for reporting on the availability and movement of intangible assets.

The main tasks of accounting for intangible assets: the formation of information reflecting the movement (receipt, disposal, receipt (transfer) of rights under license or copyright agreements) of intangible assets in the organization; formation of initial cost in accounting accounts; accounting for amortization of intangible assets; determination of results of realization and other disposal of intangible assets. Intangible assets arise when money is spent on some services and is recorded as future expenses or as intangible assets.

According to NAS 7, intangible assets are property objects that do not have tangible assets, which are controlled by the economic entity and are intended for use for a long time (more than a year). Like any asset, the object of intangible assets must be under the control of the organization, to bring economic benefits (or at least there are reasonable expectations of obtaining benefits in the future), uniquely identified as a separate accounting object. Control of an intangible asset occurs when an entity has the right to receive economic benefits from this asset and the ability to prohibit others from accessing this asset. An enterprise monitors the use of an intangible asset if its rights to it are legally protected and can be enforced in court. The value of intangible assets is the long-term rights or advantages they give to their owners. The simplest examples of intangible assets (they are also called intangible) are patents, copyrights, trademarks, licenses, know-how, the price of a firm (good-villas). (Edvinsson at all, 2001: 4).

Business qualities of employees, their qualifications and other abilities can not be attributed to intangible assets. Expenses for personnel development that contribute to additional economic benefits can not be recognized as intangible assets, since the enterprise can not fully control the loyalty of personnel and the continuation of future work in this enterprise. Expenses for personnel development are current expenses of the period.

Identifiability of an intangible asset consists in its clear distinction from other objects, if the enterprise can sell it, exchange or distribute specific future benefits from such an asset. The exception to this rule is good-villas, or business reputation.

Intangible assets are often held on certain tangible media, for example, on a CD or film. Assignment of an object to tangible or intangible assets is carried out on the basis of judgments about which element - material or non-material - is more important. For example, the machine management software must be accounted for as part of property, plant and equipment. Where the material carrier is not critical (for example, a CD with a computer accounting program is not part of the computer), it is usually treated as an intangible asset. The operational program of the computer, inseparable from it, is considered as an object of fixed assets in a single complex with the computer.

Intangible assets are accounted for by the initial assessment, which is determined for the objects: a) contributed by the founders to their contributions to the authorized capital of the enterprise - by agreement of the parties; b) purchased for a fee from other enterprises and individuals - based on the actual costs incurred in acquiring and bringing these facilities ready for use; c) received from other enterprises and individuals free of charge - at market value on the date of posting or at the cost specified in the acceptance documents; d) created by the enterprises themselves or as a result of research and development on their own enterprise - at actual cost. The fact of the existence of an object of intellectual property must be documented. It can be documentation, as well as information reflected on magnetic and other media. In addition, it is necessary to have a certificate of acceptance and transfer, confirming the fact that the enterprise receives this object, or documents confirming the facts of the emergence of rights in the organization or transfer of rights.

Accounting for intangible assets in general is built on the same principles as material accounting: the value of an asset is reflected in the amount of actual costs for its Acquisition and is subsequently written off to costs over its useful life. The cost price of an internally generated intangible asset includes all costs that can be identified and attributed to this object and are related to its creation and preparation for its intended use. It, in particular, includes: - material costs and expenses for services of outside organizations; - payment for personnel engaged in the creation of the asset; - the direct costs of servicing the process of creating an asset: registration fees, patent and license costs used for development and other similar costs; - the overhead required to create an asset. The cost of the internally generated intangible asset does not include commercial and administrative expenses, except those that can be directly attributed to its preparation for useful use.

4.2. Definition and Classification of Intangible Assets

Intangible assets (NMAs) are objects that have a valuation, capable of bringing economic benefits to the organization, used in the production of products (performing work, rendering services or for management purposes) for a period exceeding 12 months but not having a material and material structure.

Below are the main classification groups of intangible assets (Offsey, 2004: 113).

1. Exclusive rights of the patent holder for inventions, industrial designs, utility models and achievements of selection:

• the right to an invention - the right to use a technical solution protected by a patent (device, method, substance, strain of a microorganism, plant cell and animal culture), and the use of a device, method, substance, strain for a new purpose;

• the right to an industrial design - the right to use a patent-protected artistic and constructive product solution that determines its appearance. Physically, industrial designs can be a three-dimensional model (car, car, utensils, furniture, etc.) Or a flat image (an industrial sample of fabric, carpet, font, etc.);

• the right to a useful model - the right to use the project-protected construction of the means of production and consumer goods, as well as their parts;

• Achievement of breeding - a new plant variety or a new breed of animals, ie a certain group of plants or animals that has distinctive characteristics that are unique to this group.

2. Exclusive copyrights to computer programs and databases (Cohen, 2005: 17):

• Copyright in computer programs - the right to publish, reproduce, distribute and otherwise influence the introduction into the economic circulation of a set of data and commands intended for the operation of computers and other computer devices to obtain a certain result, including the preparatory materials received during the development of computer programs, and the audiovisual displays that it generates;

• copyright on the database - the right to publish, reproduce, distribute and otherwise influence the introduction of a set of data (articles, calculations, etc.) into the economic circulation, is systematized in such a way that this data can be found and processed using a computer

3. Exclusive rights of the owner to the trademark and service mark, the name of the place of origin of the goods (Campbell and Goold, 1998: 115):

• the right to a trademark and service mark - the right to use and dispose of protected signs and signs, to distinguish between goods and services of certain legal entities or individuals from goods and services of other legal entities and individuals.

A trademark is a verbal, pictorial, volumetric or other designation or a combination thereof using any colors or color combinations;

• the name of the place of origin of the goods - the name of the country, locality, locality or other geographical object used to designate the product, the special properties of which are exclusively or mainly determined by natural conditions or human factors characteristic of a given geographical object or natural conditions and human factors into one and the same time.

4. Business reputation of the organization, organizational costs (Lev and Sougiannis, 2003):

• Goodwill of the organization - the excess of the purchase price of the organization (upon its acquisition) over the current market value of the acquired property (all assets less liabilities), taking into account the profitability of the acquired organization, its prestige in the food market and other factors;

• organizational costs - the total costs associated with the establishment of the organization: the costs associated with the development of feasibility studies and constituent documents, fees for consultations in specialized organizations, registration fees, advertising costs, training costs for maintenance personnel, etc. As NMA, these expenses are taken into account when the constituent documents consider them as part of the contribution to the authorized (share) capital.

Depending on their economic essence, intangible assets are divided into the following classes (Lev and Sougiannis, 2003):

1. Intellectual property is the exclusive right of a legal entity to a citizen for the results of his intellectual activity.

Intellectual property includes (Leo, 2001):

- copyright (the right to record, broadcast, the right to public display, the right to distribute, import and reproduce, the right to process and translate the work),

- next to the rights of authors (the rights of producers of phonograms, the rights of performers, the rights to databases and programs for electronic machines, the right to organize cable and terrestrial broadcasting);

- patent law (certificates issued for utility model, right to invention, industrial design);

- means of individualization (trade names, trademarks, names of objects of origin of goods),

- The right to prevent unfair competition and trade secrets,

- non-traditional objects of intellectual property (topologies of integrated microcircuits, proposals for rationalization, discoveries, selection achievements).

2. Property rights, the concept of which includes the rights to use water bodies, natural resources and land.

3. The business reputation of the firm is the excess of the current price of the organization over the value of all its assets and liabilities on the balance sheet.

4. Deferred (deferred) costs - costs and organizational expenses (Inken and Madhawk, 2001).

Types of intangible assets include intellectual property products, including (Campbell and Goold, 1998: 115):

- software;
- works of art;
- inventions;
- scientific achievements;
- patents, licenses, trademarks;
- business reputation;
- company names;
- other objects.

4.3. Valuation of intangible assets

The valuation (determination of the value of intangible assets) depends on the method of their acquisition. Intangible assets can be contributed as a contribution to the authorized capital, purchased for a fee from other organizations, received free of charge, created at the enterprise itself. Therefore, the valuation can be made by agreement of the parties, based on the cost of acquisition, at market value, at cost of manufacture.

The initial value of intangible assets purchased for a fee is defined as the sum of all actual costs of acquiring and bringing them into a condition suitable for use for planned purposes.

The initial value of intangible assets created by the organization itself is calculated as the sum of all actual expenses for their creation, manufacturing (expended material resources, labor, services of outside organizations, patent fees associated with obtaining patents, certificates, etc.) (Contractor, 2001).

The initial value of intangible assets contributed to the contribution to the authorized (share) capital of the organization is calculated on the basis of their monetary assessment agreed by the founders (participants) of the organization.

The initial value of intangible assets received by the organization free of charge), corresponds to their market value at the date of adoption to the accounting records.

In assessing intangible assets, you can use three main approaches: profitable; costly; comparative.

In accordance with the income approach, the value of the intangible asset is taken at the current cost of the advantages that the enterprise has from its use. An example is the exemption from royalties, which is used to estimate the value of patents and licenses. Royalties are periodic payments to the licensor (seller) for the use of intellectual property. Usually the royalty is 5-20% of the additional profit received by the enterprise that bought intellectual property. If the object of intellectual property is the basis of a new product (technology), royalties can be up to 50%.

In the case where the invention is acquired on a royalty basis, the cost of the license to use the invention is equal to the discounted royalty stream (Edvinsson, at all, 2001: 52):

$$S = \sum_{t=1}^{T} \frac{D_t \times R}{(1+\alpha)^t},$$

where D_i is the royalty rate; R - base for calculation of royalties (revenue from products manufactured under license, or profits from the sale of related products); T - the term of the license agreement; t is the serial number of the year under consideration; - discount rate.

When using the cost approach, intangible assets are estimated as the sum of the costs of their creation, acquisition and commissioning.

A comparative approach can be applied to those types of intangible assets, transactions on which are often made on the market. The initial information for calculating the cost of the object is the selling price of similar objects.

The initial value of intangible assets undergoes changes in connection with depreciation, which is determined by the residual value: the difference between the initial price and the amount of accrued depreciation, depending on the nature of use in production. And due to the fact that depreciation represents the repayment of intangible assets, everything will depend on the useful life of the enterprise (Healy, at all, 2002: 670):

- according to the title documents, for the period of validity of the exclusive right of the transferred patent;
- on the basis of the nature of the intangible asset;

- in the case of difficulties with the determination of the utility period, it is customary to consider this period equal to 20 years.
- The usefulness period is the period during which it is possible to return the initial costs by applying the NMA in accordance with regulatory enactments.

If necessary, liquidate an enterprise, acquire a business, provide a pledge for a loan, sell an invention, utility model or trademark, enter into a license agreement, or establish a royalty amount, an estimate of the NMA will be required to measure the value of intangible assets in monetary terms. The economic properties of such assets are guarantees of the privileges of owning and generating income, regardless of the categories of value arising from the rights of grouped NMAs and intellectual property.

Not being a physical substance,the legally owned NMA will provide benefits from certain legal rights that are transformed into economic benefits through use in the production process, transfer to rent, etc.

In practice, intangible assets may refer to different things, but are usually used to refer to economic assets that are not physical or form-specific or are not tangible. Intangible assets include brands, business reputation, customer relations, software and intellectual property rights. We have compiled a list of intangible assets on this website.

Valuation of intangible assets is used, in particular, in accounting practices for the recognition of business combinations at fair value, which is aimed at improving the transparency of accounting records. For example, valuation of intangible assets may be required for International Financial Reporting Standard 3 (IFRS 3) for Business Combinations and International Financial Reporting Standard 38 (IAS 38) for intangible assets. There are equivalent US accounting standards, but the accounting rules do not match in all respects.

The assessment of specific intangible assets in health care organizations is mainly for four reasons. They include independent valuation goals for mergers and acquisitions, compliance with federal and state regulations (for example, legal or tax purposes), financial reporting and strategic planning (leasing, financing and joint ventures):

COMMON INTANGIBLE ASSETS IN HEALTHCARE BUSINESS TRANSACTIONS

Intangible Asset	Physician Practices	Outpatient Facilities	Hospitals
Certificate of Need (CON)		X	X
Electronic Medical Records	X		
Medicare Certification		X	X
Patents	X		X
State Licensure		X	X
Trade Names	X	X	X
Workforce In Place	X	X	X

Transaction Negotiations: when assessing businesses that are loss-making or marginally profitable, it is sometimes determined that enterprises have legal claims to intangible assets that are expensive to recover, even if they can not be used at present to generate income or function as part of a business, engaged in business.

Compliance with regulatory requirements: for legal issues, such as permission for marriage and taxation, regulators may require an assessment of specific intangible assets of the business.

Financial reporting: Accounting for business combinations (that is, the distribution of purchase costs) refers to the valuation of the business and its underlying components for financial reporting purposes. The intangible value of a business, in addition to fixed tangible assets, should be allocated to specific categories of intangible assets and amortized (definitely lived) or periodically reviewed for impairment (indefinitely). Intangible assets valued for the distribution of purchase prices may include trade names, non-competitive, favorable / unfavorable contracts, programs / processes, customer relationships and various other assets.

Strategic planning: for this purpose, intellectual property, which can be protected by trademarks or patents with exclusive rights, is often licensed to third parties for use, valued as collateral for refinancing, or valued as a contribution to a joint venture agreement. Names of commercial health systems; proprietary software; patents for pharmaceuticals, procedures and devices; and franchise rights are usually licensed and sold to the healthcare industry.

4.4. Implementation of intangible assets

Proceeds from the sale of intangible assets are recognized as operating income in accordance with paragraph 7 of PBU 9/99, approved by Order of the Ministry of Finance of the Azerbaıjan of May 6, 1999 No. 32n "On approval of the accounting regulations" Income of the organization "PBU 9/99" and reflected in accounting for the loan account 91 "Other income and expenses" sub-account "Other income" and debit account 62 "Settlements with buyers and customers." (Lev, 2001).

When retirement of intangible assets as a result of their sale, the amount of accrued depreciation, if it was accounted for in Account 05 "Amortization of Intangible Assets", is debited to the debit of this account from account 04 "Intangible Assets". The residual value of intangible assets is written off from account 04 in the debit of account 91 "Other income and expenses". If the organization incurs additional expenses on retirement of intangible assets, such expenses are also written off to the debit of account 91. The amount of VAT on the sold intangible assets is reflected in the credit of account 68 "Calculations on taxes and fees" subaccount "VAT settlements" in correspondence with debit account 91 sub-account "Other expenses". In the credit of account 91, the subaccount "Other income" reflects the amount of proceeds from the sale or other income from the disposal of intangible assets (Reilly, Schweihs and Robert, 1998: 25).

At the end of the period in which the sale of the intangible assets object took place, in account 91 "Other Income and Expenses" sub-account "Balance of Other Income and Expenses", a financial result is generated from the sale of an intangible asset. If the amount of proceeds from sale exceeds the residual value of the intangible asset and the costs associated with its sale, the excess amount is debited to account 91 "Other Income and Expenses" subaccount "Balance of Other Income and Expenses" and account 99 "Profit and Loss". If the amount of revenue is less than the residual value and costs associated with the sale, the difference is written off by reverse posting.

In accordance with Article 41 of the Tax Code of the Azerbaıjan (hereinafter RF Tax Code), income is recognized as an economic benefit in cash or in kind, taken into account if it is possible to evaluate it and to the extent that such benefit can be assessed and determined in accordance with the Tax Code (Offsey, 2004: 113).

In order to tax profits according to Article 249 of the Tax Code of the Azerbaıjan, revenue from sales is recognized as proceeds from the sale of property rights, determined on the basis of all receipts related to settlements for realized property rights, expressed in cash and (or) in kind.

Article 39 of the Tax Code establishes that the following transactions are not recognized as sales (Healy, at all, 2002: 675):

· Transfer of the organization's intangible assets to its successor in the event of its reorganization;

· Transfer of intangible assets to non-profit organizations for the implementation of core statutory activities not related to entrepreneurial activities;

· Transfer of property if such transfer is of an investment nature, in particular, contributions to the authorized (share) capital of economic entities and partnerships, contributions under a simple partnership agreement, contributions to joint mutual funds;

· Transfer of property within the initial contribution to a member of a business company or partnership (its successor or heir) upon the departure (exit) of the economic company or partnership, as well as in the distribution of the property of the liquidated economic company or partnership between its members;

- transfer of property within the initial contribution to a member of a simple partnership agreement (joint venture agreement) or its successor in the event of the distribution of its share from the property in the common ownership of the parties to the contract or the separation of such property;

· Other operations in cases provided for by the Tax Code of the Russian Federation.

Objects of intangible assets purchased by organizations for use in production or management purposes and related to depreciable property transfer their value to production costs (selling costs) at the expense of depreciation deductions for the entire useful life period established when accounting for an intangible asset.

In some cases, intangible assets are realized long before their useful life has expired. As a result of the sale, both profit and loss can arise (INAC - InstitutoNacional de Aviação Civil, 2015).

According to Article 323 of the Tax Code, the definition of profit (loss) from the sale of depreciable property is based on analytical accounting for each object at the date of recognition of income (expense).

Analytical accounting operations should contain information (Inken and Madhok, 2001):

· On the initial value of depreciable property sold (retired) in the reporting (tax) period;

· On the methods of accrual and the amount of accrued depreciation for the period from the beginning of the accrual to the end of the month in which such property is sold (disposed);

· On the sale price of depreciable property based on the terms of the contract of sale;

· The date of acquisition and the date of disposal (disposal) of the property;

· About expenses incurred by the taxpayer related to the sale (disposal) of depreciable property.

When disposing of amortizable intangible assets, the taxpayer, in accordance with clause 1 of Article 268 of the Tax Code of the Russian Federation, has the right to reduce the proceeds from sales by the residual value of the property being sold and the amount of expenses associated with its sale.

The date of receipt of income from the sale of an intangible asset is determined depending on the method used to determine income and expenses (Lev, 2001: 118).

When calculating the date of receipt of income from the sale of an intangible asset for profit tax purposes, the date of sale of the object, regardless of the actual receipt of funds, other property (work, services) or property rights in their payment, is recognized in accordance with Article 271 of the Tax Code of the Russian Federation.

Expenses related to the sale of intangible assets and taken for profit tax purposes are recognized in accordance with Article 272 of the Tax Code in the period to which they relate, regardless of the actual payment of cash and other forms of payment.

In accordance with Article 273 of the Tax Code, organizations have the right to determine the date of receipt of income on a cash basis method only if, on average, for the previous four quarters, the amount of revenue from the sale of goods (work, services) of these organizations, excluding VAT, did not exceed one million rubles for each quarter.

The date of receipt of income is the day when funds, other property (works, services) or property rights are received, as well as repayment of debts to the taxpayer in a different way.

Expenses are recognized as costs after their actual payment. The payment of goods is the termination of the counter obligation by the taxpayer - the purchaser of goods (works, services) and property rights to the seller, which is directly related to the delivery of these goods (works, services, transfer of property rights) (Lev, 2001: 115).

4.5. İssues and problems

Problems in the analysis and management of intangible assets are primarily associated with the difficulty of obtaining an adequate assessment of the effect of their use, as well as assessing their value, which is subject to significant fluctuations. In the management of intangible assets the most important are (Cohen, 2005: 15):

- evaluation of their participation in the production activities of the organization;
- Evaluation of their revenues and on this basis an assessment of their value;
- evaluation of the possibility of selling intangible assets on market terms;
- analysis of market prices for similar intangible assets;

- assessment of the feasibility of creating and acquiring intangible assets.

To substantiate decisions on intangible assets, the following analytical procedures must be performed (Edvinsson at all, 2001: 4):

- analysis of the structure and dynamics of intangible assets;
- analysis of their movement and condition;
- analysis of the effectiveness of their use;
- Determination of the need for investments in intangible assets.
- Intangible assets include:
- organization's rights to the results of intellectual property (works of science, literature and art, programs for electronic computers, inventions, utility models, achievements in the field of breeding, know-how);
- the organization's rights on means of individualization (trademarks, service marks);
- business reputation of the organization.

Along with these assets, the organization may have so-called unidentifiable assets that are not reflected in the financial statements, which are identified when the enterprise is sold, when the sale price exceeds the value of identifiable net assets and thus forms the business reputation of the organization. Unidentifiable assets are formed due to investing in research and development, staff development, marketing, product distribution system, etc. Unidentifiable intangible assets are manifested in the highly effective activities of the organization to attract and retain customers, as well as in the high efficiency of production, sales, procurement activities. Thus, unidentifiable assets lead to an increase in the return on invested capital. Sources of unidentified intangible assets include (Garrod and Rees, 1998: 1255):

- quality management; use of limited resources with maximum efficiency;

- a high level of managerial and technological culture of doing business;
- successful past activities in the sales and supply markets and the formation on this basis of sustainable business ties and a positive image;
- maintaining a high level of creditworthiness, reducing financial costs;
- investment in staff development; growth of business efficiency on the basis of productivity growth;
- investing in improving the efficiency of market activities, in particular, in the formation of an effective system of distribution and stimulation of products, in marketing research aimed at identifying market needs;
- investing in new production technologies; improving the quality and competitiveness of products, which also leads to increased efficiency and additional income.

The indicators of the effectiveness of the use of intangible assets are calculated as the ratio of the financial results of the organization and the intangible assets used to achieve these results. A peculiarity of the analysis of the effectiveness of the use of intangible assets is that the calculation of indicators should be preceded by an expert evaluation of the connection between the financial results obtained by the organization and intangible assets.

The effectiveness of the use of intangible assets is measured by the indicators "return on assets", "return on assets".

One of the significant aspects of the analysis of the use of intangible assets is the calculation of the growth in revenue obtained from the extensive and intensive factors characterizing the use of these assets.

Analysis of the situation OJSC "XYZ" uses objects of intellectual property for the production, promotion and sale of products. For an enterprise, intangible assets are of particular importance, since the main brands constitute the key assets of the business and significantly affect the sale of products.

In the structure of intangible assets of the enterprise, trademarks (35.7%), patents for industrial designs, utility models (44%) prevail at the end of the year. A significant part of investments in intangible assets (51.5%) is directed to intellectual property. The state of intangible assets can be assessed positively: the shelf-life ratio is quite high - 73.9% at the beginning of the year, however, due to lack of retirement in the reporting year, it declined and amounted to 58.7% at the end of the year[8].

The ratio of intangible assets is also high, significantly exceeding the average depreciation rate, which is a sign of the company's active investment policy with respect to intangible assets. The useful life of intangible assets is 11.5 years. The effectiveness of intangible assets is quite high; it is thanks to its trademarks and industrial designs that the company receives the bulk of its revenues. Decrease in efficiency of use of non-material assets is connected with active investment policy, owing to which the growth of intangible assets exceeded the growth of revenue and net profit. As the analysis of market activity has shown, the insufficiently high growth of financial results is associated with increased competition in the market (Koza and Lewin, 2000: 146).

The volume of investments in intangible assets should not be less than the annual amortization of intangible assets, which is equal to 2 million rubles. However, as business is growing and in the reporting year the volume of investments in intangible assets was approximately 7 million rubles, in the forecast calculations investments in intangible assets at the level of 10 million rubles are envisaged. in year. Indicator Beginning of the year End of the year Change for the year Share in the change of intangible assets Amount, thousand rubles. Specific weight,% Amount, thousand rubles. Specific weight,% Absolute thousand rubles. Growth rate,% Shares in the structure,% Intellectual property objects (exclusive rights to intellectual property objects) 14 691 91.9 18 250 79.7 3 559 24.2 (12.2) 51.5 Including: inventions, industrial samples, utility models 8661 54.2 10 082 44.0 1 421 16.4 (10.2)

20.5 computer programs, databases - - - - - - - - - integrated circuit topologies trademarks and service marks, place name origin of goods 6 030 37.7 8 168 35.7 2 138 35.5 (2.1) 30.9 selections - - - - - - - - Goodwill of the organization Other 1 296 8.1 4 653 20.3 3 357 259.0 12.2 48.5 Total 15 987 100.0 22 903 100.0 6 916 43.3 - 100.0 Table 7.13.Status of intangible assets Indicator Beginning of the year End of the year Average depreciation rate,% - 10.3 Input factor,% - 30.2 Retirement ratio,% - - Refresh rate,% - 30.2 Shelf life,% 73.9 58.7 Coefficient wear,% 26.1 41.3 Average useful life, years 7.5 11.5 Average actual useful life, years 2.0 4.7 Average residual useful life, years 5.6 6.7 Average full life update, years - 2,2 Average time of full retirement, years - n / a

Efficiency of intangible assets use Indicator Previous year Reporting year Return, RUB / rub. 878.09 822.91 The maximum return, rubles / rub. - 695.35 Profitability,% 18 112.1 17 000.2 Long-term financial policy with regard to intangible assets can be recognized as effective: the enterprise actively uses intellectual property for the production and marketing of products. The directions of long-term financial policy with respect to intangible assets for the future are as follows (Edvinsson at all, 2001: 4):

• Acquisition of intellectual property, in particular trademarks, to strengthen the company's market position in the middle and high price segments, which will require at least 10 mln.

CONCLUSION

Calculation of profit tax in transactions related to intangible assets is governed by the relevant provisions of the Instruction of the State Tax Service of Russia of August 10, 1995 No. 37 "On the procedure for calculating and paying the corporate income tax to the budget", taking into account Amendments and Additions No. 3 of 18 March 1997. There are very few special provisions for intangible assets in the instructions. Therefore, I will mainly focus not on the rules of taxation of profits in general, but on some known features of intangible assets for the purposes of calculating the profit tax.

1. The most important rule working in the implementation of operations is provided for in paragraph 2.4 of Instruction No. 37. Under this rule, in the case of the realization or non-repayment of intangible assets with a negative result, this negative result does not reduce taxable profit. In other words, a loss on the sale of intangible assets for tax purposes is not taken into account. But since this loss participates in the formation of the total amount of profit in the accounting and reduces it (and in principle can lead to the formation of a loss in accounting), by the present moment Instruction No. 37 (in the version of Amendments and supplements No. 3) already provides for the procedure "restoration" of profit for taxation, allowing to fulfill the requirements of paragraph 2.4.In calculating profits for tax purposes, the enterprise now fills in the "Reference on the procedure for determining the data reflected in line 1 of the calculation of the tax on actual profits" (this certificate is provided in Appendix No. 11 to Instruction No. 37) or, in other words, the document transforming the profit (loss) according to accounting in gross profit for tax purposes. Point 4 of the Information provides for an increase in profit by a number of values, including (line 4.7) for the amount of losses from the sale and gratuitous transfer of fixed assets and other property (respectively, intangible assets). Actually, this "restoration" by enterprises was carried out before with the submission of calculation in free form, but before the release of Amendments and Additions No. 3 there was no uniform form, which led to numerous mistakes and discrepancies.

2. The same item 2.4. Instruction No. 37 contains another provision, important in the situation when the sale of fixed assets and other property (turnover of accounts 47, 48) occurs with a profit. In this paragraph, as is known, it is envisaged to take into account the difference (surplus) between the sale price and the original or residual value of these funds and property, increased by the inflation index, calculated in the prescribed manner when determining the profit from the sale of fixed assets and other property of enterprises for tax purposes. This means that as a result of applying this index, profit for tax purposes can be very significantly reduced compared to the profit in accounting.

Since the application of this provision caused many discrepancies and inaccuracies (although there were explanatory letters and comments), Amendments and supplements No. 3 to Instruction No. 37 clarified the sale of which property the deflator index is applied. In particular, now in paragraph 2.4 it is directly stated that when implementing intangible assets, the index-deflator is not applied. Failure to comply with this requirement entails an understatement of taxable profits.

3. When considering the situation with gratuitous transfer of intangible assets, it is necessary to touch not only the transmitting, but also the receiving party. According to paragraph 2.7 of Instruction No. 37, for enterprises that received fixed assets, goods and other property free of charge from other enterprises, the taxable profit is increased by the value of these funds and property, but not lower than their balance (residual by fixed assets) transfer enterprises. In the "Reference" (Appendix No. 11 to Instruction No. 37) this is reflected in line 4.5: the profit for taxation is increased by the value of the gratuitously received property from other enterprises.

(It is necessary to pay attention to the fact that the increase in the profit of enterprises occurs only in the case of gratuitous receipt of property from other enterprises, whereas in banks it occurs with gratuitous receipt from both legal entities and individuals.)

4.When considering the existing income tax benefits, the most frequently used and causing the greatest number of questions is the benefit associated with the use of profit for capital investments (paragraph 4.1.1 of Instruction No. 37). It should be noted that in the case of the acquisition of intangible assets, as well as in the case of their creation, this privilege is not applied (although the acquisition and creation of intangible assets represent the fact of capital investments and are accordingly recorded).

5. Another important issue directly related to the sale of intangible assets is related to the notion of a policy choice for tax purposes "on payment" or "on shipment". If in the part of the main activity of the enterprise there is no doubt about the choice of the choice of the option, so far there have been various positions regarding the sale of other assets - for example, the position according to which, for tax purposes, the other sale, unlike the main one, can be determined only at the moment of shipment, but not at the moment of payment.

Changes and additions No. 3 to Instruction No. 37 clarified this issue: in the Certificate (Appendix No. 11) line 2.2 directly provides for the adjustment of profit (loss) according to accounting records from the sale of fixed assets and other property as a result of changes in the proceeds from the sale of this property The enterprises that determine the revenue at the moment of payment.

Thus, at present, the enterprise's profit from the sale of intangible assets is determined by the enterprise in accordance with its adopted policy for tax purposes.

In conclusion, it should be noted that many issues related to the legal regulation and accounting of intangible assets, did not receive the necessary regulatory support, and in this connection create a certain complexity. When analyzing normative acts of various levels and practical activities of many organizations, one gets the impression that the term "intangible assets" is used in all cases when there are difficulties in assigning certain objects and expenses to certain assets of the enterprise.

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