
Issues of Modern Accounting of Intangible Assets

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Abstract: The article deals with the issues of modern accounting of intangible assets in accordance with national accounting standards and international financial reporting standards in Uzbekistan. A comparison was made between IAS- 38 and NAS-7 "Intangible Assets", discrepancies were identified and some measures were proposed to accelerate the introduction of international standards into national accounting practice.

Key words: intangible assets, NAS-7, IAS-38, financial statements, economics, accounting, goodwill, intellectual property.

1. INTRODUCTION

The role of intangible assets in the modern economy can hardly be overestimated. In recent years, the degree and role of intangible assets in the production and financial activities of companies has increased dramatically.

And they also operate in the conditions of continuous changes in the environment and tougher competition, which makes them constantly worry about strengthening their competitiveness. At the same time, the so-called intangible factors come to the fore in these processes: knowledge, experience, competence of the employees of the organization, the activity of information exchange between them, corporate culture, interaction with consumers, and much more. All these components make up the intellectual capital of companies, which is currently the main source of their competitive advantages.

In this regard, the problem of improving the accounting and analysis of intangible assets has acquired particular relevance for enterprises.

From the point of view of accounting in Uzbekistan, a problem may arise, which is that at present the accounting of intangible assets on the balance sheets of some companies is carried out in parallel according to two accounting standards: international and national.

This situation contributes to confusion both for the management of enterprises and for investors. The balance sheet prepared in accordance with NAS and the statement of financial position under IFRS may show completely different amounts in sections related to intangible assets.

In connection with this trend, there is a natural need to compare NAS 7 "Intangible Assets" and IAS 38 "Intangible Assets". The purpose of this study is to compare NAS and IAS in terms of the reflection of intangible assets on the balance sheet of an enterprise. Many working accountants who keep records in accordance with IAS face problems in relation to the recognition and determination of the initial cost of intangible assets, due to the significant difference between IAS 38 and NAS 7.

2. ANALYSIS OF THE RELEVANT LITERATURE

In order to be able to recognize an object as an intangible asset, it is necessary that the object meets the definition of an intangible asset, and also meets the recognition criteria.

As noted in IAS 38 Intangible Assets, “an intangible asset is an identifiable non-monetary asset that does not have a physical form” [2].

NAS 7 "Intangible Assets" lists the following conditions for recognizing an object as an intangible asset:

- “absence of material and material form;
- the object of an intangible asset must be used in the production of products, in the performance of work or the provision of services, or for the administrative and other functions of the enterprise;
- no subsequent resale of this object is planned within 12 months;
- possibility of separation from other property of the organization;
- an intangible asset must be used for a long period, lasting more than 12 months or a normal operating cycle exceeding 12 months;
- the object is capable of bringing future economic benefits in the future;
- the organization has properly executed documents that confirm the existence of the asset itself or the organization’s exclusive rights to use the results of intellectual activity” [1].

According to D. Sativaldiyeva, “the initial cost of intangible assets acquired for a fee is understood as the sum of all actual expenses associated with this acquisition, except for VAT and other refundable taxes. When purchasing intangible assets, their initial cost is determined in the amount of actual costs. Expenses on received loans and credits are not expenses for the acquisition, creation of intangible assets [3].

O. Ageeva in his research paper has emphasized the following points:

“An intangible asset created internally is considered to be created if:

- the exclusive right to the results of intellectual activity obtained in the course of performance of official duties or on a specific assignment of the employer belongs to the employing organization;
- the exclusive right to the results of intellectual activity obtained by the author (authors) under an agreement with a customer who is not an employer belongs to the customer organization;
- a certificate for a trademark or for the right to use the appellation of origin of goods is issued in the name of the organization” [4].

3. RESEARCH METHODOLOGY

As noted in IAS 38, an intangible asset must be identifiable. This mandatory characteristic is necessary in order to be able to separate the object of an intangible asset from goodwill. Goodwill (goodwill) is the difference between the purchase price of a company and the fair value of its identifiable net assets. Goodwill cannot be recognized as an intangible asset.

The criteria for recognition of intangible assets include:

- the likelihood of future economic benefits from the use of the asset.
- the possibility of a reliable assessment of the value of the asset.

Next, we will compare NAS 7 and IAS 38.

As mentioned above, NAS 7 "Intangible Assets" lists the following conditions for recognizing an object as an intangible asset:

- absence of a material form, which, according to IAS 38, is an important condition, but not mandatory;
- the condition that the object of an intangible asset must be used in the production of products, in the performance of work or the provision of services, or for the administrative and other

functions of the enterprise, directly corresponds to the condition for obtaining future economic benefits, which is in line with IAS 38;

- no subsequent resale of this property is planned within 12 months, which is in line with IAS 38;
- with regard to goodwill, it is customary in national standards to take into account goodwill as an intangible asset, which contradicts international standards with their condition for identifying an object from other assets of an organization;
- the facility's ability to generate future economic benefits in the future is in accordance with IAS 38.

According to national accounting standards, intangible assets should include the organizational expenses of the organization, namely the expenses associated with the formation of a legal entity, recognized in accordance with the constituent documents as part of the contribution of participants to the authorized capital of the organization. International Standard assumes that these costs should be recognized as an expense when incurred.

From the foregoing, we can say that IAS 38 and NAS 7 agree that if an object does not meet the definition of an intangible asset (identifiability, control, future economic benefits), then it should be recognized as an expense of the organization. Also, the intellectual and business qualities of employees, their qualifications cannot be recognized as an intangible asset of an organization. these assets are inseparable from their carriers and cannot be used without carriers.

Intangible assets are accepted for accounting at their original cost. NAS 7 "Intangible Assets" establishes various approaches for determining the initial cost of intangible assets, depending on the method of acquiring an intangible asset.

NAS 7 recognizes goodwill as an intangible asset. Its value is determined as the difference between the purchase and book value. Goodwill (goodwill) in international standards is not an intangible asset. The initial cost of intangible assets received by an organization under a gift agreement (free of charge) is determined based on their market value as of the date of acceptance for accounting.

Intangible assets can be contributed by the founders as a contribution to the authorized capital of the organization. The initial cost of such intangible assets is their monetary value, agreed by the founders of the organization. IAS 38 does not consider this option, and therefore does not prohibit its use. However, it should not be forgotten that the contributed intangible asset must be measured at fair value.

Intangible assets can also be acquired under an agreement providing for payment in non-monetary means, in particular, under an exchange agreement. In accordance with NAS 7, the initial cost of such intangible assets is recognized as the cost of the transferred property. This cost is based on the price at which an entity would normally charge similar goods or valuables in comparable circumstances.

The initial cost within the created intangible asset is determined as the sum of the actual costs of its creation, manufacture (consumed material resources, wages, services of third parties under counterparty agreements, patent fees associated with obtaining patents, certificates, etc.), excluding tax value added and other refundable taxes.

According to IAS 38, "the first step is to determine whether an internally generated intangible asset qualifies for recognition. After recognizing an asset as an intangible asset, the company divides the process of creating an asset into two stages:

- research stage;
- stage of development" [2].

According to the author, the cost of an intangible asset created within the company includes costs that were included in the development stage, and costs that were not recognized in previous periods in the income statement - this is a significant difference between national and international accounting for intangible assets. According to the national standard, all R&D costs, in case of a positive result and documented R&D results, are included in the initial cost of the created intangible asset. Thus, it is worth noting that the amount of intangible assets of an organization can vary significantly depending on the accounting system.

4. CONCLUSION

Having conducted a study in the field of comparison of Uzbek and international accounting standards, we would like to note that, despite a number of differences, the fundamental principles of these standards are similar.

IFRS are increasingly used and recognized around the world. The transition of the economy to market relations objectively required the appropriate adaptation of its business language - accounting. Therefore, the main goal of reforming the domestic accounting system is to ensure a combination of the national accounting system with the requirements of a market economy and IFRS.

Clear documentary evidence is required for national accounting, including for intangible assets. The approach to the concept of intangible assets under IFRS is broader than NAS, along with a legal form of control and its other forms, but national standards have made significant progress in terms of harmonization with Therefore, companies that decide to switch to international financial reporting standards should, first of all, bring IFRS and NAS accounting methods as close as possible, which contributes to increasing the interest of foreign investors in the Uzbekistan.

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