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ACCOUNTING OF INTANGIBLE ASSETS

Annotation

Intangible assets in modern conditions of economic development become an important component in the work of any enterprise, they should be reflected in the accounting system. They largely determine the development vector of the enterprise, its business model and successful functioning. In technological companies, part of intangible assets reaches 65-70% of capitalization, and in the future it will grow. In accounting it is necessary to estimate intangible assets, to form reliable information about them to reflect the change of their cost, to present in accounting (financial) statements growth of efficiency of work of the enterprise and retention of competitive advantages.

Keywords: intangible assets, accounting, legislative consolidation.

Intangible assets – non-monetary assets of organization that have no material form and participate in the production process. They are accounted in section I of "non-Current assets "of the balance sheet under" Intangible assets". The valuation of such assets is governed by the accounting Regulation "accounting for intangible assets" (ROA 14/2007). According to this document, the basis for accounting and reporting of intangible assets is as follows:

- the object of accounting is able to accumulate economic benefits;
• the object has no material form and can be separated from other property;
• the useful life of the facility exceeds 12 months;
• the presence of necessary documents confirming the existence of the asset and the possibility to use it;
• the asset will not be sold in the next 12 months.

Works of art and science, objects of intellectual property, computer programs, the rights of the patent holder, trademarks, biological selection achievements, business reputation and others can act as an intangible asset. In the structure of intangible assets we do not include organizational costs (costs of creating a legal entity), intellectual and business qualities of the personnel of the enterprise.

The unit of accounting for such assets is the inventory item that can be involved in the production process. Inventory object is a set of rights arising from one patent, contract, certificate of alienation of the exclusive right to the result of intellectual activity or means of individualization of a legal entity.

For accounting intangible assets are taken at the actual (initial) cost, which is equal to the amount paid by the organization when acquiring the asset and ensuring the conditions for its use, commissioning, bringing to a state where it can generate income. The object of intangible assets can be registered in the organization as a result of the following directions of receipt:

A) received from the founders as a contribution to the share capital;
B) by purchasing from third parties;
C) received for free;
D) the creation of the organization's own forces.

For accounting of these assets the following synthetic accounts are used:

• account 04 «Intangible assets»;
• account 05 «Amortization of intangible assets»;
• account 08 «Investments in non-current assets» sub-account «Acquisition of intangible assets».

Inventory card of the accounting of objects of intangible assets is the main register of analytical accounting. Each object has its own unique inventory card, and inventory lists are maintained at the places of use. The card is filled in on the basis of the primary document: the act of acceptance and transfer, the act of write-off of intangible assets, protocols of meetings of founders. The primary document must contain the useful life, initial cost, method of calculation and depreciation rate, date of entry into use and date of disposal.

Like all non-current assets, intangible assets are depreciated over the useful life of the asset. The calculation of depreciation for intangible assets is made in the following ways: linear, declining balance, method of writing off the cost in proportion to the volume of production (work).

The depreciation amount is calculated:

• when using the linear method-based on the initial cost of IA evenly during the useful life;

• if we use the method of the reduced balance - at the residual cost at the beginning of the month \( \times \frac{\text{Fixed coefficient (k<3)}}{\text{Remaining useful life (in months)}} \);

• in the case of the write – off method - based on the natural volume of production for the month and the ratio of the actual value of intangible assets and the expected volume of production for the entire period of useful use.

Depreciation on positive business reputation is charged with linear method and for 20 years. Amortization allocations on intangible assets begin on the first day of the month following the month of their taking into account and end on the basis of the disposal of the asset, or due to the repayment of its full value, or because of the end of patent term. Allocations are stopped on the first day of the month following the month of full repayment of the asset value or its write-off. In
the calculation of depreciation of intangible assets being in use, then have to be debited to the account 20 "Primary production", account 23 "Auxiliary production", account 25 "General production expenses", account 26 "General expenses", account 44 "selling expenses" in correspondence with credit of account 05 "Depreciation of intangible assets". Also account 08 "Investments in non-current assets" can be applied if the intangible asset is used at creation of object of fixed assets.

The value of intangible assets at disposal will be written off, then a special Commission is created with the participation of the chief accountant, confirming the objectivity of such write-off. Disposal of intangible assets is possible for various reasons: sale, when the object is no longer able to bring economic benefits, disposal as a contribution to the authorized capital of another organization, disposal due to a natural disaster, transfer under a contract of exchange or for free, by the end of the company's right to the result of intellectual activity, in the identification of shortages as a result of the inventory. A special Commission headed by the head of the company confirms the reason for the disposal of such non-current assets and draws up an act of its write-off.

Income and expenses from the write-off of an intangible asset influence on the financial results of the organization. The financial result of the disposal can be determined as the ratio of debit and credit turnover with the future write-off of the result to the account 99 "Profit and loss". Income and expenses from disposal and sale of intangible assets are accounted for in account 91 "Other income and expenses". When the asset is realized, the basis for recording is the primary accounting document-the account of the buyer, the act of acceptance-transfer of intangible assets. At the end of the reporting period of a movement of intangible assets are reflected in the accounting (financial) statements, which are used by both internal and external users to evaluate the property status of the organization, including the composition, structure, direction of receipt and disposal of intangible
assets. Such information is necessary to estimate the prospects of growth of financial results and competitiveness of the organization.

**References:**


