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## DEVELOPMENT OF ACCOUNTING FOR INTANGIBLE ASSETS BASED ON THE THEORY OF INTELLECTUAL CAPITAL

**Annotation.** The relevance of the study lies in the fact that development of a market economy and enterprises themselves, especially in a highly competitive environment, is almost impossible without the active orientation of production structures towards innovative and intellectual activities. The question of the nature of intellectual capital and how it is measured is therefore relevant, since it is the efficient use of such capital that greatly improves the quality of information, and improve management technology and innovation. Intellectual capital is a necessary part of the economic policy of a modern enterprise. The study aimed to determine the essential characteristics and structure of intellectual capital. To achieve this goal, we were focused on the next tasks: determination of the intellectual asset, research in the framework of the legislative requirements of accounting for the composition of intangible assets, and improvement of accounting process of valuation of intangible assets. During the research following general and specific scientific methods were used: theoretical generalization, analogy, abstraction, statistical observation, analysis, synthesis, scientific abstraction, critical analysis of accounting issues.

**Keywords:** intangible assets, intellectual assets, balance sheet, accounting, capital.

### Introduction

The modern period of development of the countries is high-quality and rapid development of science and technology. Science can develop in the case when the production is able to provide it with the necessary equipment, devices, tools. Production,

in turn, cannot function properly and develop without scientific achievements. That is why only the innovative entrepreneurship based on the latest achievements of scientific and technological progress can become the main factor of prosperity of our country's economy. In other words, the prerequisite for long-term success of the enterprise in the market is the availability of advanced technologies, which are supported by intellectual property.

Ukraine was one of the first countries that were part of the USSR, adopted the main international normative-legislative acts concerning industrial property and in 1993 accepted a package of laws on the protection of intellectual property. Thus, a new kind of property is emerging in our country - intellectual property, and scientific knowledge is a specific goods, that can be owned, used or disposed of. The concept of "intangible assets" is closely related to the concept of "intellectual property". The concept of "intellectual property" has emerged in the course of long practice of securing rights of use for certain persons. Understanding the essence of intellectual property, the conditions of its creation and transformation into intangible assets of the enterprise opens up new possibilities for realizing the creative potential of employees.

A significant contribution to the development of the terminology of the foundations of the concept of "intellectual capital" made by foreign

researchers, namely M. Armstrong, D. bell, e Institution, D. Duffy, L. Gioia, L. Edvinsson, D. Klein, H. McDonald, M. Malone, L. Prusak, and P. Sullivan, K. Sveiby, T. Stuart. Issues of intellectual capital were explored by such scientists as V. Bazilevich, N. Bendikov, Alexander Berveno, A. Butnik-Siverskiy, N. Gavkalova, V. Geets, E. Jamai, V. Zinov, V. Inozemtsev, A. Kendyuhov, S. Legenchuk, To. Leont'ev, A. Malyshko, N. Markov, A. Strizhak, P. Tsybuliv, A. Chukhno. I. Yaremko.

According to E. Brooking, intellectual capital is a term for intangible assets without which a company cannot exist, enhancing its competitive edge. The component parts are human assets, intellectual property, infrastructure and market assets. Another scientist O.B Butnik-Seversky argued that intellectual capital is a created or acquired intellectual product that is valued, objectified and identified (separated from the enterprise), held by an enterprise (entity) for profit [4].

M. Eskindarov believed that intellectual capital is a system of characteristics that determine a person's ability, that is, the quality of the workforce of an individual, a total employee of an enterprise, firms, corporations, countries that creates goods, services, an additional product for their reproduction on the basis of personified economic interest. each subject and their totality [6].

According to T. Stuart, intellectual capital is invisible assets, knowledge, basic competence, strategic assets, basic capabilities, intangible resources, organizational memory [12].

The most accurate definition that characterizes the concept of "intellectual capital" is the statement that intellectual capital is a generalized intangible asset, the set of mental achievements of the individual by which he can be separated from other individuals in order to gain a competitive advantage.

The composition of intangible assets under accounting provisions (standards) 8 "Intangible assets" is as follows:

Ø rights to use natural resources (right to use subsoil, other natural resources, geological and other environmental information, etc.);

Ø the right to use property;

Ø the right to commercial designations (trademarks rights, trade names);

Ø the right to industrial property (right to inventions, utility models, industrial designs, plant varieties, animal breeds, trade secrets, including know-how, protection against unfair competition, etc.);

Ø copyright and related rights (right to literary, artistic, musical works, computer programs, programs for electronic computers, compilation of data (databases), performance, phonograms, videograms, broadcasts (programs) of broadcasting organizations, etc.) );

Ø other intangible assets (right to pursue business, use economic and other privileges, etc.) [2].

The concept of intangible assets is closely related to intellectual property rights, the essence of which is disclosed in the Civil Code of Ukraine (CCU).

According to article 420 of the CCU, these objects include, in particular:

Ø literary and artistic works;

Ø computer programs;

Ø compilation of data (databases);

Ø implementation;

Ø phonograms, videograms, broadcasts (programs) of broadcasting organizations;

Ø scientific discoveries;

Ø inventions, useful models, industrial designs;

Ø arrangement of semiconductor products;

Ø rationalization proposals;

Ø plant varieties, animal breeds;

Ø commercial (trade name) names, trademarks, geographical indications; trade secrets [1].

So, as we see in the Civil Code of Ukraine there is no detailed classification of objects according to the categories to which they belong. The accounting for intangible assets in Ukraine is regulated at the state level. Accounting Standard 8 "Intangible Assets" was approved by the Ministry of Finance Order No. 242. dated 18.10.1999. However, the information is only a recommendation and therefore the specifics of individual accounting items are not always taken into account. Today, the continuous development of business activity and the unstable development of the market environment causes a problems of accounting for the presentation valuation of intangible assets. The study of this

problem requires special attention, because every enterprise during its activities, directly facing the property and special rights. The development of a system of measures to improve the accounting reporting of intangible assets is a top priority among the objectives in the conditions of formation of economy based on knowledge.

### **Outline of the main research**

Analysis of recent researches and publications. The issue of development of management of intangible assets, methods and organization of valuation of assets has been considered in the works of such scientists as: E. Brooking, A .S. Borodkin, S. F. Chairman, L. Edinson, Z. V. Zadorozhny, YK Krupki, MV Kuzelny, P. Kutsik, B. Lev, S. Legenchuk, N.M. Malyugi, A. Pilipenko, L. Pilipenko, M. Plekan, O. Sizonenko, H. Skop, E. Hendrickson, V. G. Shvets, S. Shulga, I. Yaremko and others. However, there are still many unresolved issues related to the definition, use, estimation and asset management activities of enterprises that require careful research and development of proposals for practical activities.

Thus, from the point of view of accounting, intellectual capital includes intangible assets that are recognized in the balance sheet (intellectual property) and knowledge which are not reflected in accounting - the knowledge of employees, their skills, organizational culture, etc. However, it should be noted that in the new information society, such components of intellectual capital are very important, so they cannot be ignored.

In the period of the initial formation of economic science, attention was focused on the material assets of the enterprise: cash, inventories, equipment, etc [11]. However, the twentieth century gave rise to a very different kind of asset - intangible. At that moment, enterprises began to have more valuable than tangible assets, which, if used correctly, can generate more profits than production and services. This problem is relevant, first of all, because the intellectual capital of the enterprise significantly influences the formation of value and in the future becomes an indicator of the efficiency of the business entity. Today, however, there are significant problems in measuring and evaluating intellectual capital in the accounting system of the enterprise. This can lead huge

difference of cost of the enterprise in an accounting valuation and market value as of the first (accounting) does not sufficiently take into account the concept of brand, authorship, name of the company. Therefore, the improvement of methodology of accounting of intellectual capital is a promising area of research [9].

At the present stage of development of the economy of information and intellectual direction is increasingly important. A few years ago the main direction of the largest-capitalization public companies focused in the field of oil and gas or engineering profile, but now the situation has changed radically. The priority enterprises have become those dealing with software and computer technology. The market became focused on the capitalization of the largely intangible, informational and intellectual than material factors.

Based on the information above, we can summarize that intellectual capital is the main component of capital for the smooth and effective operation of economic entities in modern informational and intellectual economy [13].

Intellectual capital performs the following functions:

1. reflects the ability of the company to produce the intellectual assets that are necessary for the implementation of activities in modern conditions of economic development;
2. describes the ability of the corporate governance system to achieve a full impact on dynamic conditions of supply and demand in the market through the optimization of various forms of assets and capital [13].

This type of capital cannot be separately allocated, distributed, transferred or otherwise segregated, because it is inseparable from the enterprise.

When an enterprise creates or acquires intellectual assets, it incurs such costs:

- Ø payment of funds to suppliers;
- Ø calculation and payment of employees' salaries, developing such intellectual assets;
- Ø payment of funds for the use spend material resources [13].

An important aspect of management of intangible assets of the enterprise is the selection of appropriate methods and analytical procedures for their conduct strategic diagnostics. With its help it

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is possible to determine the strategic directions, objectives, priorities, and to identify assets that generate competitive advantages for the enterprise, form the strengths and weaknesses in relation to each resource and identifieret strategic space organization and reveal strategic opportunities in the external environment.

At this stage it is advisable to:

Ø constant monitoring of the place and position of the enterprise market in the external environment;

Ø determine the direction of the formation of the goals and objectives of improving the management of;

Ø anticipate potential crises;

Ø propanoate measures to eliminate or mitigate their negative effects;

Ø justify the possibility of applying the identified strategic assets to achieve certain goals and strategies of the enterprise.

The are many complexities involved in the asset valuation process:

Ø internal sources of information are often incomplete and contradictory, so the information system may require additional diagnosis;

Ø external sources of information are ambiguous.

The valuation of intangible assets needs to be considered very carefully. Thus, if the intangible assets meet the goals and strategies of the company, their value increases significantly. Conversely, if they fail to meet the value of intangible assets will be considerably small, despite the amount of money spent. It becomes necessary to use a differentiated approach to determining the fair valuation of intangible assets given their nature, namely:

Ø first, searches for an active market with similar intangible assets, which is a prerequisite for the use of the market approach to the valuation of intangible assets;

Ø secondly, you may search for similar intangible assets in the balance sheet with the application of appropriate correction parameters;

Ø third, the selection of the most appropriate valuation method for intangible assets based on the income and cost approaches, by applying weighting factors to account for the significance of the asset;

Ø fourth, to the valuation of intangible assets can be applied to any approach that will ensure the reliability of the assessment. If none of the methods does not allow a reliable estimate of the value of intangible assets, it is necessary to use other atypical methods.

Intangible assets for both the company and the economy as a whole is one of the key resources for the development of innovation activities, they define competitive advantage and ensure survival in the market. Therefore, when evaluating the effectiveness of management of intangible assets, important is the determination value, which is generated intangible assets.

But not every intangible asset can be measured in financial statements. Practice of management of intangible assets and their evaluation from the position determining influence on the value creation of the organization is moving too slowly as a result of: existing contradictions in the regulations; insufficient skills and lack of motivation of staff, which is obliged to provide objective information about the value of the company; deliberate understating the value of the enterprise; the misunderstanding of the nature of the assets and factors that affect their value; the independence of the value of intangible assets from the quality of management, etc.

It is therefore recommended that, in order to overcome these deficiencies, tax incentives and fines should be applied where intangible assets are not recognized; programmes for the management of intangible assets should be developed and incorporated into educational processes; company owners should strengthen controls over the management of intangible assets; and legal firms should identify unaccounted intangible assets within the property complex of the enterprise; audit firms are encouraged to identify and report intangible assets in the audits of individual organizations.

Intellectual property valuation - the valuation, which is due to the potential effectiveness of an intangible asset, characterized by technological and industrial innovation.

The need for evaluation of intellectual property and intangible assets occurs under the following conditions:

Ø in the case of sale license;

Ø at the conclusion of contracts for the transfer of know-how;

Ø during the transfer of rights to objects of intellectual property into the authorized fund of enterprises;

Ø at the conclusion of contracts on joint activity;

Ø if you want to define losses due to unauthorized use of intellectual property under unfair competition;

Ø when you establish a reasonable market value of the enterprise for the purpose of sale of property;

Ø when obtaining loans secured;

Ø during the determination of the tax base;

Ø in property insurance;

Ø in determining the value of the participants' shares during the reorganization or liquidation of the company.

The main cost, which is considered in the valuation of intangible assets is market value. In international valuation standards market value is the amount calculated as at the valuation date, for which the intellectual property is exchanged between a buyer and a seller in a commercial transaction in which each party has acted competently, prudently and without compulsion. Market value is defined as the most probable price on the market on the valuation date. This is the maximum price that can be paid to the seller, and the minimum, which can offer the buyer. The appraiser analyzes real market transactions and compares the evaluated object to others which have similar consumer qualities.

The following types of cost in accordance with international standards, are:

Ø consumers cost;

Ø investments cost;

Ø cost of reproduction of the object;

Ø replacement cost;

Ø insurance cost;

Ø cost of tax purposes of property legal and physical persons;

Ø liquidation value;

Since intangible assets are heterogeneous in their composition, the nature of the use or operation in the production process and have different degrees of impact on the financial condition and results of operations of the company, to evaluate them it is impossible to use traditional approaches.

The main factors that determine the value of intellectual property is:

Ø legal (validity of the security document, its reliability, the volume of transferred rights);

Ø expendable (the cost of creation of object of legal protection, for the registration of rights and maintenance of security documents, marketing and advertising, insurance of risks related to intellectual property, to solve legal conflicts, the tax on operations related to the use of intellectual property, and inflation factor);

Ø profitable (expected royalties, and the expected economic effect from the use of intellectual property).

The first step in the assessment of an intangible asset is to determine the purpose of the evaluation and, depending on her kind of value that must be calculated. The next step is to choose the assessment methodology, namely the general approach and specific evaluation methods.

Choosing the valuation method, the appraiser should be guided by these main criteria:

Ø credibility: assessment methods must be credible, practical and theoretical;

Ø objectivity: the assessor should be guided by objective information;

Ø universality: reliability is enhanced if standard approaches are used for enterprises, industries and various types of intangible costs;

Ø cash costs: results of benefit assessment should be sufficient to justify the effort expended;

Ø consistency: methodologies are consistently applied during the assessment period, which will facilitate this process;

Ø reliability: the assessment should be reliable, such that other evaluators would be able to reproduce the results obtained using similar approaches;

Ø adequacy: assessment approaches should be user-friendly;

Ø practicality: the methods and parameters should be clear and relatively simple for practical application.

In accordance with the international valuation standards intangible assets generally use three main approaches;

Ø expendable;

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- Ø market;
- Ø profitable.

Each of these approaches involves the use of a number of methods, which give different values of cost of the evaluated object. Therefore, in the process of assessing the value of intangible assets subject to comparative analysis of the methods used, identifies their advantages and disadvantage.

When we conduct a valuation of intellectual assets on a cost-based basis, the value is significantly underestimated (assuming that such productive assets, not fictitious (toxic)). However, in the new information economy, the value is so determined that it does not correspond to the real value set by the market. The result is a huge gap between the book value of the firm and its market capitalization. Therefore, in the literature we meet a lot of criticism regarding the use of the cost method.

In Particular, N. M. Malyuga believes that this leads to:

- Ø undervaluation of property of the enterprise;
- Ø understatement of expenses of the enterprise in parts of intangible costs and depreciation entails an unjustified underestimation of costs and overestimation of profits;
- Ø the underestimation of costs entails a partial refund of the actual amount of current expenditures from the revenue of the enterprise [9].

In Ukraine today there is currently a problem with in harmonization of categories of equity from the point of view of financial management and accounting. A significant impact on the accounting of own capital has structure, which in turn affect organizational and legal form of the enterprise, form of ownership, size, purpose, activities and others. Organization of accounting in the enterprise should be aimed at reducing the complexity of the management of equity capital associated with continuous changes in the course of the economic entity's current operations. The weighting factor, which could provide a combination of management and organization, accounting is the resource that describes the knowledge, intellectual potential of the organization. It is the basis of intellectual capital. This notion is in economic theory,

appeared not so long ago, therefore, requires consideration and research [5].

So, one possibility accounting reflection of intellectual assets can be their evaluation with simultaneous recognition of liabilities carrying articles on the representation of intellectual capital.

With such methodology, the indicator of intellectual capital in the liabilities side of the balance sheet does not reflect the entire value of the property of intellectual forms and origin, but only the part that corresponds to the additionally created an intellectual value. Intellectual capital as a liability in the balance sheet is not a form of property or capital but the substance of origin of the capital value of the enterprise (fig. 1).

K.-E. Sweybi identifies 25 measures of intellectual capital grouped into 4 categories:

1. Direct Intellectual Capital Methods (DIC). This category includes all methods based on the identification and monetary valuation of individual assets or individual components of intellectual capital.
2. Market Capitalization Methods (MCM). The difference between the market capitalization of a company and the equity of its shareholders is calculated. The value obtained is treated as the value of its intellectual capital or intangible assets.
3. Return on Assets Methods (ROA). The ratio of the average pre-tax income of a company to the tangible assets of a company, the ROA company, is compared with that of the industry as a whole.
4. Scoring methods – Scorecard Methods (SC). Various components of intangible assets (intellectual capital) are identified, indicators and indices are generated and reported as points or as graphs [3, p. 5].

For a more detailed understanding of the essence of the concept of “intellectual capital” it is necessary to pay attention to changes among tangible and intangible assets, namely:

- 1) Fewer and fewer companies are dealing primarily with physical assets. However, most companies are service providers.
- 2) Among the production factors there are noticeable changes, as evidenced by the increasing number of intangible (i.e. intellectual) elements [3, p. 5].

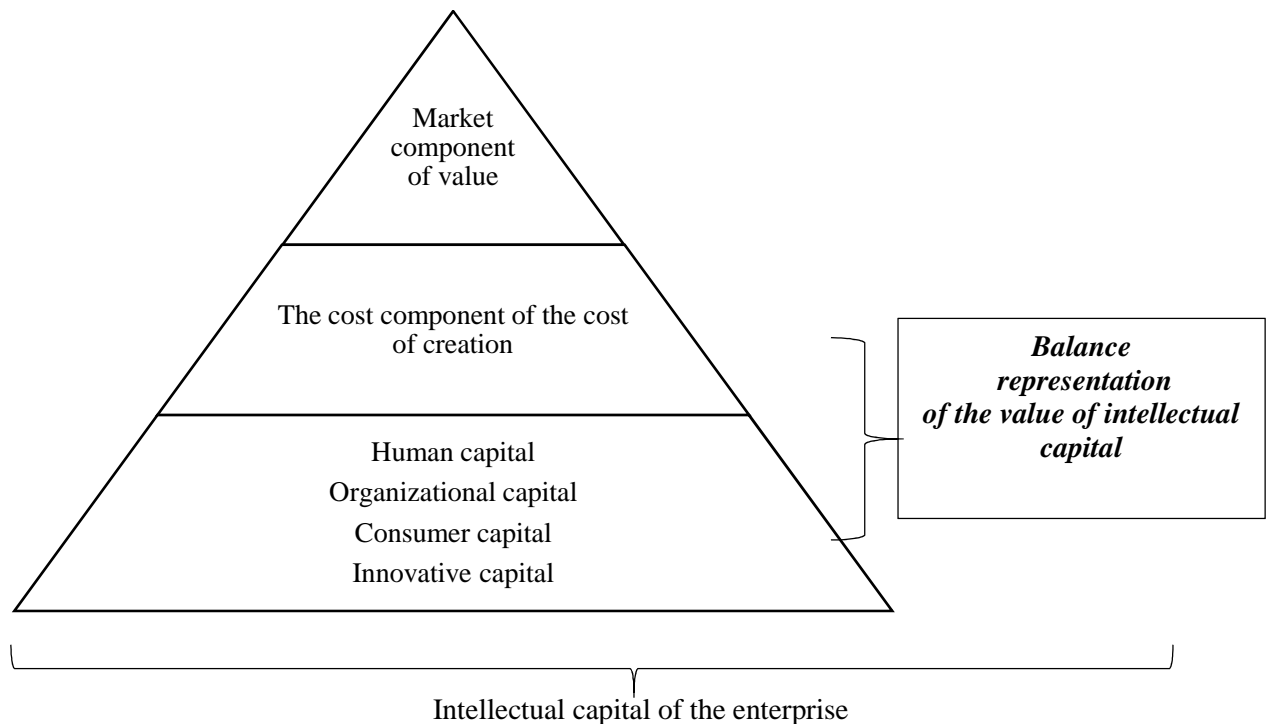


Fig. 1. Balance representation of the intellectual capital of companies

Understanding the essence and role of the intellectual capital of an enterprise in reproduction processes should be the basis for the formation of a new paradigm for the management of domestic entities – knowledge management. Its importance derives from the practice of many thriving companies in the world: experts estimate that, on average, 80 per cent of their market value is derived from intangible assets and corporate knowledge, while 95 per cent of the exchange value of high-tech organizations is derived from intangible assets [8].

You should take a little focus on assets that have a “higher index of intellectual capital”. There are several reasons why we should focus on the process. The growing value of the company – in most cases – does not mean that the total book value of assets is also growing with the same rhythm, but the proportion of the total book value of assets in the value of the company becomes smaller as the value of the company grows [3, p. 8].

The market value of a company consists of:

- Human capital (value associated with external structure)
- Organizational capital (value associated with internal structure)

- Consumer capital: knowledge and competence of employees (value associated with employees) [3, p. 8].

At the present stage of the development of market relations, special attention is paid to consumer capital. This interest is due to the rapidly growing demand between the user and the consumer. The search for new ways of interacting with clients leads to necessary researching their needs, improving the possibilities of support and expanding the scope of services. Marketing studies conducted in this direction show that buyers, in addition to choosing the technical characteristics of a good, focus on the level of service during the purchase. That is why interaction with the client becomes an important element when such relations are converted into monetary expression of intellectual capital.

Having analysed the above, it can be concluded that intellectual capital groups concretizes intangible assets that enable the enterprise to become competitive and obtain further economic benefits. Such changes create additional costs. So intellectual capital has quite a powerful influence on the value of a company and therefore becomes one of the main benchmarks for improvement investment decisions of external users.

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Human capital includes relations with the customer, suppliers and other relations. It also provides advice about the importance of public relations and the image of the company (and its products). These elements may constitute a significant portion of the value of the company. Sometimes, elements such as patents are allowed in the company's accounting records.

Organizational capital includes standardized and configured processes, information and administration systems / systems and company reputation. These elements differentiate the nature of such organizations and allow the organizations to be unique and operate in their own way.

Consumer capital refers to the capacity of workers to create tangible or intangible assets and properties. These elements are strongly

related to the workforce of the company. That is why they can be defined as knowledge capital or intellectual capital. Based on womenevery factors, the balance sheet, which describes the capital of the company should be extended to these new elements [3, p. 9].

Given that today is used in enterprise activity are much broader in number than displayed in the system buhgalterskogo the treatment of intangible assets proposed to extend them on the basis of the use described above, the classification of intellectual capital of enterprise. In addition, to take into account specific properties intangible assets as objects of accounting proposed to allocate the intangible liabilities and intangible capital in the structure of the liabilities side of the balance. The advanced balance are given in Table. 1.

*Table 1*

**Structure of expanded balance sheet**

<b>Assets</b>	<b>Liabilities</b>	
Current financial and tangible assets	Shareholders' equity	} <i>Material and financial component of the balance</i>
Non-current financial and tangible assets	Short-term liabilities	
Other assets	Long-term liabilities	
<b><i>External intellectual assets</i></b>	<b><i>Intangible liabilities</i></b>	} <i>Intangible component of the balance</i>
<b><i>Internal intellectual assets</i></b>	<b><i>Intangible capital</i></b>	
<b><i>Human assets</i></b>		

However, for some elements of intellectual capital (intellectual assets), such as customer commitment, brand reputations, it is not certain whether they belong juridical person. In such a case, there is a problem of its being reflected in the accounting system, i.e., the impossibility of controlling such an asset.

Second, some elements of intellectual capital in the balance sheet represent the amount invested by the enterprise in intellectual activity. There is a problem in valuing the value of the investment, because intellectual investments do not always yield instant returns, so the balance sheet condition is broken: the mismatch of the asset and the liability [7].

Third, the use of a separate reporting form can also cause some inconvenience: there is a high probability of imbalance and the risk of double-counting in the financial statements of an

enterprise, since the share of intellectual capital can be described as "Intangible assets" [7].

Each enterprise has the right to revalue intangible assets at fair value for which there is an active market. In the case of revaluation of one intangible asset, all other intangible assets of that group should be revalued. Where an enterprise has revalued the intangible assets of a certain group, the revaluation should be carried out annually thereafter.

The amount of the estimate of the residual value of an intangible asset shall be recorded as additional capital by:

- 1) Dt 12 "Intangible Assets"; Kt 423 "Valuation of Assets" – Value of the Carrying Value of Intangible Assets;
- 2) Dt 423 "Valuation of Assets"; Kt 133 "Depreciation of Intangible Assets" – on the sum of the valuation of depreciation of intangible assets.



The amount of depreciation is recorded as an expense of the reporting period:

1) Dt 133 “Depreciation of intangible assets”; Kt 12 “Intangible assets”.

The difference between the book value and the depreciated value:

1) Dt 975 “Sales of non-negotiable assets and financial investments”; Kt 12 “Intangible assets”.

The use of intangible assets expenses arise from the reduction of their utility, they are included in the expenses of the reporting period, with the increase in the balance sheet the amount of depreciation of intangible assets, record:

1) Dt 975 “Valuation of non-negotiable assets and financial investments”; Kt 133 “Depreciation of intangible assets”.

At the same time, from the economic point of view, the increase in the value of intellectual assets should not be counted as an estimate, but as an example of the growth of the intangible capital of an enterprise, we propose that “intangible capital” be recorded in Account 426. Since some intellectual assets have a value that does not already correspond to the market value at the time of their creation, it is also proposed that the difference should be included in the intangible capital of the enterprise through Dt 154 “Acquisition (creation) of intangible assets” Kt 426 “intangible capital”.

With respect to intellectual assets in their broad sense, intangible liabilities may also arise, relationships that may have a significant negative impact on the business reputation or on the creation of the long-term value of the enterprise. It is recorded on 56 account “Long-term intangible liabilities” and 686 “Settlement of current intangible liabilities”. Because of the rapid growth in demand for intellectual property, contracts for its use are increasingly being concluded, and it is proposed that payments under such contracts be made through the holding of Dt 56 “Long-term Intangible Commitments” Kt 311 “Current accounts in national currency”.

Thus, the intellectual capital of an enterprise has several constituent elements and its formation and size is influenced by a sufficiently large group of heterogeneous factors. In the world’s largest companies, the share of intellectual capital

occupies more than half, and the value of the company increases sufficiently, as the share of intellectual capital increases. Intellectual capital will soon become the main criterion for evaluating companies and organizations, as it is the only one capable of reflecting the dynamics of organizational. Only it is capable of measuring modern production, changing so quickly that its value can be judged only by the talent of its employees, their dedication and quality tools that they.

In order to be reflected intellectual capital in the accounting system, the notion of intangible assets should be expanded to the level of intellectual resources and also to take account of its specific features to supplement balance sheet liability item by concepts of “Intangible capital” and “Intangible liabilities”.

### **Conclusions**

In the present economic environment, the role of intangible assets in the functioning of enterprises is being significantly increased and these assets are being transformed into a significant factor affecting the market value of the enterprise and its competitiveness in the market, creating new value in the form of technological, product and management innovation. Those assets contributes to development enterprise and requires effective governance.

It is proposed to develop and value intellectual assets at the current stage of doing business on the basis of the concept of preserving intellectual potential. According to this conceptual framework, it is recommended that the accounting treatment and disclosure of intellectual potential be addressed by the recognition of intellectual assets in an asset and intellectual capital in a liability. Such a change would improve the level of disclosure of intellectual capital in the balance sheets of companies and equity holders.

The need to prepare and present financial statements arises from the fact that users of financial statements require systematic information on the activities of the enterprise. These data can better assess the economic condition of a business. Studies show that, on average, 75 per cent of the value of the company is not described in its balance sheet. That is why

the issue of an expanded balance sheet is a topical one that requires full implementation.

It is recommended that non-cash replenishment of intangible capital be carried out by correspondence Dt 311 “Current accounts in national currency” Kt 426 “Intangible capital”. It is proposed to make the next payment under the contract in part of the financial expenses by carrying out Dt 952 “Other financial expenses” Kt 56 “Long-term intangible obligations”. The acquisition of an intangible (intellectual) asset is recommended by entering Dt 154 “Acquisition (creation) of intangible assets” Kt 686 “Settlement of current intangible liabilities”.

Thus, it remains relevant topic to solve the problems of measurement, valuation of intellectual capital in the accounting system of enterprises. The choice and justification of valuation methods for intangible assets for accounting purposes is an important methodological issue.

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