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**INTANGIBLE ASSETS AS A CONTRIBUTION TO THE SHARE
CAPITAL OF ENTERPRISE, IT'S REFLECTION AND
ACCOUNTING**

The content of the concept of an intangible asset, investigated the issue of forming the share capital through contributions intangible assets and peculiarities of accounting usage rights.

Keywords: *intangible assets and intellectual capital, accounting, share capital, the right use of intellectual property.*

Formulation of the problem. The transformation of post-industrial society in a knowledge society involves the creation of an innovative model, the main component of which is the intellectual capital which forms the intangible assets.

The growth of the competitiveness of enterprises involves effective use of intangible assets, share of which in the structure of assets of businesses is growing. According to data of the State Department of Intellectual Property, as of 01/09/2012, only to Intellectual Property Objects 361,874 security documents are registered. The presence of intangible assets in the enterprise resource increases the market value of firms, raises investment attractiveness and protects their rights[9].

Methodological Foundations of the accounting information on intangible assets and disclosures in the financial statements set in the National regulations (standards) of accounting 8 "Intangible Assets." According to these provisions, intangible assets - a non-monetary asset that has no physical form, can be identified and held now to use more than one year (or one operating cycle, if it exceeds one year) for the production, trade, administrative purposes or lease to others[5].

Point 115 of the Civil Code of Ukraine shows that only full contribution to the share capital is property [7]. One of such contributions is the intangibles that are reflected by usage rights. Traditional accounting practice of intangible assets as contributions to the share capital implies issue of identifying of contributions, its documenting, evaluating and recording, similar to tangible asset, which in the process of its use loses its value and transfers parts of its value to the manufactured product. Therefore, intangible assets are accounted by the same rules as the material, depreciation and write-offs are applied to this. At the same time, some intangible assets (commercial (company) names, trademarks) in transactions on disposals may continue to be used in the enterprise or can often make the process of retirement from the company, while continuing to bring economic benefits. At the same time, some intangible assets (commercial (company) names, trademarks) in transactions on disposals may continue to be used in the enterprise or can often make the process of disposal from the company, while continuing to bring economic benefits.

All this raises many questions and contradictions that need to be resolved since objects of the structure of intangible assets, reflection of the contribution to individual assets, finishing the order of their valuation and accounting, both at inception and during functioning of the enterprise (depreciation, asset disposal).

Analysis of recent research and publications. Over the past decades intellectual capital (further - IR) was the subject of many works of foreign scholars, we note only their small cohort: N. Bontis, E. Brooking, T. Davenport, P. Drucker, L. Edvinsson, H. Itami, M. Malone, B. Lev, I. Nonaka, L. Prusak, P. Salivan, K.-E. Sveiby, T. Stewart, H. Tekeuchi, A. Kozyrev, B. Leontiev, I. Prosvirina. A significant contribution to the development of the science of intangible assets was made by Ukrainian scientists D. Bogynia, O. Butnik-Siversky, V. Geets, O. Grishnova, O. Kendyuhov, A. Colot, J. Krupka, A. Chukhno and others. Critical analysis of existing theoretical and methodological bases and practical multiplicity of accounting of this kind of assets contained in the works of these authors, gives grounds for the further development of the methodology and accounting practices of intangible assets.

Objective of the article - research of components of property rights to use and process of forming the share capital of the enterprise by intangible assets, the peculiarities of their valuation and accounting in business partnerships of various forms of management.

Exposition of basic material. Share capital - that is registered in accordance with the law and fixed in constituent documents the cash equivalent of property or directly funds that should be transferred to the company in the property (complete management, operational management) of the form of contributions to provide its economic activities and as payment by its participants for received by them property rights.

On the basis of Article 13 of the Law on Business Entities, Article 86 of the Commercial Code of Ukraine and Article 11 of the Joint Stock Company Law, the following types of deposits that can fill the share capital (further – SC) are determined:

- Things: movable property: equipment, raw materials, products, animals, vehicles, appliances, furniture and other tangible assets that can be moved freely in space; real estate: houses, apartments, buildings, land and other facilities located on land whose movement is impossible without their impairment and changes of their destination; money: national, foreign currency; securities: stocks, bonds, savings, investment certificates, etc.;

- Property rights: corporate rights: a set of property and non-property rights arising from ownership share of the SC of another entity (if the participant submits to the SC of partnership share (part of it), which he owns in SC of other business entity, as a result, in the latter there is a change of participants. Other words one person is replaced by another); the right to use buildings, structures, facilities, vehicles, natural resources; right for intellectual property rights: property rights for trademarks and service (brands) for inventions and utility models, computer software, and other items as required by law; obligation rights: the right to claim participant to another entity (because this contribution varies creditor in the obligation, i.e. instead of the participant, who contributed into SC right to require, the lender becomes the business entity to which the right to require was transferred) [1,2].

Contribution to SC of business partnership, according to Article 115 of the Civil Code of Ukraine may be alienated property and other rights having monetary

value, unless otherwise provided by law. By the Article 424 of the Civil Code of Ukraine it is also determined that the contribution to the SC of legal entity is intellectual property rights [7].

Referring to the main codes (Article 115 of the Civil Code of Ukraine, Article 86 of the Commercial Code of Ukraine), we find that in particular the right to use land, water and other natural resources, buildings, structures, and property and other rights alienated (including property rights to intellectual property) can serve as the contributions of participants and founders.

If to generalize listed above standards, it becomes clear that as the contribution in the form of intangible assets it can be of three groups of rights:

1. Rights to use natural resources particularly land and water.
2. Rights to use basic means, such as buildings, vehicles, equipment, etc.
3. Rights to use property rights to objects of intellectual property, for example, the right to use the trademark (trademark for goods and services), computer software, databases, etc.

The most popular intangible assets that can be contributed to SC of legal entity are objects of intellectual property: inventions, utility models, industrial designs and trademarks.

For transmission, as a contribution to SC of business entity and for reflection in the balance sheet intangible assets must meet certain conditions: there is a possibility of obtaining future economic benefits associated with its use, and its cost can be reliably measured. And they must meet the criteria of turnover ability: exclusivity, utility, alienated, the possibility of their monetary value, investment attraction.

How to make a contribution by intangible assets. To the Limited Liability Company (further – LLC), to the Added Liability Company (further – ALC) type of contribution should be provided for by the share (Articles 51, 65 of the Law on Business Entities). Full and Commandite Companies note the type of deposit in the founding treaty, which for them is the founding document (Articles 67, 76 of the Law on Business Entities). Joint Stock Company notes property by which shares will be paid, in a decision on establishing or founding treaty, in a case of its conclusion. Since, it is for the company as for the LLC and SLC, not the founding document, but members (founders) have the right to conclude to resolve all issues regarding the creation of companies. If in the constituent documents (decisions) they suggest the type and amount of contribution so there still need to be papers, which will certify the fact of transferring of contribution. What kind of paper it will be - depends on the contribution [1].

One type of intangible asset is the right to use property. Specificity is that usually the right to use the property is transferred as defined by individual characteristics and is an indispensable. For example, building, construction, vehicles. Therefore, it is necessary to define the term, means the use of property, the terms of the consequences of his improvement, etc., and the most important is the manner and order replacement contribution, if a participant decides to take it earlier. All of that should be fixed in the constituent document.

Concerning the right of intellectual property, it is important to realize that the contribution is not acting thing as a material object but property rights to the object, such as a trade mark for goods and services in a computer program. It is the ownership of the property rights what allows companies in every way to use the object of intellectual property. And the transferring of property rights can be issued

only by the contract (Article 1107 of the Civil Code of Ukraine). Thus, in the constituent document it must be written that the contribution is transferred by a contract for the transfer (assignment) of property rights. In addition, it is important to remember that the property rights to the majority of objects are certified by certain security documents. For example, property rights to the trademark for goods and services (trade mark) is certified in the certificate (Article 495 of the Civil Code of Ukraine), and the right to industrial property (inventions, utility models, industrial designs) - the relevant patents. These security documents shall clearly set term, which should be continued. Exception - property rights of copyright arising from the creation of the work and the fact that their appearance does not require special registration (Article 11 of the Copyright Law).

Evaluation of contribution. Intangible assets are credited to the balance sheet by the primary cost. If an intangible asset obtained as a result of contribution to the share capital or received donated, the cost is the fair value of an intangible asset. For most business entities of private form of ownership monetary evaluation of contribution is made by the consent of its participants (Article 13 of the Law on Business Entities). In particular, this applies to LLC, ALC, Full and Commandite Companies. To this plead should also be included private companies.

The wording "by consent" means that the price of contribution may be agreed between the parties and recorded in the decision on creation of company and in the act by which it is transferred to the SC. Alternatively, participants can make a separate appraisal of property that is contributed to the SC. When negotiating price the parties may (but are not obliged) to focus on market prices for similar assets on its book value in entity's participants.

An independent appraisal of property, which is included in the payment for the shares, is required by founders of the company. In particular, the price of such property must correspond to its market value (Article 11 of the Law on Joint-Stock Companies (further JSC)). And it is determined on the basis of an independent evaluation conducted in accordance with the legislation on the evaluation of property, property rights and professional activities (Article 8 of the Law on JSC). The decision to involve the appraiser in the process of creation of the company is taken by meetings of founders or a founder if the company is created by one person. In the existing companies this decision is adopted by supervisory board (Article 8 of the Law on JSC). Other obligatory cases of an independent evaluation (property rights) prescribed by the Article 7 of the Law on Evaluation [3].

Accounting of contributions. In tax accounting according to the Point 146.8 Article 146 of the Tax Code of Ukraine initial value of the object, which is contributed to the SC of the company, is recognized in accordance with its value agreed with the founders of enterprise but not higher than regular prices. Such intangible assets according to the Points 146.17.2, 146.17 of the Article 146 of the Tax Code of Ukraine *are equal to the acquisition of fixed assets*. Operation on the contribution of property to SC in accordance with Points 14.1.90, 14.1 of the Article 14 of the Tax Code of Ukraine is a direct investment, which according to Points 136.1.3, 136.1 of the Article 136 of the Tax Code of Ukraine is not included in income to determine the object of the income tax.

According to the Points 198.1 "b", 198.1 of the Article 198 of the Tax Code of Ukraine taxpayer has the right to attribute to the tax credit account for the amount of Value Added Tax on the asset as a contribution to the SC. It should be noted that the form of VAT credit is only entitled to a taxpayer registered as a VAT

payer on the date of such transaction. The taxpayer who is not registered as a VAT payer, for the amount of VAT increases initial cost of the object of fixed asset [8].

Accounting of contributions to SC by usage rights can be in the form of services and use of property. This refers to the use of a purely object in the economic activity of the issuer of corporate rights. This resource does not promise future economic benefits, and therefore is not really an intangible asset, but only leased property that does not affect the share capital.

The second option, when the owners of the right to use, give the recipient (the issuer) powers not only use the property with their own economic purposes, but also with the right to hold and dispose of - the transfer of such rights to third parties (on its own behalf to take the premises or car rental, enter into licensing agreements for use of the trademark, etc.) receive income from this. In this case, we deal exactly with intangible assets, which are confirmed by the Point 14.1.120 of the Tax Code of Ukraine where intangible assets are regarded as "... the right to use property and property rights ..." and Article 427 of the Civil Code of Ukraine where it is clearly seen that the property rights to intellectual property rights are set right to own, use and dispose of this object.

Accounting of contributions to the share capital by intangible assets such as the rights to use property and objects of intellectual property is shown in the Table 1.

Conclusions.

Category of intangible assets requires further deep and extensive research, as they have become one of the critical accounting objects of national enterprises.

Practice shows that any intellectual property created and used in the company is a hidden economic reserve, which is the ability to increase the value and competitiveness of the company.

Contribution to the share capital of a business partnership can only be alienated intellectual property rights having monetary value, unless otherwise provided by law.

To transfer as a contribution to the share capital of the business entity and to reflect in the balance sheet, intangible assets must meet certain conditions, be properly evaluated and documented.

Accounting of contributions to the share capital by usage rights can be in the form of services of property usage, and directly in the form of an intangible asset for which the user is entitled as owner.

Table 1. Accounting of the process of forming share capital by intangible assets

Nr.	Contents of business operations	Accounting		Sum, UAH
		Debit	Credit	
Contributions by intangible assets (exchange of corporate rights to an intangible asset)				
In the issuer of corporate rights - recipient of an intangible asset				
1	Registered issuance of shares	461	401	150000
2	Founder "A" contributed intangible assets (rights to use property) to SC (compiled official report on providing property for use)	154	461	10000

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3	Founder "B" contributed intangible assets (exclusive rights to the trademark) to share capital (compiled official report on providing property for use)	123/1*	461	5000
4	Displaying a tax credit of VAT (if the investor and the issuer are taxpayers and if there is a tax bill)	641	461	2000
5	Displaying a tax credit of VAT (if the investor and the issuer are taxpayers and if there is a tax bill)	641	461	1000
6	Recognized intangible asset at the fair value	122/1	154	10000
7	Introduced intangible asset (a right to trademark) into the economic turnover	123/2*	123/1*	5000
In the investor - resident of Ukraine				
1	Submitted right to use property as a contribution to share capital	377	746	12000
2	Submitted intellectual property rights as a contribution to the share capital	377	746	6000
3	Accrued tax liabilities	746	641	2000
4	Accrued tax liabilities	746	641	1000
5	Received corporate rights	143	377	12000
6	Received corporate rights	143	377	6000

*123/1 " Rights to commercial designations (not entering into the economic turnover)";

*123/2 " Rights to commercial designations (entering into the economic turnover)".

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