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THEORETICAL ASPECTS REGARDING THE INTANGIBLE ASSETS

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Abstract *Identifying an intangible asset requires a set of cumulative conditions that must be met with, such as: to generate future economic benefits for the society that could be transferred to that particular asset, and its cost, be correctly evaluated.*

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1. Introduction

Definition of intangible assets

According to IAS 38[1], an intangible asset is an active non-monetary identifiable asset, without material support, meant to produce⁄ or supply goods or services, for a location to third parties or other administrative purposes, subject to compliance with the conditions required by general framework for assets. Defining an intangible asset shall be considering the following cumulative conditions that must be satisfied: to generate future economic benefits for the company, which may be subsequently assigned to it and its cost to be correctly assessed[2].

It is common for a company to spend resources or to make debts for the purchase, development, maintenance or improvement of intangible resources such as scientific or technical knowledge, the development and implementation of new processes or systems, licenses, intellectual property, awareness of market trends and trade marks (including the brand names and titles of publication). Current examples of intangible items that fall within these headings are programs, patents, the rights of service for lending mortgage loans, the fishing licenses, import quotas, exemptions, relations with customers or suppliers, customer loyalty, market shares and the rights of the allocation.

Not all of the components described above are consistent with defining intangible fixed-assets, which involves an identifiable character, control of an existing resources and future economic advantages. If a component involved in this rule does not meet the definition of intangible assets, expenditure incurred for the purchase or its internal production are accounted for in the profit and loss account (expenses). However, if the item is purchased by a group of enterprises which constitute a purchase, then it is part of a goodwill booked at the date of acquisition.

Identifiable character of an intangible fixed-asset

The definition of intangible non-current assets requires that the vehicle has been parked to be identifiable, to clearly distinguish it from goodwill. The goodwill resulting from a group of enterprises which constitutes an acquisition represents a payment made by the buyer, pending future economic advantages. These future economic benefits may be derived from synergy between identifiable assets acquired or from the assets which, taken in isolation, do not meet the conditions required to be recorded in the financial statements, but for which the buyer is willing to pay, on the occasion of purchase.

An intangible asset can be distinguished clearly from goodwill, if it is separable. An intangible fixed asset can be taken separated, if enterprises are allowed to take out a lease, to sell, to change or to distribute specific future economic benefits attributed to it, without separating itself, also, from the future economic benefits arising from other assets used in the same revenue-generating activity.

The separable feature is not a necessary condition of the identifiable one, in so far as the enterprise may itself have to identify an asset, in a different way. If, for example, an intangible fixed asset is acquired by a group of assets, the transaction may not involve transfer of rights that allow a business to identify the intangible fixed asset.. Also, if an internal project aimed at creating rights for enterprise, these rights may help her to identify an intangible fixed asset, generated within the unit. In addition, even if an asset does not generate future advantages, only if it is used in conjunctive mode with other assets, it is identifiable in so far as the enterprise may identify future economic benefits of that particular asset.

Control of the intangible non-current assets

An enterprise controls an asset, if the first one has power to obtain future economic benefits arising from the resource involved and if sit can also restrict third party's access to these benefits. The ability of an enterprise to control future economic benefits of intangible results, normally, in the rights which the company can get them in a Court of First Instance. In the absence of rights, to demonstrate control is more difficult. However, the fact to obtain, from a legal point of view, a right does not constitute a condition necessary to control, to the extent that an enterprise may be itself able to control future economic benefits, in a different way.

The awareness of the market trends and the technical knowledge may generate future economic benefits. An enterprise controls these benefits if, for example, its knowledge are legally protected, for example, against copyright, restrictions in trade agreements (when this fact is authorized) or the means of a legal obligation of the staff members to maintain your privacy. However, as a general rule, the control of the future economic benefits expected from a team of qualified persons, as well as from an effort of having it, is not sufficient to consider that these items meet the definition of an intangible fixed asset.

Future economic benefits of intangible non-current assets

The future economic benefits resulting from intangible non-current assets may include incomes arising from the sale of goods or services, cost savings or other benefits arising from the use of the underlying asset by the undertaking. For example, use of an intellectual property in the context of a production process may reduce rather future size production costs instead of increasing future revenues.

IAS 38 does not allow that products, trademarks, licenses, titles of publications, lists of customers and other similar economic categories, resulted from own resources, shall be booked at intangible assets.

IAS 38 provides that all expenses on research shall be recognized as expenditure incurred, when they are carried out. Other expenses which will not give rise to a intangible asset which can be recognized in the financial statements shall be:

-expenses for setting up a new field of economic activity or a particular business;

-expenses for specializations;

-expenses for advertising;

-expenses for demoting or reorganizing a part of entire company.

The expenses for these elements are accepted as payment done.

2. Presentation of the main categories of intangible assets

Intangible non-current assets or 'non-material' non-current assets:

- set-up costs;
- research and development costs;
- concessions, patents, licenses, trademarks and other similar rights and assets;
- goodwill;
- other intangible non-current assets.

Set up costs

Set-up costs, also known as the 'founding' costs, shall include the costs arising for the creation, development and merging companies, such as those relating to fees and other expenses of the registration, expenses on the issue and sale of shares, expenses of market analysis and advertising. All these expenses are subject to depreciation over a maximum of five years.

Research and development costs

Development costs include economic resources allocated for new technologies, new products, and effective and efficient investments in relation to the future activity of the company. These costs are amortized, as a general rule, in a maximum of five years.

Concessions, patents, licenses, trademarks and other similar rights

Concessions, patents, licenses, trademarks and other similar rights shall include all expenditure incurred for the acquisition of the rights of exploitation of a good, activity or service, as well as for concessions, a patent, a license, a trademark factory and other similar rights of intellectual and industrial property.

Concession. Economic activities, public services, the production units of the national state companies and the estates owned by the State may be subject to concession. Concession shall be carried out on the basis of concession contract, in which a party (give away) transmits parts (to the lessee) for a cost-effective administration on a determined, in exchange for a fee, an economic activity, a public service, a productive or a plot of land owned by the state. It shall be granted on the basis of public tender and provided that concession to ensure a fixed-income annually, at least equal to the average net profits from the operation in the last five years of the object of concession or some similar items.

Superficia has the right of ownership of a person on the construction on which built it on someone else's land together with her actual use, of the land on which amounted construction. Such a right acquired by an economic operator *shall be considered intangible non-current asset and shall be subject to depreciation.*

Usufruct is the right of an operator of a thing (good or value) which belongs to another person and the benefit of Intellect object in question. On cessation of such entitlement, the good or the value shall be released to the owner. The economic agent makes the acquired usufruct subject to depreciation.

Patents are official documents that certify the quality of an inventor and create special financial effects. They can be *part of the social capital either through acquisition or other* ways.

Licenses are bonds in which the holder of an invention shall grant any other natural or legal persons, including the State, the right to exploit the invention for economic interest. *There shall be acquired, in general, by acquisition.*

Know-how stands for technical knowledge and technological procedures that are not subject to any patent, but belong to those who created and can be traded. They can be acquired either by being included in the social capital or purchased.

Trademarks are certificates of origin of some companies consisting of words, letters, numbers, graphs, that sets its products or services. They can be valued either by being included in the social capital or sold.

Trademarks confirm that a particular good is marketed by a certain company which guarantees the quality of a buyer. They are sent to other units, as a rule, through their sale by the assets held by it. All these expenses are depreciated over time as long as the company purchased the right to exploit or use such non-current assets.

Goodwill

Goodwill represents expenditure incurred for maintaining or developing the potential activity of the company. Example: customers, commercial goodwill, business, market segments, etc. also include the amounts paid in case of the takeover of commercial undertakings representing goodwill, certain trading, etc. as a general rule, goodwill does not depreciate. If there is depreciation irreversible, then it can be amortized.

Other intangible assets

Other intangible assets are made up of computer programs created within the facility patrimonial or purchased from third parties, for the manufacturer's own needs, as well as other intangible assets, valued at production cost, or in the cost of purchasing. In accordance with the provisions of Law no. 15/1994 in the sphere of intangibles distinct position is listed as "the expenditure with the discovery of reserves of minerals useful, PSM) in non-current assets, deposits placed in service". Also, unlike the PCG, they are not part of set-up costs, those on the issue and sale of the bond.

3. Documents used in accounting for intangible non-current assets

According to the nature of the operations regarding the existence movement and depreciation of the intangible non-current assets, the ways of commission and decommission, there are drawn up specific documents that may group in three categories:

- documents regarding the commission and decommission of the intangible non-current assets;
- documents assigning their depreciation;
- documents regarding the disposal of the intangible non-current assets;

Depending on the nature of operations that are involved to publicize the existence, movement and non-current assets depreciation, the routes of entry and exit from legacy, specific documents shall be drawn up, Which can be grouped into three categories:

- documents relating to the entry in the patrimony of intangible assets;
- documents to record impairment;
- documents for the exit of intangible assets management

1) Documents regarding acceptance of intangible non-current assets

a) sell: buy and sell contract
- invoice;
- receipt;
- acceptance report

b) equity in kind from associates
- company statue;
- technical expertise;
- statement of subscription;

c) concession, commercial leasing, rent:
- contract of concession, commercial leasing, rent;
- technical specifications for concession;

d) own production:
- acceptance report;
- projects and quotations for research, studies, different works;
- acceptance reports;
- documents certifying the consumption of material values;

e) donations:
- acceptance report;
f) inventory surplus:
- inventory report;
- documents of evidence of material values consumption.

2) Documents regarding the depreciation of intangible assets:
a) irreversible depreciations (amortization):
- plan of amortization;
- statement of amortization;
b) reversible depreciations (provisions): - minutes of inventory and assessments;

3) Documents related to intangible non-current assets decommission
a) sale:
- invoice;
- receipt;
- buy- sell contract;
b) concession:
- contract of concession;
c) withdrawn by the associated members:
- application for approved withdraw from the general assembly;
d) transformation of current assets into intangible non-current assets as a result of termination and reception:
- minutes of reception.

4. Conclusions

This paper challenges both the perception that accounting ignores the value of intangible assets and the prescribed remedy of booking intangible assets to the balance sheet. The paper explains how rich accounting can be, even with the omission of intangible assets from the balance sheet. The reason is that there is also an income statement that remedies deficiencies in the balance sheet.

The paper aims not to discourage research into accounting for intangible assets, but to put it in perspective. As with any accounting research, the researcher needs to start with an understanding of how accounting works to indicate value, and focus on the balance sheet alone is misconceived. The issue of capitalization and amortization of expenditures on intangible assets is very much alive, but developing amortization schedules that improve rather than damage earnings is a challenge.

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[1]Intangible non-current assets accounting IAS 38 replaces IAS 4 ”Amortization accounting”, regarding intangible non-current assets amortization and IAS 9 ”Research and development costs”

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