



VÝROBNÁ ZNAČKA AKO AKTÍVUM V MEDZINÁRODNOM OBCHODE

TRADEMARK AS AN ASSET IN INTERNATIONAL BUSINESS

Liubov Lukianenko¹, Viktoria Shelest²

Článok sa zaoberá významom predmetov duševného vlastníctva ako ziskových podnikateľských aktív. Posudzujú a špecifikujú sa podmienky rozpoznávania predmetov duševného vlastníctva (najmä výrobných značiek) ako nehmotného majetku a mechanizmus ich hodnotenia. Príspevok skúma podstatu výrobných značiek ako predmetu účtovníctva a duševného vlastníctva. Venuje sa aktivitám právnických osôb, ktorí žiadajú registráciu práv výrobných značiek na Ukrajine a vo svete. Predstavuje sa úloha nehmotného majetku, najmä výrobných značiek, s cieľom zabezpečiť konkurenčné fungovanie a rozvoj podnikov. Odôvodňuje sa aj potreba správy nehmotného majetku. Analyzujú sa organizačné a metodické prístupy k analytickému a syntetickému účtovníctvu s nehmotným majetkom s prihliadnutím na aspekty ich prijímania a využitia.

Kľúčové slová: nehmotné aktíva, výrobná značka, hodnotenie nehmotných aktív, správa nehmotných aktív

Paper deals with the significance of intellectual property objects as a profitable business asset. Conditions of recognition of intellectual property objects (in particular trademarks) as intangible assets and the mechanism of their evaluation are considered and specified. Paper investigates the essence of the trademark as an object of accounting and intellectual property as well. Analysis on the activity of the applicants concerning the registration of trademark rights in Ukraine and internationally are also conducted. The role of intangible assets, in particular trademarks, is disclosed to ensure the competitive functioning and development of enterprises. The necessity of management of intangible assets is substantiated. Organizational and methodical approaches to analytical and synthetic accounting of operations

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with intangible assets are analyzed, taking into account the aspects of their reception and usage.

Key words: intangible asset, trademark, valuation of intangible assets, management of intangible assets

JEL: O32, G12, M41

1 INTRODUCTION

Contemporary world economic development is characterized by such a phenomenon as globalization. Such processes develop controversially. In the current conditions, globalization has a significant impact on all spheres of society's life, in particular on the economy. Globalization represents interconnection of economies of different countries of the world. When the economic processes taking place in one country are reflected in other countries, the whole world appears as one universal economy. Globalization of the world economy creates new conditions for the functioning of international economic relations in general, and national economies in particular. The transformation of the world creates a single zone where free-moving factors of production require changes in economic activity.

There are new approaches to doing business and making managerial decisions internationally. In addition to traditional approaches of enterprise management, much attention has been given to strategic decision-making, taking into account the impact of the external environment. In these new economic conditions, the functioning of enterprises makes trademarks an important management tool that is strategically important nowadays. Trademarks stimulate demand and promote the successful implementation of goods and services by individualizing them with respect to other goods and services presented on the market by competitors.

In the process of globalization, the "brand" category acquires a new meaning. It expresses the interests of the company itself, and is one of the main sources of profit in the long term. From a simple mark on a product, a brand becomes a key element of a wide corporate strategy. In the modern global economy, the movement of the brand is not limited to the sphere of consumption. With the increasing complexity of relationships between enterprises in different countries, the creation of global companies, brands create uniform standards for production, distribution, marketing and consumption worldwide. All this determines the current area of research.

Problem aspects of the use of a trademark in business, from its creation and use to display in the financial statements, were studied by a number of scientists and economists. In particular, the essence of the trademark, while revealing its components and functions, was studied by Kotler (1995). The trademark was characterized by Evans and Berman (2002) as well. Own interpretation of the essence of the brand and its relationship with the product and consumers was introduced by Keller (2005).

Features of the reflection of intangible assets directly in the assets of the enterprise were revealed by Edvinsson and Malone (1997). Lev (2002), for instance, emphasizes the complexity of the reflection in the account of internally generated intangible assets. Practical aspects of the use of intangible assets as objects of accounting and reporting were introduced by Plekhan (2015). Syzosenko (2006) investigated the criteria for the recognition of intellectual property objects as intangible assets. The problem of improving the accounting of intangible assets was studied by Banasco (2009).

At the present stage of development, traditional accounting systems and economic analysis of intangible assets do not provide information in all those analytical sections that are necessary for making managerial decisions. The existence of a large number of unresolved issues regarding the recognition of trademarks as intangible assets of the enterprise and their assessment and order of reflection in the enterprise's accounting system requires urgent resolution and indicates the relevance of the chosen research direction.

The purpose of this study is to analyze the intellectual property rights of the trademark. The analysis on the current state of the trademark market in Ukraine and the position of trademarks in the world economy were conducted as well. For reaching the purpose of the paper the generalization of regulatory requirements regarding the recognition of intellectual property objects (in particular trademarks) for intangible assets was made as well as improvement of accounting methods and the formulation of separate approaches for problem solving.

2 TRADEMARKS AS AN OBJECT OF INTELLECTUAL PROPERTY

For different enterprise of all forms of ownership, the transition process of Ukraine from planned economy to market relations, a number of issues were created, including such common question as what products should be produced, in what amount, at what price and what costs will be incurred?

In the process of globalization, the "brand" category acquires a new meaning. It becomes an expression of the interests of the company, one of the main sources of profit in the long term. From a simple mark on a product, a trademark becomes a key element of a wide corporate strategy.

The market for goods and services today offers many opportunities for consumers, stimulates business development and the competitiveness of the environment, and provides a variety of products and a wide range of services. Every producer seeks to satisfy the needs of consumer by maintaining a positive image of his own brand. To increase the sales volume producer is trying to acquire the appropriate status or name on the market. Consequently, one of the key conditions for the presence of goods on the market is to give them a certain name and designation in order to make the goods of one owner to be different from the goods of the same category of another

owner or from other goods in general. Thus, in the modern world, one of the main tools designed to create a difference between the goods and services of different companies is a sign for goods and services – trademark. Companies invest a huge share of their budget into development and promotion of their signs for goods and services, so that their designations are associated with high quality, traditions or innovations and have a high degree of recognition among consumers.

Trademark, as an object of intellectual property, is regulated by a number of international legal acts, including global agreements like Paris Convention on Protection of Industrial Property, Madrid Agreement Concerning the International Registration of Marks, or regional treaties like Association Agreement between Ukraine and the European Union. On the regional basis, the national legislation of Ukraine is applied – the Civil Code of Ukraine or special legislation on intellectual property, in particular the Law of Ukraine “On the Protection of Rights to Trademarks for Goods and Services”.

In accordance with Article 492 of the Civil Code of Ukraine, a trademark can be any designation or any combination of designations suitable for distinguishing goods or services produced or provided by one person from goods or services produced (provided) by others (Supreme Council 2003). According to Article 1 of the Law of Ukraine “On the Protection of Rights to Marks for Goods and Services”, a sign is a designation in which the goods and services of some persons differ from the goods and services of others. However, if similar designations are registered as marks for goods and services, this may lead to a decrease in their main ability to give distinction and help identify goods and services.

As mentioned above, there is confusion in the legislation regarding the name of the sign. According to the Civil Code it is a trademark but according to the law it is the mark for goods and services. In our study we use these terms as synonyms.

To protect the ability of marks to give distinction for goods and services, a restriction has been placed on registering similar designations as marks for goods and services. According to the specified legal acts (Supreme Council 1993, Supreme Council 2001), if a designation is identical or similar so it cannot be registered as a mark for goods and services in following cases: with signs previously registered or applied for registration in Ukraine by the name of another person for the same or related goods and services; with signs of other persons, if these signs are protected on the basis of international agreements to which Ukraine is a signing party (international signs that are protected in Ukraine according to the Madrid agreement or signs recognized as well known in Ukraine). In addition, no legal protection can be given to signs that are deceptive, or that can be misleading in relation to a product, service or person producing the goods or providing the service. The verification of a designation claimed for registration for compliance with these requirements is carried out by the

State Enterprise – Ukrainian Institute of Intellectual Property (Ukrpatent) during the examination of the application in essence (qualification examination).

In September 1, 2017 the Association Agreement between Ukraine and the European Union (Supreme Council 2014) entered into force. Speaking in its volume and thematic coverage, the largest international legal document in the history of Ukraine, the Association Agreement provides for an in-depth and comprehensive free trade area between Ukraine and the EU. In defining the legal basis for the free movement of goods, the Association Agreement places an important emphasis on the legal field of the use of intellectual property rights, in particular trademarks.

In connection with the ratification of the Association Agreement with the EU, Ukraine has undertaken a number of commitments to amend the legislation on trademarks. One of the key obligations is the opening for public access of an electronic database of submitted applications for trademark registration. Similar bases are open today in many countries including United States, UK, Austria, and many others. It makes possible to track applications that are submitted in violation of the rights; timely submit to the opposition against the registration of those trademarks that the company regards as filed in violation of its rights; at minimal cost, assess the possibility of registering a new trademark, as well as the risks of being accused of violating rights when introducing a product to the market.

Therefore, a trademark is an important competitive factor for a business entity. On a global scale, the picture of filing applications for signs of goods and services is slightly different. According to the World Intellectual Property Organization (WIPO 2018) an estimated of 7 million trademark applications were filed worldwide in 2016, 16.4% more than in 2015. This marks the seventh consecutive year of growth. There are now almost three times as many trademark applications being filed around the world than in 2001. Number of applications has increased every year with annual growth exceeded 10%. In 2016, 55% of all trademark submissions – measured in class counts – occurred at the top five countries. The office of China alone received over a third of total global trademark submissions, primarily from Chinese residents. The other countries among the top five, each accounted for between 3% and 6% of the total submissions.

Such dynamics in submission activities of trademark registration for goods and services indicates that the business actively apply trademarks in enterprise activities. Consequently, the trademark is one of the factors that influence the profitability of a business. This statement (Brand Finance 2018) is confirmed by a study conducted by Brand Finance (2018) – the world's leading independent business brand evaluation and strategy consultant body.

According to the study presented in the Table 1, Amazon is the world's most valuable brand ahead of Apple and Google in the Brand Finance Global 500.

The e-commerce brand's value has increased by 42% year by year to a whopping 150.8 billion USD. Although, Apple defended 2nd place in the ranking, with brand value rebounding to 146.3 billion USD after the 27% decline last year its future looks bleak. Google, for instance, has dropped from 1st to 3rd position, recording a relatively slow brand value growth of 10% to 120.9 billion USD.

Table 1: Application submissions for a trademark for goods and services

<i>Rank 2018</i>	<i>Rank 2017</i>	<i>Brand name</i>	<i>Country</i>	<i>Brand value (billion USD) 2018</i>	<i>Brand value (billion USD) 2017</i>	<i>% change</i>
1	3	Amazon	USA	150.811	106.396	+ 42
2	2	Apple	USA	146.311	107.141	+ 37
3	1	Google	USA	120.911	109.470	+ 10
4	6	Samsung	South Korea	92.289	66.218	+ 39
5	9	Facebook	USA	89.684	61.998	+ 45
6	4	AT&T	USA	82.422	87.016	- 5
7	5	Microsoft	USA	81.163	76.265	+ 6

Source: Brand Finance 2018, Global 500

For the first time since the introduction of the Brand Finance Global 500 study, technology brands claim all top 5 places in the league table. Samsung (4th, 92.3 billion USD) and Facebook (5th, 89.7 billion USD) both recorded impressive year-on-year brand value growth of 39% and 45% respectively, overtaking AT&T (6th, 82.4 billion USD). Change at the top is reflective of a wider global trend as the technology sector accounts for more than twice as much brand value as telecoms. Brand Finance's annual research has revealed that 52% of the world's business value is intangible and almost 80% is totally undisclosed. It has profound effects on companies' ability to manage their assets, and for investors, to make informed decisions on where to put their money (Teresa de Lemus Managing Director, Brand Finance Spain).

According to the statistics of Ukrpatent in 2017, situation in the submission of applications for signs of goods and services under the national procedure has changed due to national and foreign applicants. If in 2016 there was a high activity of national applicants that exceeded the indicators of all previous years, in 2017 the activity of foreign applicants increased, while the activity of the national applicants remained unchanged from the previous year (Table 2). The activity from foreign applicants has increased more than 27% within the framework of the Madrid system. The leading countries that applied for trademarks and service marks under the national procedure in 2017 are presented by United States (17.7%), Cyprus (16.4%), Switzerland (6.6%), and China (4.6%).

Table 2: Receipt of applications for a sign for goods and services

	2013	2014	2015	2016	2017	2016-2017, % change
Total	34393	27280	32621	35605	37817	106.2
According to the national procedure:	24471	18796	24652	29600	30183	101.9
From national applicants	19769	15141	21245	26064	26276	100.8
From foreign applicants	4702	3655	3407	3536	3907	110.4
According to the Madrid system	9922	8484	7969	6005	7634	127.1

Source: UIPV 2018 “Industrial property in numbers”

During the reporting year, the most active in filing applications for trademarks for goods and services among the national applicants were LLC “Distillery”, LCC “Prime”, PJSC “Kyivstar”, PE “Golden Age”, and LLC “Nestle Ukraine”. Cyprus company “GSH Trademarks Limited”, which owns a number of trademarks as “Khortytsia”, “Medovuhha”, “Morosha”, “EcoBrand” (63 applications), Austrian pharmaceutical company Farmak International Holding GmbH (44 applications), and Japanese tobacco company “Japan Tobacco Inc.” (22 applications) were among most active foreign applicants in national submission procedure.

Among foreign applicants, according to the international procedure, the most active were the world's largest cosmetics company “L'Oréal” (107 applications), “American technology company” that designs and develops consumer electronics, software and online services, “Apple” Inc. (68 applications), and one of Korea's largest telecom companies – “Huawei Technologies Co. Ltd.” (51 applications). Therefore, the main areas of applicants’ activities are management activities, communications, real estate and financial transactions, agricultural products and services, pharmaceuticals, health, cosmetics, leisure, education, training, scientific research, information and telecommunication technologies (UIIP 2018).

Based on the foregoing, it can be argued that trademarks play an important role in the economic activity of the enterprise positively affecting the competitiveness and profitability of the business, and the formation and capitalization of the brand. An important issues here are strategy of managing trademarks, forming a portfolio of brands and managing them.

3 METHODOLOGY OF THE TRADEMARK’S ACCOUNTING

The clarity, authenticity and completeness of the information provided by the financial statements plays an important role both for internal and external users. The qualitative characteristics that provide the usefulness of information are largely dependent on the assessment of elements of financial statements.

It is worth noting that the presence of intangible assets as a resource of an enterprise contributes to increasing its market value, its competitiveness and, in

general, makes the company more attractive for investment. To effectively manage such strategically important assets of an enterprise as an intellectual property object, an efficient system of their accounting must be developed to provide the necessary information for management decisions. Availability of an effective system of information management of trade marks management of the enterprise will allow developing a complex of measures for preservation of their value and in general will increase the efficiency of functioning of enterprises in the dynamic and changing conditions of development within the modern market environment.

Today, enterprises can significantly increase their value, using high-tech assets in the process of their activities. According to P(S)BO8 “Intangible Assets”, an intangible asset is a non-monetary asset that is non-material and can be identified. One of the main features of assigning an asset to intangible assets is the presence of a document certifying the right to use or dispose of such an object (patent, certificate, and license). In accounting, intangible assets are part of non-current assets, and the latter, in turn, are part of the assets of the balance sheet. We propose the following refined key features of this concept, namely:

- non-monotony;
- lack of physical substance;
- identification;
- provision of future economic benefits;
- control of the enterprise as a result of past events;
- possibility of simultaneous use by several subjects of use;
- the ability to bring economic benefits by interacting with other resources, due to the synergistic effect.

The question of valuation of intangible assets is extremely important issue. The assessment is a specific way through which the accounting elements are translated from the natural measure to the cash in order to reflect on the accounts in financial statements. The requirements for the valuation are formed by international standards of financial reporting, national accounting standards and special legislative acts (Ministry of Finance 1999, Supreme Council 2012).

Given the nature of intangible assets, a significant part of them, as already noted, is not reflected in the accounting records, and the company is not able to control them. Creating value for the enterprise in the process of economic activity, they do not have such a values, because the value refers to the contribution to the total value of the enterprise.

The peculiarities of valuation of intangible assets are influenced by source of income and types of assets and their place in the process of economic activity.

Intangible assets can be purchased for funds from legal entities or individuals, and their value is determined by the actual costs of acquiring and bringing to a state suitable for use in business activities; can enter the enterprise as a contribution to the authorized capital, at fair value (guided by the agreement of the shareholders of the enterprise); arrive under the terms of the contracts not in monetary form (at the cost of the property that was transferred in exchange); as a result of the creation of their own forces – are estimated at the actual cost of creation; can be obtained from legal entities and individuals on a royalty-free basis, while the cost of posting is established by independent experts.

For accounting purposes and for the purpose of accurate reporting, the valuation of intangible assets is clearly regulated by P(S)BO 8 “Intangible assets” (Ministry of Finance 1999). Hence, intangible assets are reflected in the balance sheet at their original cost (according to Art. 10 P(S)BO 8). Depending on how these assets are received, different approaches are used to determine the initial value.

Three main approaches to evaluation are distinguished: income approach, cost approach and comparative approach. It should be noted that such approaches are recommended in international standards of assessment. The cost approach is based on the principle of utility and replacement, and therefore the cost of expenditures in the course of creating and replacing valuation objects is calculated in current prices, with subsequent adjustments to depreciation deductions.

Generally, an expense approach is used in the case of the objective impossibility of applying income and comparative approaches. The objects of evaluation are usually an inefficient and non-profit enterprises. This method allows to reflect the actual costs incurred by the company, thus allowing the seller to obtain an acceptable price, since the value of assets is taken into account and potential returns are not considered. However, when applying the cost approach, there are a number of limitations, in particular, the complexity of deducting the size of moral aging, ignoring future expectations, as the result of a determined value of the object does not correspond to real market value.

In practice, a comparative approach is often used, which is to compare the prices at which such assets were sold, and, based on this information, the intangible asset itself is valued. At the heart of this approach there is the principle of substitution, by which the buyer will not pay for the object more than the cost of a similar object available for purchase. That is, the cost of similar objects serves as a rather reliable type of source information that is used in the calculation of the value of a particular object of intangible assets.

The income approach comes from the principle of expectations and is manifested through the conversion of future cash flows generated by intellectual property objects into real value. If there is a real possibility of obtaining income from

the use of intellectual property, a profitable approach is used. The most widespread methods of income approach are the method of discounted earnings and the method of direct capitalization.

According to the abovementioned data of the State Intellectual Property Service of Ukraine (2018), for the last years, the trademark has a stable tendency of quantitative prevailing among other objects of industrial property, both among the submitted applications and among issued security documents for such objects. Therefore, we consider it appropriate to consider in detail the peculiarities of evaluating such an industrial property object as a trademark.

In accordance with clause 9 of the P(S)BO8, “Intangible assets”, costs for the creation of trademarks are not recognized as intangible assets, but are to be reflected in the expense of the reporting period (Cabinet of Ministers 1999). Trademarks are recognized as intangible assets and are subject to assessment only if they are received from the outside. Thus, existing regulations limit the possibility of reliable marking of trademarks.

In the process of determining the benefits of using a trademark, the following methods are used: the definition of net cash flow, share in profit, exemption from royalty, 25 percent, price premium (Raleigh 2005). The description of each method regarding the specifics of the trademark assessment is presented further.

When assessing the trademark by the method of net cash flow allocated to the profit of the enterprise, which directly affects the sign, the value is determined based on the expert opinion of the appraiser. The lack of development of the process of evaluation of intellectual property rights objects in comparison with other objects of evaluation in the domestic market of valuation activity generates a situation where expert opinion is not substantiated.

The method of allocating a share in profit in relation to the signs is mainly theoretical. This method considers the comparison of profits with and without the use of a trademark. However, we believe that the weaknesses of the method, determining only the current status of the mark, not taking into account future events and the difficulty of defining the basis for comparison, make it impossible to use it in marking the trademark in practice.

In the process, appraisers often apply a royalty-free method, which is based on the assumption what it would be if the trademark in question was not owned by the current owner. In this case, there is a need for license fees in favor of the owner of the mark. The size of the imaginary annual license fee is determined by multiplying the annual proceeds from sales of products using the estimated mark on the average rate of royalty. Therefore, the calculated savings are considered as additional profits created by the estimated sign.

The method of “25 percent”, or as it is also called “rule of thumb” or “rule of the runner” is quite similar to the previous method, however, unlike the latter, does not involve market analysis and income tax before income tax is used. According to the “25 percent” method, the benefits of using the rated sign are distributed between licensor (25%) and licensee (75%).

The method of determining a price premium, which is calculated as the difference between marked and similar, but not marked products, is quite popular in evaluating a trademark. However, the complexity is caused by a large number of assumptions and limitations in the process of choosing the evaluated unmarked goods, reduces the authenticity of the marks obtained, and makes this method difficult to implement.

According to the results of the analysis of the application of various methods of income approach in the process of evaluation of the trademark, we consider that the refusal of labor-intensive methods of constructing a real effect from the use of a trademark (the method of discounting cash flows, and the method of direct capitalization) in favor of methods that consist of artificial simulation of such an economic effect (determination of net cash flow, share in profit, exemption from royalties, 25 percent, price premium) reduces the validity of the assessment.

The above methods are used in assessing the trademark that came from outside. It is appropriate to use methods of cost approach to assess intra-generic signs. An important condition for the effectiveness of the application of this approach is the reliability of the definition of the stage of the life cycle, which is the estimated mark (marketing research, legal protection, industrial development, product introduction to the market, batch production, mass production, saturation of the commodity market and decline in production). The maximum reliability of a trademark assessment is achieved at the stage of development and obtaining legal protection. The main difficulty in assessing intangible assets is the difficulty of developing a universal method for assessing such assets.

4 TRADEMARK AS AN INTANGIBLE ASSET IN ACCOUNTING

Innovative tendencies of economic development determine the informational and technological orientation of domestic enterprises. The latest technology in this process is a priority. However, special attention is paid to the way these technologies are received, giving preference to their own developments in comparison with the purchase of finished products. The success of the process of internal generation of the results of innovation activity depends not only on technical and personnel support, and on the correct reflection of such developments in the accounting. The question remains about the cost of research and development. According to US GAAP, such expenses

are not subject to capitalization, while P(S)BO and IFRS permit their capitalization, but only at the stage of development.

Problem is the isolation from the entire set of costs incurred in the process of creating intangible assets, the expenses that form the cost of such assets. A significant proportion of the costs incurred is for obtaining a document certifying the ownership of the object of intellectual property. In order to solve this problem, the distribution of the incurred expenses while passing the procedure for obtaining security documents for objects of intellectual property rights is proposed. The peculiarity of the passage of this procedure is that, in the case of non-compliance with the application for legal protection of the requirements of regulatory acts, the costs incurred do not relate to the cost of intangible assets. We consider it necessary to determine the list of additional procedures that must be performed before the filing of an application for obtaining a security document on the object of intellectual property rights in the state examination institution. The need for additional costs incurred by the enterprise for the said procedures is explained by the Resolution 1716 (Cabinet of Ministers 2004). According to this, in the case of non-compliance of the object of intellectual property rights, the receipt of the security document for which the application is filed and fees are paid by the enterprise, is not a subject to return to the applicant.

Based on the foregoing, we consider it is necessary to expand the list of expenses of the enterprise in the course of passing the procedure for obtaining security documents on objects of intellectual property rights (trademarks):

- information search on the application;
- search for symbols on the identity and similarity of Ukrainian databases;
- search for symbols identical to the one under study, for all classes of the NCL;
- application for registration of the mark for goods and services.

The above actions must be carried out in order to increase the certainty that the object of industrial property rights will receive legal protection and the costs set forth in Resolution 1716 and incurred during the course of such procedure will be effective. Services for these procedures may be provided by special patent offices if they are created at the enterprise, they have the necessary resources and professional skills, however, they are more likely to turn to certified patent attorneys or organizations specializing in providing intellectual property rights enforcement services. At first glance it may seem that the proposed actions are not rational costs, nevertheless, in the case of serial production of goods, the refusal of the examination institution to provide a security document may entail significant losses due to the delay in the launch of production. If the competitor, moreover, has taken advantage of such a waiver, filed an

identical application for the receipt of a security document, but taking into account the requirements of the legislation, in that case, the company also loses its competitiveness on the market. We believe that these costs should be attributed to the cost of an intellectual property object, which is recognized as an intangible asset, since it directly affects the future economic benefits from the industrial use of such an object.

According to the legally approved sizes of existing fees, the cost of obtaining security documents for signs for goods and services for the first 10 years is 1235 UAH. We consider it necessary to attribute the above expenses to the cost of the corresponding object. In accordance with the existing norms of domestic and foreign legislation and practical research, the algorithm of the procedure for the valuation of intangible assets is proposed:

- studying documentation on the state and prospects of using OPIV taking into account the strategy of the enterprise;
- studying the conditions for the operation of OPIV in a market environment;
- identify opportunities for using traditional approaches to assess and evaluate the real value of an object of evaluation;
- choice of assessment methodology taking into account factors influencing from the outside;
- assessment and formation of corresponding reporting documents.

Compliance with this algorithm will provide reliable data on the value of the assessed objects, on the basis of which the reporting is generated, reflecting information about the financial position of business entities for internal and external users.

An enterprise may transfer rights to intellectual property objects to any natural or legal person. All processes, business transactions carried out at the enterprise, must be reflected in the accounts of accounting. Based on the specifics of the nature of intangible assets, accounting for the inflow and movement of such assets has its own peculiarities. The reflection of intangible assets in accounting accounts depends on the ways in which such assets are transferred to the enterprise. According to Article 10 P(S)BO 8 intangible assets at their receivable should be measured at their original cost, with the approach to determining the original cost depending on the method of receipt.

The feature of accounting for intangible assets received on a royalty-free basis is that they are valued based on the original cost, which in turn is equal to the fair value. Proceeding from the norms of the Tax Code, after acquiring intangible assets, the targeted enterprises have included incoming VAT in the tax credit under condition

purchased intangible assets will be used in business transactions which are the subject to VAT and on the basis of the VAT invoice presented by the supplier.

Possibility of introducing property rights to objects of intellectual property in the authorized capital is determined by Part 1 of Article 86 of the Commercial Code of Ukraine and Part 2 of Article 115 of Civil Code.

In the case of self-creation of an intangible asset, this process is regulated by the schedule and technical design requirements. The process of scientific and technical work does not always end with positive results. In case of a positive result, expenses are reflected in the account 154 “Acquisition (creation) of intangible assets”. If the result does not meet the set requirements and the goals with which such work was carried out, the incurred expenses are attributed to the costs of the reporting period in which they were made, that is, to account 941 “Research and development costs”. Guided by the principle of prudence, the cost of research work the company accumulates in the account 39 “Costs of future periods”, and then subtracting them depending on the result, on capital investments in intangible assets or on expenses of the period. We consider it acceptable to accumulate the costs incurred in passing the procedure for obtaining a security document in the account 39 “Costs of future periods” with the opening of a second-tier account 391 “Costs of future periods associated with the receipt of a security document”, and in order to distribute such costs to those, which are included in the cost and those that are written off for expenses of the reporting period, we consider it appropriate opening of the accounts of the third order, namely 3911 “Capital expenditures of future periods for obtaining a security document concerning intellectual property” and 3912 “Current prepaid expenses of protection for intellectual property on the object”.

Depending on the goals and specifics of the accounting and analytical activity of the enterprise, in the context of the procedure for obtaining security documents for objects of intellectual property right recognized as intangible assets, further detailing of information on the above subaccounts is possible, thus ensuring control over the rational use of funds in the process of passing such procedures.

At the same time, we note that there are a number of difficulties that arise from the reflection of trademarks in accounting and are inherent in asymmetric legislation. Thus, in accordance with clause 5 P(S)BO 8, the right to purchase a trademark is recognized as an intangible asset, whereas, based on clause 9 P(S)BO 8, the costs incurred for internal generation of the trademark are not recognized by the asset (Cabinet of Ministers 1999). All costs associated with the promotion of a trademark are written off to current expenses, observing clause 9 of the P(S)BO 8. Such features of the registration of operations with trademarks in accounting require further thorough research and improvement.

Today, intangible assets, in particular trademarks, are a factor of economic stability, without which it is simply impossible to further develop market processes. The maintenance of the company's competitive position in the market and the achievement of strategic goals require the active use of such objects of intellectual property rights as trademarks.

4 CONCLUSION

In the current conditions of the global economy, the movement of the trademarks is not mediated only by the sphere of consumption. With the complication of interconnections between enterprises in different countries and the creation of global companies, it becomes an element of the whole process of reproduction. The corporate orientation of the company to a certain extent determines the types of brands, approaches to their creation and market strategies.

For accounting purposes, the cost allocation has been developed and proposed in the course of passing the procedure for obtaining security documents for objects of intellectual property (trademarks for goods and services). For those objects that are recognized as expenses of the reporting period and for expenses related to the cost of the created object of intellectual property, which is recognized as an intangible asset. The peculiarities are analyzed, advantages and disadvantages of using cost, comparative and income approaches in the process of valuation of intangible assets are determined. The methods of the income approach in the process of evaluating such a specific object of intellectual property right, as a trademark, are substantiated. An algorithm of the procedure for evaluating intangible assets is proposed, observance of which will provide reliable data on the value of the assessed objects, on the basis of which the reporting is formed, reflecting information about the financial position of business entities for internal and external users.

The state of reflection of the processes of receipt and movement of intangible assets at the enterprise as a result of economic activity is analyzed. In order to make informed accounting decisions regarding the reliability of the display of intangible assets in the accounts, it is proposed to use the recommended detail of sub-accounts 124 "Rights to industrial property objects" and 154 "Acquisition of intangible assets".

The procedure of displaying transactions with trademarks in the register, the practice of which is constantly growing, is investigated and analyzed, acting as a driving factor for strengthening competitive positions, maintaining existing consumers and attracting new ones.

Integration of Ukraine into the European environment requires appropriate changes in accounting practice. The transition to International Accounting Standards offers many opportunities for enterprises, so attention should be paid to the

peculiarities of legislation acts, the level of economic development, the methods and all the necessary standards.

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