

EVOLUTION OF INTANGIBLE ASSETS RECOGNISED IN A STATEMENT OF FINANCIAL POSITION

Katarzyna Bareja
Warsaw School of Economics
kbarej@sgh.waw.pl

Marta Gawart
Warsaw School of Economics
mgawar@sgh.waw.pl

Magdalena Giedroyc
Warsaw School of Economics
mgiedr@sgh.waw.pl

Abstract:

Intangible assets such as brands, human resources, knowledge of the organization or customer relations are the main roots of enterprise success. Many of resources which are not monetary and tangible are claimed to be out of the scope of financial reporting. Whether it is true depends on their origins. As far as intangible assets are bought in so called separate acquisition they are recognised as assets. Otherwise it is quite difficult for accountants to meet recognition criteria of accounting standards. Internally generated intangible assets rarely meet these criteria.

The aim of the research was to check whether the range of intangible assets recognised in the balance sheet widens, shrinks or remains stable. The study was divided into parts. First of all, objectives of the financial reporting in contemporary environment were discussed. Then these objectives were stuck to intangibles. Second, problems to define intangible assets in accounting, finance and management were highlighted and compared. Third, four examples of intangibles were analysed deeply. These were brand, human resources, research and development expenditures and firm value. They seem to be very important in recent times. Each of them causes problems for accountants in areas such as: control over them or measurement. But the possibility to solve them leads to recognition of an asset in balance sheet. Quite often it is difficult to separate them from one another or separate expenditures on them from expenditures on other assets. One expenditure can actually create several intangible assets. As far as above mentioned obstacles arise intangible assets will remain an interesting issue of dispute among researchers. The study focuses both on Polish and international practice of financial reporting.

Keywords: intangible assets, accounting, financial reporting, asset recognition