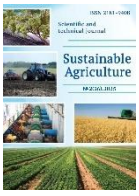
Sustainable Agriculture 3 (27) (2025) 19-20

Contents lists available at https://susagr.uz/index.php/ojs/issue/view/7

Sustainable Agriculture

journal homepage: https://susagr.uz/index.php/ojs



Features of Intellectual Property as an Object of Accounting

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a r t i c l e i n f o

Keywords:
intellectual property, accounting, intangible assets, recognition, amortization, revaluation, IFRS, legal protection, economic benefit, financial accounting.

a b s t r a c t

This scientific article is devoted to studying the features of intellectual property as an object of accounting. Intellectual property (patents, copyrights, trademarks, industrial designs) represents a significant intangible asset that requires a special accounting approach. The paper analyzes key aspects such as recognition criteria, determination of initial cost, methods of amortization and revaluation, as well as the impact of the national legislation of the Republic of Uzbekistan and international financial standards (IAS 38 "Intangible Assets"). Practical difficulties in accounting for intellectual property are considered, including the assessment of economic benefits and legal protection. The article offers recommendations for optimizing accounting procedures to enhance the transparency and efficiency of managing such assets. In conclusion, it is emphasized that accounting for intellectual property plays a key role in ensuring financial reporting reliability and organizational competitiveness.

1. INTRODUCTION

When presenting and disclosing information about intellectual property in financial statements, within the framework of the theory of informational layers of economic life events formulated by Y.V. Sokolov [432, pp. 92–93], it is necessary to analyze it:

- From a legal perspective, reflecting the scope of rights related to the use of an intellectual property object;
- From an economic perspective, considering intellectual property as an economic asset affecting the organization's value;
- From an accounting perspective, characterizing the possibilities of reflecting the content of the first two viewpoints in the set of reporting indicators required by users of financial statements.

Intellectual property, as an accounting object and part of intangible assets, possesses specific characteristics manifested in several aspects:

Intangibility. This object has no physical boundaries, and its presence and condition cannot be physically verified. Therefore, testing the existence and condition of intellectual property requires alternative approaches differing from those for tangible or financial assets. Moreover, the criteria for existence and condition of intangible assets must be adapted to their nature. The criterion of control over the object is also ambiguous, since, unlike physical assets, an intangible object without physical boundaries can simultaneously belong to several parties.

The interpretation of the accounting principle of substance over form as neglecting the legal nature of the object exacerbates multiple accounting problems, as economic and accounting potential can be realized only in conjunction with legal recognition. This view is supported by both Russian scholars (E.A. Ershova, S.A. Kuzubov) and foreign researchers (L.S. Moerman, S. van der Laan, R. Petrova, L. Hunter, E. Webster, and A. Wiatt).

The intangibility of assets is associated with higher uncertainty and lower predictability. It is extremely difficult to determine the ability of such assets to generate future income, the period over which this income will be realized, their life cycle, or the factors affecting profitability. The uncertainty is further reinforced by weak property rights, limited control over those rights, and reduced opportunities to derive income due to competition or market volatility. Thus, complete control over economic benefits from intellectual property use is often absent.

Intangible assets are closely linked with tangible ones in the process of income generation, complicating the assessment of their future earning potential. To realize the income potential of intangible assets, substantial support from physical and financial assets and an effective management system are required — a conclusion supported by numerous empirical studies by foreign researchers.

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https://doi.org/10.5281/zenodo.17784077
Received 30 July 2025; Received in revised form 26 August 2025; Accepted 30 August 2025
Available online 1 October 2025
ISSN 2181-9408/© 2025 The Authors. Published by "TIIAME" NRU. The journal "Sustainable Agriculture" is registered in the Press Agency of Uzbekistan on the 12th of February in 2018 (license № 0957). In 2019, the journal is included in the list of recommended scientific publications by the Higher Attestation Commission of the Republic of Uzbekistan.

2. MATERIALS AND METHODS

The dual nature of intellectual property manifests both in its inherent legal and economic components and in the interpretations of these components, which can each be viewed statically and dynamically.

From an economic perspective, intellectual property represents an organization's assets — sources of future income, capital investments, liquidity resources, and payment capacity. Its valuation should involve assessing potential income across all uses, factoring in time and liquidity. However, usage conditions and efficiency may vary significantly, affecting company performance.

From a legal perspective, intellectual property is a civil-law object that generates property rights and entitlements to extract benefits. The nominal valuation corresponds to contractual or documentary terms. Depending on research objectives, such rights can be classified by content and specificity. As legal relations evolve over time, analyzing their stages can be highly informative.

Dualism also reflects an internal contradiction in valuation: while intangible assets lack usage limits and can benefit from network effects (increasing value with more users), most such assets are company-specific and nontransferable, leading to low liquidity and investment irreversibility. Transactions with intellectual property are rare and nontransparent, preserving information asymmetry between buyers and sellers.

Consequently, no objective and verifiable market valuation exists for intellectual property. Yet this very feature enables firms owning such assets to maintain competitive advantage, resist market pressures, and earn above-normal returns.

In essence, intangible assets are high-risk, high-return assets that function synergistically within systems. They often require substantial initial investments but have low marginal costs, resulting in economies of scale and distinctive profitability profiles.

This dualism leads to the multifactorial nature of intellectual property accounting. Each factor serves specific users with distinct informational needs, and disclosure limited to one aspect inevitably disadvantages others. Current accounting standards, reflecting an eclectic mix of objectives, contribute to inconsistencies and a de facto mono-conceptuality of existing accounting practice, both domestically and internationally.

3. RESEARCH RESULTS.

Future Orientation. While traditional accounting focuses on past events, intellectual property accounting primarily concerns facts and forecasts related to future development and value creation. J. Jarrett notes that financial accounting rules must not ignore conservatism but should incorporate methods to assess expected future income from intellectual property, including the organization's internally generated rate of return — directly linked to the existence and effective use of intellectual assets.

B. Lev emphasizes that modern stakeholders are less interested in traditional balance sheets or profit and loss statements; they seek insights into a company's future, its ability to innovate, sustain competitive advantage, and create value — all of which require detailed disclosure of intangible assets.

Indeed, in relation to intangible assets, the fundamental paradox of accounting described by Y.V. Sokolov becomes the cornerstone of accounting theory development. The main criticisms of traditional reporting — its backward-looking nature, inertia, irrelevance to decision-making, and inability to meet stakeholders' diverse needs — become particularly acute for intangible assets due to their forward-looking character.

As highlighted by D. Andriessen and R. Tissen [2], I.T. Lopez [3], B. Lev and J. Daum [4], and M. Greenvill and G. Tibbitts [1], modern financial reporting fails to reflect growth potential, adaptability, or resource efficiency — areas central to stakeholder decisions.

The specific features of intellectual property as an accounting object not only determine the informational limitations of current accounting concepts but also necessitate the evolution of accounting theory and methodology to expand these limits. It is essential to analyze stakeholders' information needs, factors influencing reporting informativeness, and methodological approaches ensuring the communicative function of financial statements.

4. CONCLUSION:

The data analysis shows that the combination of planting period, cultivation method, and cultivar selection has a significant impact on the quality of strawberries. "Arihyang" performed best across all parameters, making it the most suitable cultivar for optimal strawberry production. "Seolhyang" also demonstrated excellent quality traits and should be considered as a secondary option for high-quality fruit production. For the best results, it is recommended to plant these cultivars during the first planting period to maximize fruit size, sweetness, and overall yield.

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