

Lesson № 3

Accounting for fixed assets and intangible assets

Questions discussed on the topic of the lesson:

1. Fixed assets: definition, conditions necessary for classifying funds as fixed assets, types of valuation of fixed assets
2. Initial cost of fixed assets
3. Depreciation, depreciation methods
4. Documentation of the movement of fixed assets.
5. Synthetic accounting of fixed assets

In order to carry out the process of production, commodity circulation, organizations acquire means of labor, which repeatedly participate in the process of production and circulation, retaining their natural-material form. These means of labor are called **fixed assets** (OS). Fixed assets include: buildings, structures, working and power machines and equipment, measuring and control instruments and devices, computers, vehicles, tools, production and household equipment, accessories, etc.

To classify these funds as the main one, a one-time condition is necessary so that they:

- used in the production of products, in the performance of work or the provision of services, or for the management needs of the organization;
- had a cost of over 40 thousand rubles;
- have been used for a long time, i.e. a useful life of more than 12 months or a normal operating cycle if it is more than 12 months;
- the organization does not intend to sell it in the future;
- the ability to bring economic benefits to the organization.

Fixed assets (OS) are formed in the following cases:

- their acquisitions, constructions;
- contribution by the founders to the account of contributions to the authorized capital;
- receipt under a donation agreement.

Types of valuation of fixed assets:

- initial;
- recovery;
- residual;
- balance sheet;
- liquidation.

Fixed assets are accepted for accounting at their **original cost**.

The initial cost of fixed assets acquired for a fee is the amount of the organization's actual costs for the acquisition, construction and manufacture, excluding value added tax and other refundable taxes (except for cases provided for by the legislation of the Russian Federation). The initial cost is not subject to change in the accounting documents during the entire period of the item of fixed assets in the organization, except for cases of completion, additional equipment, reconstruction, partial liquidation and revaluation of fixed assets. The replacement cost of fixed assets is recognized as its revaluation by indexation or direct recalculation at documented market prices, not more than once a year (at the beginning of the reporting year), as well as the modernization and restructuring of fixed assets. The amount of the revaluation of the fixed asset as a result of the revaluation is credited to the additional capital of the organization. The amount of the writedown of an item of property, plant and equipment as a result of the revaluation is charged to the profit and loss account as an expense. The residual value of fixed assets is the difference between the original (replacement) cost and the amount of depreciation of each object, deducted for distribution costs. The residual value of fixed assets is included in the total of the balance sheet asset, while fixed assets are accounted for in the

accounts at their original or replacement cost. The residual value is the taxable base for the calculation of property tax. Salvage value is the cost at which a decommissioned item can be sold or written off to the losses of the organization. To determine it in the amount, you need to add the costs of liquidation to the residual value. Fixed assets in the process of use wear out, deteriorate, lose their properties. Monetary expression of loss by objects of fixed assets of their properties is called depreciation of fixed assets. **Depreciation** is a cost indicator of the loss of physical qualities by fixed assets or the loss of technical and economic properties during operation.

Depreciation is the process of gradually transferring the value of fixed assets as they wear out to a manufactured product or service in order to recover their cost and accumulate funds for the acquisition, repair, restoration of fixed assets.

Depreciation of fixed assets is calculated in one of the following ways:

- linear method;
- reducing balance method;
- method of writing off the cost by the sum of the numbers of years of the useful life;
- a method of writing off the cost in proportion to the volume of products (works). One of the depreciation methods for an item of fixed assets is applied over the entire useful life of the item. Fixed assets with a value of not more than 40,000 rubles per unit, as well as purchased books, brochures, etc. publications, are allowed to be written off to production costs (sales expenses) as they are put into production or operation.

In order to ensure the safety of these objects in the organization, control over their movement should be organized.

To pay off the value of fixed assets, the annual amount of depreciation is determined.

The annual amount of depreciation deductions is determined by:

1) using the straight-line method, –based on the original cost or current (replacement) cost (in the event of a revaluation) of an item of fixed assets and the depreciation rate calculated based on the useful life of this item;

2) with the reducing balance method (accelerated method) –based on the residual value of the fixed asset and the depreciation rate calculated on the basis of the useful life of this object and the acceleration factor (1.5 or 2.0 - establishes the legislation of the Russian Federation).

3) method of writing off the cost by the sum of numbers of years of the useful life - based on the initial cost or current (replacement) value of the fixed asset item and the ratio: Number of years remaining until the end of the useful life of the item. The sum of the number of years of the useful life of the object. During the reporting year, depreciation charges on fixed assets are accrued monthly, regardless of the accrual method used, in the amount of 1/12 of the annual amount;

4) the method of writing off the cost in proportion to the volume of products (works) –depreciation is charged based on the natural indicator of the volume of products (works) in the reporting period and the ratio of the initial cost of the fixed asset object and the estimated volume of products (works) for the entire useful life of the fixed asset object.

The procedure for calculating depreciation for tax purposes .

This procedure is established by the Tax Code of the Russian Federation - Part II, Ch. 25 "Corporate Income Tax" art. 259. "Methods and procedure for calculating depreciation amounts" for property subject to mandatory registration with state bodies.

There are **2 ways** to calculate depreciation: **linear and non-linear**. Under the straight-line method of depreciation, the amount of depreciation accrued for one month in relation to an object of depreciable property is determined as the product of its original (replacement) cost and the depreciation rate determined for this object.

The depreciation rate for each item of depreciable property is determined by the formula:

$$K = \frac{1}{n} \times 100,$$

Where:

K –depreciation rate as a percentage of the original (replacement) cost of the depreciable property;

n –useful life of this depreciable property, expressed in months.

With the non-linear depreciation method, the depreciation group (subgroups) of property is taken into account. Accrual of depreciation charges on an object of fixed assets begins on the first day of the month following the month of acceptance of this object for accounting, and is carried out until the cost of this object is fully paid off, or this object is written off from accounting. **Accrual of depreciation deductions on an item of fixed assets is terminated** from the first day of the month following the month of full repayment of the cost of this item or write-off of this item from accounting.

Documentation of the movement of fixed assets.

Apply unified (specially established) forms of primary documentation for accounting for fixed assets.

These include:

1. *The act (invoice) –of acceptance - transfer of fixed assets* (form OS-1 –newly acquired, OS-3 after repair, modernization) - is drawn up for each object, in 2 copies, indicating the time of entry into operation, date of manufacture, initial cost and depreciation amount). It is accompanied by technical documentation (passport, instruction manual, warranty card).

2. *Invoice for the internal movement of fixed assets* (OS-2 form) –for transfer to materially responsible persons in departments.

3. *Inventory card for accounting for the OS object* (f. OS-6) - to account for the availability and movement of fixed assets within the organization, it is opened in the accounting department, filled out on the basis of primary documents.

4. *Inventory book of accounting for fixed assets* (form OS-6b) - in cases of a small number of fixed assets - in pharmacy organizations.

5. *Act on the write-off of fixed assets* (F.OS-4) –for accounting and registration of the write-off of fixed assets that have become unusable. It is drawn up by the commission, the technical condition of the fixed asset and the reason for its write-off are indicated in 2 copies, approved by the head. One copy is transferred to the accounting department for entering data into an inventory card or book, the other remains with the person responsible for the safety of fixed assets. Responsible persons keep records of fixed assets in the Inventory list of fixed assets (at the location and operation of fixed assets). At the end of the month, the financially responsible person draws up a report on the movement of fixed assets.

The competence of the commission includes:

- inspection of the object to be written off using the necessary technical documentation, as well as accounting data, establishing the unsuitability of the object for restoration and further use;

- establishing the reasons for the write-off of the object (physical and moral depreciation, reconstruction, violation of operating conditions, accidents, natural disasters and other emergencies, long-term non- use of the object for the production of products, performance of works and services or for management needs);

– identifying the persons who were responsible for the premature retirement of fixed assets from operation, making proposals on bringing these persons to responsibility established by the current legislation;

- the possibility of using individual components, parts, materials of the decommissioned object and valuation based on the prices of possible use, control over the withdrawal of non-ferrous and precious metals from decommissioned fixed assets, determining the weight and delivery to the appropriate warehouse;

– control over the withdrawal of non-ferrous and precious metals from decommissioned fixed assets, determining their quantity, weight;

- drawing up an act for the write-off of fixed assets (form N OS-4), an act for the write-off of vehicles (form N OS-4a) (with the application of accident reports, the reasons that caused

the accident, if any). The results of the decision taken by the commission are documented in the Act for the write-off of fixed assets (form N OS-4) indicating the data characterizing the object: the date the object was accepted for accounting, the course of manufacture or construction, the time of commissioning, the useful life, the initial cost and the amount of accrued depreciation according to accounting data, repairs carried out, reasons for disposal with justification of the reasons for the inexpediency of use and the impossibility of restoration, the condition of the main parts, parts, assemblies, structural elements. The act is approved by the head of the organization. Parts, components and assemblies of dismantled and dismantled equipment suitable for the repair of other fixed assets, as well as other materials, are accounted for at market value, and unusable parts and materials are accounted for as secondary raw materials. On the basis of the executed acts for the write-off of fixed assets transferred to the accounting service of the organization, a mark is made on the disposal of the object in the inventory card (inventory book).

Synthetic accounting of fixed assets

Account 01 "Fixed assets" is intended to summarize information on the availability and movement of fixed assets of the organization. The account is active. Debit balance. The Debit turnover of the subsidiaries reflects the acceptance of fixed assets for accounting at their original cost.

Changes in the initial cost (revaluation, modernization) are reflected in correspondence with Credit K of account 83 "Additional capital".

The accounting entry looks like:

Debit D of account 01 "Fixed assets". Credit To account 83 "Additional capital".

The credit turnover of the CI reflects the disposal of the Fixed Assets (sale, gratuitous transfer, write-off).

For these purposes, sub-account 01.1 "Retirement of Fixed Assets" can be opened:

- the debit turnover of the subsidiaries reflects the value of the retiring item of fixed assets;

- the amount of accumulated depreciation is reflected in the credit turnover of the CI.

At the end of the disposal procedure, the residual value of fixed assets is written off in correspondence with accounts 91 "Other income and expenses" and 99 "Profit and losses" (loss).

- Reflects the fact of write-off of fixed assets at residual value. The accounting entry looks like:

Credit account 01 Debit of account 91 "Other income and expenses".

- The result of the write-off (residual value residual value) is reflected - loss.

The accounting entry looks like:

Debit D of account 99 "Profit and loss" (loss). Credit To account 91 "Other income and expenses".

Operations on the account are thus closed.

Accounting for intangible assets .

Information on Intangible Assets (IA) is established by the Order of the Ministry of Finance of Russia dated December 27, 2007 No. 153n (as amended on May 16, 2016) "On Approval of the Accounting Regulation "Accounting for Intangible Assets" (PBU 14/2007)".

Intangible assets (IA) are objects that do not have a material form, do not have physical properties, but provide a pharmacy organization with the opportunity to receive income for a long time (more than 12 months).

The existence and availability of intangible assets of the organization must be documented by the exclusive rights to them:

– patents, certificates, licenses for pharmaceutical activities, trademarks, logos, know-how, etc.;

- organizational expenses;

- the business reputation of an organization, as the difference between the purchase price of an organization (at what price it can be purchased on the market, as a complex as a whole) and the value of all its assets and liabilities according to the Balance Sheet.

Intangible assets are accepted for accounting at historical cost (the sum of actual acquisition costs, excluding Value Added Tax and other recoverable taxes - excises). They can be divided into depreciable and non-depreciable (organizational expenses). Depreciation is accrued on the basis of the initial cost of intangible assets and their useful life, on a monthly basis in the amount of 1/12 of the annual amount accrued by one of the methods. The useful life is determined based on the validity of a license, patent, certificate, the expected period of use of this object, during which the organization will receive benefits, if it is impossible to establish the term of the organization's goodwill in this way, it should be based on 20 years, but –not over the life of the organization (according to the Tax Code - 10 years). One of the selected options must be approved by the adopted Accounting Policy.

Depreciation deductions are charged from the first month after they are accepted for accounting until the full repayment of the cost, or upon their departure from the organization due to the loss of rights to the results of intellectual activity. The deductions are terminated from the first day of the month following the month of full repayment of the value of the Intangible Assets object . They are reflected in the accounting records in the reporting period to which they relate. Depreciation charges are made regardless of the results of the organization's activities in the reporting period.

Synthetic accounting of Intangible assets

Account 04 "Intangible assets", active, initial and final debit balance;

+DO –means registration of an Intangible Assets object;

-KO - disposal from the accounting of the object of intangible assets.

Account 05 "Amortization of Intangible Assets"– contractive (passive account, but located in the Asset of the balance sheet), therefore, the balance sheet currency reflects the residual value of the Intangible Assets.