

Probabilistic Asset as an Economic Category in Valuation or Analytical Procedures

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Abstract: In the article, the author explores and concludes that it is advisable to use informal assets in certain economic areas of science (valuation activity, financial analysis), i.e. assets that do not have all the legislatively established criteria. The author defines a probabilistic asset as one of the elements of informal assets, which is studied in detail and described in this paper. A probabilistic asset is determined and assessed on the basis of future economic benefits, the occurrence of which is not fully controlled by the business entity, but depends on the occurrence of certain events (taking into account the probability of the occurrence of these events). A probabilistic asset can arise in emergency, non-standard or atypical situations, when the circumstances have already led to the current state of affairs, and the targeted actions of an economic entity, although they require targeted actions (as well as the expenditure of various resources), but the estimated costs are incommensurably small with the estimated (though probabilistic) additional economic benefits.

1 INTRODUCTION

Asset, liability, liability, equity, net assets. All these and many other economic terms have become firmly established in scientific circulation and practice in all spheres of activity. However, taking into account the specifics, regulatory regulations and established practices of a particular field of activity, in some cases, the same terms denote different economic phenomena, and the same terms can denote different (or different) economic entities. This study is devoted to the definition of the concept of one of the elements of an informal asset - a probabilistic asset. Asset as an economic term is used in various scientific areas of economic science: accounting, audit, taxation, valuation, financial analysis, etc. Determining the value indicators of the value of assets and other economic indicators allows us to solve many analytical problems (Kozlova, 2018; Lisovskaya, 2012).

Even within the framework of one branch of science, for example, accounting, there may be discrepancies in relation to this term. The concept of "asset" from the point of view of accounting has some discrepancies related to the accounting system. The

concept of "asset" for the Russian accounting system (RAS) and the International financial reporting system (IFRS) will have differences (Titova, 2011; Chaya and Chicherina, 2009).

This study is devoted to a detailed analysis of such an economic phenomenon as a probabilistic asset. This term can be used in evaluation activities and other analytical procedures. Evaluation activities, as well as other analytical areas of the economy, are extremely important in modern economic conditions (Fedorova T.A. and Fedorova E.A., 2018).

2 RESEARCH METHODOLOGY

Taking into account the objectives of the application, the specifics of the scientific direction, regulatory regulation and established practice in a particular field of economic activity, the concept of "asset" has some differences and nuances (The Concept of accounting in a market economy in Russia, 1997; The international financial reporting standard (IAS) 36 "Impairment of assets", 2015; The international financial reporting standard (IAS) 37 "provisions,

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contingent liabilities and contingent assets", 2015; The Order of Rosstat № 334, 2018).

In normative legal acts and scientific literature, many concepts of "asset" and its derived meanings are used, taking into account the specifics of the relevant conditions.

At the same time, reliable financial statements serve as a source of information about the real financial position of an economic entity (Bogatyrev, 2018; Tretyakova O. G. and Tretyakova G. B., 2017).

The variety of different facts of the economic life of business entities, situations, events, and emerging circumstances leads to the need to consider economic principles, concepts, and definitions in a more expanded framework than is provided for by the current regulatory legal acts (Revutsky, 2009; Shchepot'ev, 2020).

Undoubtedly, in relation to assets, in relation to the rules of accounting, auditing, taxation, it is necessary to adhere to clear rules that define the relevant criteria.

Note that according to one of the principles of accounting (the precautionary principle), the accounting policies of the organization should be formed under the following conditions: "an entity should recognize in accounting are more likely liabilities and expenses than anticipated assets and income", i.e. the recognition of the conformity of economic benefits to all criteria of an asset should be approached with skepticism.

However, in some cases (compliance with the principle of reasonableness, based on common sense, backed by scientific studies, subject to current practice, with appropriate justification) it is wise to get out of the regulatory limits, and to apply the legislation is not approved terminology. Such transformations and expansions of the boundaries of certain economic phenomena are caused by the development of economic thought in modern conditions. As already noted, for management accounting, valuation and other analytical procedures, you can use property, property rights that do not fully meet all the criteria of the asset. For such situations, the author suggests using the concept of "informal asset".

Informal assets – economic benefits that do not fully meet all the requirements for the concept of "asset". The concept of "informal asset" has fairly broad boundaries, including the terms "conditional asset", which is not subject to reflection and evaluation in accounting, as well as such economic categories as "hidden asset", "imaginary asset", "property (property rights) that do not have title documents and / or appropriate state registration)",

"economic analog of an asset", "probabilistic asset" and other actual, expected and probabilistic economic benefits that do not have all the characteristics of an asset.

Informal assets are defined in terms of existing accounting rules and are not subject to accounting and financial (accounting) reporting, but there is reasonable assurance that such property, property rights and economic benefits (informal assets, in terms of existing accounting rules) have sufficient characteristics within the relevant economic science, discipline or direction to be recognized as an asset and can be used for valuation procedures, management accounting, financial analysis, business planning and other analytical procedures not regulated by accounting rules.

Based on the presented definition, informal assets can be represented from the following positions:

- contingent assets (certain types of contingent assets may have the characteristics of informal assets);
- hidden assets;
- imaginary of the asset;
- property (property rights), which are legal documents and / or relevant state registration (for example: unauthorized construction, land plots, which do not have all required legal documents, as well as any other property that do not have all documents of title; note that getting (re -) all documents of title may incur significant charges (the size of which is commensurate substantial part of the value of the property), or the receipt of registration (licensing) documentation impossible (the property was built fatal violations, illegal building to be demolished, etc.));
- an economic analogue of an asset (for example, an economic analogue of a deferred tax asset; an economic analogue of goodwill (actually held by an entity, but not confirmed or documented by the fact of a purchase and sale transaction for this entity);
- probabilistic asset;
- other actual, expected and probable economic benefits that do not have all the characteristics of an asset (the list is not closed and exhaustive, informal assets may have a different form).

All the above-mentioned elements of informal assets are divided into the corresponding groups somewhat conditionally, the presented elements do not have a closed list and can be expanded with similar items.

3 THE RESULTS OF THE STUDY

Within the framework of this article, a probabilistic asset is considered in detail as one of the elements of an informal asset. Taking into account the conducted research, the author suggests introducing such a concept as a "probabilistic asset" into the economic terminology and widely using it in the relevant fields (directions) of economic science. Let us immediately note that a probabilistic asset (in the existing legal framework, the established scientific turnover on accounting, auditing and taxation) is not an asset that has all the qualifying characteristics of an asset, but such assets (probabilistic) can be used in valuation activities (when evaluating a business), in financial analysis, in forecasting, in bankruptcy procedures, in building a financial model, etc.

Let's consider the term "probabilistic asset" directly.

Probabilistic asset - economic benefits that can appear with a certain probability of occurrence in the future as a result of purposeful actions of the organization, taking into account the occurrence (non-occurrence) of one or more future uncertain events that are not controlled by the organization. A probabilistic asset does not meet all the criteria for an asset or a contingent asset for accounting purposes, but within the relevant economic science, discipline or direction, it has sufficient features to be recognized as an asset and can be used for valuation procedures, management accounting, financial analysis, business planning and other analytical procedures that are not regulated by accounting rules. Probabilistic asset to be determined, including at low (significantly less than 50 %) probability of occurrence, and the use of economic-mathematical tools identify the likelihood of a favourable economic effect of the availability of economic benefits (for example: the right of redemption of state or municipal property at a reduced cost; the right to receive subsidies from the budget of the previously incurred costs; right to the imposition of vicarious liability and the recovery of damages from Executive body or owner, co-owner of the organization or a third party; assets arising from contesting in court previously completed transactions, etc.).

Probabilistic asset may occur in emergency, non-standard or atypical situations, when the circumstances have led to the existing state of Affairs, and purposeful activities of an economic entity though and require concerted action (as well as spending various resources), but the estimated costs disproportionately small with intended (albeit probabilistic) additional economic benefits.

A probabilistic asset has some similar features to a conditional asset, the definition of which is fixed in regulatory documents, but differs from it.

The concepts of "contingent asset" under RAS and IFRS have similar features. A contingent asset is defined as a possible asset that arises as a result of past events in its business life, the existence of which will be determined by the occurrence or non-occurrence of one or more future expected events beyond the control of the business entity.

A contingent asset under RAS and IFRS is not subject to valuation and is not reflected in the financial (accounting) statements as an asset of the organization.

A contingent asset is a legally established economic category (in relation to accounting, audit, etc.). And such economic categories as an informal asset, a probabilistic asset are not legally fixed, are determined by scientific research and can (can, but are not required) to be used in analytical procedures, based on established and applied practice. Unlike a contingent asset, a probabilistic asset is subject to valuation.

A probabilistic asset is not determined or measured for accounting (or tax) purposes, and its identification, determination, and evaluation are necessary for valuation procedures, management accounting, financial analysis, and other analytical procedures.

Note that during the life cycle of an organization, transformational processes can occur with its assets: individual assets lose all the characteristics of an asset, and individual informal assets are transformed into assets that have all the qualification characteristics of an asset (Shchepot'ev, 2020).

Consider the individual elements of economic benefits that can be defined as a probabilistic asset:

- the right to preferential purchase of property (real estate, land plot);
- the right to receive state subsidies (compensation) for expenses incurred;
- the right to receive tax benefits (specifically for this business entity) under the current legislation;
- the right to recover lost profits, losses from counterparties or third parties;
- the existence of grounds for challenging previously executed transactions in court, including the occurrence of such grounds in the course of bankruptcy proceedings;
- the existence of grounds for bringing the executive body or the owner of the organization to subsidiary and / or joint liability, including

the occurrence of such grounds in the course of bankruptcy proceedings;

- other probabilistic assets.

The specified list of probabilistic assets is not exhaustive and closed. These estimated economic benefits only illustrate the described economic category in the form of a probabilistic asset.

4 DISCUSSIONS

Let's consider the given positions of a probabilistic asset in more detail.

The right to preferential purchase of property (real estate, land). In this case, the probabilistic asset can be determined by at least two expected scenarios for the development of favorable financial events: an increase in the amount of cash in the amount of additional profit received from the relatively rapid resale of real estate purchased at a preferential (below market value) cost, or an increase in the value of net assets (at the company's market value) due to the excess of the market value of the property compared to the resources spent.

The right to receive state subsidies (compensation) for expenses incurred. Certain areas of activity in the state enjoy appropriate support, for example, small business, agriculture, innovation, etc. Within the framework of the relevant target programs of the authorities (at various levels), compensation for expenses incurred by the economic entity is provided, for example, compensation for part of the lease payments for the purchase of new agricultural equipment for agricultural companies, compensation for part of the costs of credit interest used in the activities of the subject of innovation, etc. By the time of the analysis (evaluation, research), the business entity has already made the corresponding expenses, produced and sold its products, and has already made a profit. But with the use of the principles of the state program of support of separate categories of business entities, business entities, in a timely manner, in compliance with all statutory requirements, plans to prepare the documents and submit to receive subsidies for the payment already made (and included in the financial result) expenses, allowing him to obtain additional irrevocable funds and increase financial performance. The presence of such an intention in an economic entity, compliance with the requirements of the state program is reasonable to consider as a probabilistic asset (of course, taking into account the probability of achieving a positive financial result).

The right to receive tax benefits (specifically for this business entity) under the current legislation. In this aspect, economic benefits can be considered in the form of an expected reduction in the tax burden if the economic entity meets certain indicators. For example, under the current legislation, urgent property tax benefits may be provided if an economic entity successfully invests a significant amount of money in the modernization or increase of production (for example, 50 million rubles per year). In this case, according to the norms of regional legislation, when submitting the relevant documents confirming the relevant facts, the organization may have tax benefits for this new property for a number of years. The business entity plans to use this benefit, meets the necessary requirements. The probabilistic asset will be determined in the form of saved (saved) funds for the payment of property tax for the relevant period (taking into account the probability of achieving this favorable financial event).

The right to recover lost profits, losses from counterparties or third parties. In this context, claims directly arising from a contractual relationship are not considered as a probabilistic asset (although in some cases they may have the characteristics of a probabilistic asset). For the studied economic category, the alleged claim that is planned to be obtained in court, which arose in the form of a loss of profit due to a competitor's violation of antitrust laws, is more suitable. Suppose that unfair (illegal under antitrust law) actions of a competitor (this fact is established by state regulatory authorities) led to a reduction in the profit of the analyzed company in the amount of 1,000,000 monetary units. The company has documented this fact, there is evidence, there is an intention to file a lawsuit to recover lost profits from an unscrupulous competitor. Such a fact can be considered as a probabilistic asset.

The existence of grounds for challenging previously executed transactions in court, including the occurrence of such grounds in the course of bankruptcy proceedings. In the course of a business entity not in the bankruptcy process economic feasibility to challenge the transaction (and achieve bringing the parties to the transaction to the original position) occurs only in the case that the transaction has been carried out on market terms (the transaction amount, payment term, etc.). In the case of non-market relations can be determined probabilistic asset that may occur in the event of termination (in judicial or pre-trial order) transactions for which there are grounds for challenging (Kobozeva, 2010).

The existence of grounds for challenging previously executed transactions in court may have

slightly different consequences than in the normal course of business. The existence of grounds for challenging transactions in the course of bankruptcy proceedings (even under comparable market conditions of the transaction) may be justified and economically justified. For example, the alienation of property at market value, but with priority repayment of debts to one creditor to the detriment of other creditors, may be the basis for challenging transactions.

And in this case, there is a probabilistic asset, and as a result, a proportionate obligation (Shchepot'ev, 2020). As a result of challenging the transaction, the business entity will receive both an additional asset and an additional liability, and the amount of its own funds will not change. However, the resulting asset (as a result, it will eventually be transformed into cash) can be used to ensure the bankruptcy process itself (extraordinary payments) or used to extinguish the accounts payable (obligations) of creditors of an earlier stage (economically and legally less protected group of creditors). For example, the received funds (when challenging transactions) may be used to pay off salary debts, but not to legal entities; to pay off debts to unaffiliated creditors, to the detriment of affiliated creditors or owners, since the relationship with the affiliated persons could be aimed at withdrawing assets or causing damage to the organization.

In bankruptcy proceedings, challenging transactions (regardless of the market value of the transaction) has a clear economic meaning. That is why the expected receipt of an asset (even with the condition of additional obligations) in the course of challenging transactions can and should be considered as a probabilistic asset, taking into account the probability of obtaining the corresponding asset in the course of legal proceedings and actions to execute a judicial act (Shchepot'ev, 2020). Moreover, the occurrence of a probabilistic asset can lead to the occurrence of a probabilistic liability (Shchepot'ev, 2020).

The existence of grounds for bringing the executive body or the owner of the organization to subsidiary and / or joint liability, including the occurrence of such grounds in the course of bankruptcy proceedings. In the course of economic activity, there are cases when the owner, who has control functions, makes a decision in relation to a dependent (or subsidiary) company that is directly beneficial to him, but has brought losses to the company and other co-owners. The actions of the executive body may also lead to losses. In such situations, the company may have the right to hold the

executive body or the owner of the company accountable.

The presence of such grounds and the intention to carry out such actions can be considered as a probabilistic asset. It should be noted that the probability in this case is to determine not only with regard to the alleged receipt of a proper (well-established in the appellate and cassation instances) a judicial act, but also with the financial capacity of the Executive body or owner for damages, i.e. taking into account the probability of the actual execution of fully or partially judicial act to repay the damage from the actions of the Executive body or owner.

Probabilistic assets, in most cases of their occurrence, are caused by the relevant circumstances and the implementation of targeted actions on the part of the economic entity.

For the transformation of a probabilistic asset into property, property rights that have all the characteristics of a real asset, the actions of the relevant authorized bodies (the executive body or other management bodies) are necessary. It is not enough to have the right to buy back the property at a reduced price, this right must be used in a timely manner. It is not enough to have the right to recover lost profits, losses caused, or to bring someone to subsidiary or joint liability. It is necessary to take purposeful actions. But in this aspect (taking into account the circumstances), the occurrence of a probabilistic asset does not relate to the normal business activity of the company. A probabilistic asset will not be defined as an additional increase in assets due to the profit received in the ordinary course of business due to the normal amount of profit inherent in this type of activity. For example, the resulting increase in cash during normal trading activities (purchase and sale of goods) will not be defined as a probabilistic asset, since such activities are determined by the rate of profit in trading. As already noted, the probabilistic asset may occur in emergency, non-standard or atypical situations, when the circumstances have led to the existing state of Affairs, and purposeful activities of an economic entity though and require concerted action (as well as spending various resources), but the estimated costs disproportionately small with intended (albeit probabilistic) additional economic benefits.

The estimated asset gain from real estate agency real estate trading will not be a probabilistic asset at its core. But the expected growth of assets from real estate, purchased at a discounted price significantly below market size (grace redemption involves the purchase at a price significantly below market), can be regarded as probabilistic asset, because the right to

preferential purchase is not appears to be widespread, systematic and due to the current in this situation, circumstances (for example: availability for this moment a long lease relations).\

The right of claim against the debtor, recovered in court, will not be a probabilistic asset. The accounts receivable itself meets all the requirements for the asset, the collection of accounts receivable has its own well-established standards of profitability. But the right to bring the former (suspended) director to subsidiary and / or joint liability for previously caused losses can be determined (at the stage of identifying the grounds for bringing the former director to responsibility for the losses caused) can be determined as a probabilistic asset (with the corresponding probability of real economic benefits for the company).

The described elements of economic benefits that can be defined as a probabilistic asset are not exhaustive. The author showed only the main positions of the probabilistic asset, the reasons and conditions for the occurrence of probabilistic assets are broader and more diverse.

A probabilistic asset does not meet all the criteria for an asset, but can be defined as an informal asset. For the purposes of valuation, analytical, and management procedures, such an informal asset can be identified and evaluated using mathematical tools to determine the probability of a favorable economic effect from the ownership of the corresponding probabilistic asset.

If there are two or more doubts about the occurrence of a favorable financial event for the occurrence of an asset, then such a probabilistic asset should be evaluated taking into account the corresponding probabilities of a favorable economic outcome, even if such a probability (probability in aggregate) is significantly lower than 50%. Note that to determine the probabilities, you can use mathematical models based on the experience of the past (if there is such experience), by the method of expert assessments (specialists of the corresponding profile determine the corresponding probability) or other tools known to science.

5 CONCLUSIONS

Note that a probabilistic asset, as a rule, before its transformation into property or property rights that meet the criteria of a real one (which has all the formally stipulated criteria) an asset that has the characteristics of an asset, the alienation of which

from an economic entity for a reasonable cost is impossible under the current legislation.

It is impossible to transfer to another economic entity the right to preferential repurchase of property, the right to receive state subsidies (compensation) for expenses incurred, the right to existing tax benefits (specifically for this entity), the right to recover lost profits and other similar probabilistic assets.

As a result of the purposeful actions of the economic entity, the probabilistic asset in the foreseeable future, with a certain degree of probability, will turn into property or property rights.

It should be noted that the proposed tools for determining and evaluating the expected economic benefits in the form of a probabilistic asset should not become a tool for unreasonably increasing the value of an existing business entity for the purposes of determining its value, financial analysis or making management decisions.

The use of such an economic category as a probabilistic asset is quite reasonable and justified in modern economic conditions in certain areas of activity: valuation activities, management accounting, financial analysis, etc. The use of such tools in analytical procedures will help to obtain more accurate results when evaluating a business, will allow for more accurate business planning, the construction of economic models, more balanced management decisions, etc.

According to the author, taking into account the modern principles of the approach to financial information, the use of informal assets in analytical procedures, in particular, the probabilistic asset, will be justified and appropriate.

The author expresses the hope that scientific research on the presented topic will continue and develop and will contribute to the development of economic thought.

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