
BARTER OF CORPORATE ASSETS AS A PREVENTION OF INSOLVENCY IN TIMES OF ECONOMIC SHOCKS (ACCOUNTING ASPECTS)

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Abstract: The barter in its classic form, known for millennia, is based on the simple concept that two persons (natural or legal) agree by determining the relative value of their goods and services and offer them to each other on equal terms.

A number of researches for centuries have proven the thesis that the monetary economy is much more efficient and adequate than the barter economy. Nevertheless, objective analysis shows that barter has both advantages and disadvantages.

This article presents barter as a transaction and the barter system as the environment in which barter transactions take place.

The subject of the article are the accounting aspects of the barter exchange of assets between enterprises as a result of appropriate management decisions.

This article aims to outline the benefits of barter as a prevention of enterprises’ insolvency in times of economic shocks by presenting modern IFRS - accounting concepts for reporting the barter of assets between reporting entities.

Barter between enterprises becomes an attractive form for settling business relations when there are processes of economic downturns and recessions. In the context of the coronavirus epidemic, which appeared in early 2020, barter is flourishing. Barter has been actively used as an alternative management strategy for micro and small enterprises on a global scale. The advantage of barter transactions is that the focus is on the exchange value (relative price) of the assets and not on their nominal price.

Modern barter transactions between reporting entities are performed using digital technology in places called barter exchanges. Online barter exchanges became popular with small enterprises after the 2008 financial crisis. As prospects and sales decreased, small enterprises increasingly turned to barter exchanges to generate revenue. The exchanges enabled members to find new customers for their products and get access to goods and services using unused inventory. A barter exchange is an organization that serves as a third party to coordinate barter transactions between members of the organization and as a bank to keep track of the value of barter transactions and the value of each member's account. For the provided services barter exchanges charge an initial membership fee, a transaction percentage, and a monthly maintenance fee.

In geographical scale barter transactions have their own specific characteristics which allow to form different patterns of barter activity. From international point of view, the more important ones are the American, Russian and European (Swiss) models. The leading organization in the field of barter transactions is established and operating in the USA **International Reciprocal Trade Association (IRTA)**. IRTA was founded in 1979 with a view to:

- foster the common interests of the commercial barter industry in the United States and worldwide, and to uphold high standards of ethical business practice.
- work with all sectors of the barter industry to preserve, protect and enhance the industry.
- interface with governmental agencies, the media and the public to promote the numerous benefits of barter systems as an important component for economic development.
- conduct research into contracts, securities and tax laws and accounting principles applicable to the retail barter, corporate barter, complementary currency systems and counter trade organizations.

IRTA provides global inter-exchange trading platform in the world through its subsidiary - Universal Currency Clearinghouse, Inc. (UC). In 2019 UC set record in barter transactions by doing over 14.5 million dollars of inter-exchange trading between its members⁸⁷.

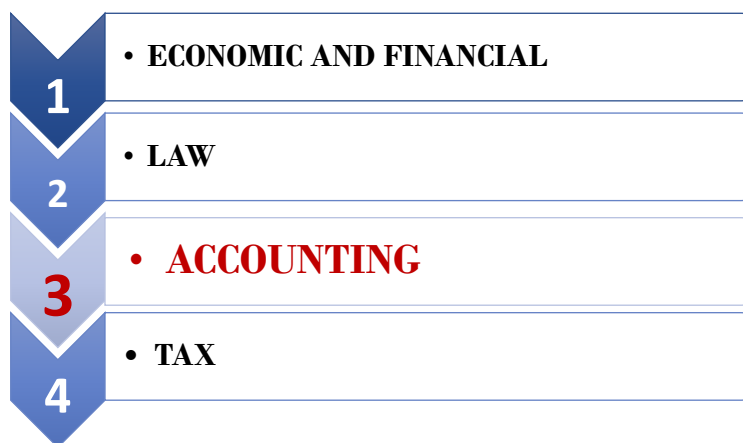
Keywords: barter, noncurrent assets, financial reporting, accounting standards

⁸⁷ IRTA. UC Sets New Annual Trading Record In 2019! IRTA News, January 3, 2020, www.irta.com

1. ASPECTS OF BARTER EXCHANGE

Broadly speaking, barter exchange could be reviewed from several main aspects: economic, legal, accounting and tax. In this section of the article we attempted drawing a short, yet comprehensive characteristics of the financial, legal and tax features of barter in its capacity of phenomenon in financial science and as a source of obligation legal relations. Author's objective is to outline more broadly the barter and barter system characteristics and get an idea of the place and significance of accounting and tax treatment of the barter transactions.

Fig. 1: Aspects of barter exchange



Barter's financial essence as a corporate instrument as a prevention of insolvency in times of crises

In the modern world that goes through global crises, barter is outstanding as a phenomenon “which from logical point of view should have been included in the archives of economic history long ago⁸⁸. Barter transactions are brought back to life as business actors' response to financial and economic crises. They evidence economic system has in-built mechanisms for recovering **the objectively present connections and dependencies**. From financial point of view, the benefits from operating the modern barter systems at micro- and macroeconomic level are⁸⁹:

- provide the opportunity for non-cash payments in the case of cash shortage;
- non-interest bearing credits are issued to the enterprises;
- striking the right balance between demand and supply in the case of recovered relative prices;
- increase of employment rate, decrease the unemployment, the total effectiveness of economy improves;
- used as alternative of customs policy for certain economic sectors.

Legal characteristics of the barter agreements

From legal point of view, the barter agreement is a source of obligation relations according to which one party undertakes to transfer to the other ownership to one item or other right for other party's obligation to transfer ownership or other right. In the Bulgarian law of obligations⁹⁰ the barter agreement should be perceived as a combination of two sales, whereas both parties are sellers and instead of presenting cash, it is sufficient for every to redress some item (asset). It is acceptable to have mixed barter agreements in place (mixed exchange) – combined with sale or with donation, if considerations are non-equivalent.

Tax treatment of barter transactions

The legal, as well as the tax system of each and every country has its features and specifications in terms of taxes levied onto the barter transactions effected between physical persons and legal entities. Within the European Union, the taxation system is harmonized via the tax regulations and directives. The incomes from barter transactions are charged with direct taxes, as well as with indirect value added tax. In all the member-states of the European Union we have a system for corporate taxation of the profits made by the business enterprises. The tax rate for the company profits from barter transactions vary from 9 % in Hungary to 33.3 % in France. Under Directive 2006/112/EC on the

⁸⁸ Toncheva, R., (2014) Pro-monetary essence of the modern barter, Abstract of dissertation for awarding the educational-academic degree “PhD”, Sofia, p. 7

⁸⁹ In the same source, p. 8

⁹⁰ Obligations and Contracts Act, made public in State Gazette, edition 275 dated the 22nd of November 1950 latest modification and supplementation in State Gazette, edition 42 dated the 22nd of May 2018.

common system of value added tax⁹¹ barter transactions are perceived as taxable deliveries of commodities and services. In each and every case we perceive that the counter parties are sellers of what they give and are buyers of what they receive. Under article 73 of Directive 2006/112/EC the tax base in the case of barter exchange includes everything that is counter consideration which was received or should be received from the supplier for the delivery from the client or third party, including subsidies that are directly related to the delivery price. From tax point of view, VAT becomes due and payable by the reporting units if the commodities (assets) or the services have been delivered/rendered. The VAT accrual is done whereas each and every party issues tax document for the commodity (service) which it provides and includes this document (invoice) in the tax registers for the particular tax period. It is not rare to have transfer of commodity ownership or rendering the service under both counter deliveries that do not coincide throughout time, i.e. the dates of the tax event under both deliveries are different. In the case of these hypotheses, the delivery that is first in time should be treated as advance payment for the counter due consideration. In these cases, parties should document the deliveries with two counter invoices. The supplier under the delivery that is first in time issues invoice for the delivered commodity (rendered service) and the supplier under the second delivery issues invoice for the received advance payment. In the case of the final performance of the delivery that is second in time an invoice or debit note is issued.

2. BARTER EXCHANGE IN ACCOUNTING THEORY

In accounting theory and practice for more than five centuries we have researched barter transactions. Numerous researchers have suggested and keep elaborating and offering various models for barter transactions' accounting.

Significantly, **Luca Pacioli, recognized as the “Father of modern accounting”**, in his book titled “*Summa de Arithmetica, Geometria, Proportioni et Proportionalita*”⁹² describes barter as follow: “first enter it in the memorandum book, stating in detail all about it ... then at the end you shall put a money value on it; you shall put down such price in accordance with the current value which the things you have traded have ...”.⁹³ Unfortunately, it is not quite clear what “things you have traded” meant, the goods given, the goods received, or both. In his first example in Chapter 20 Pacioli uses following example: “I value the sugar 24 ducats per hundred,” thus using the value of the goods sacrificed and treating the transaction as a purchase of ginger. In Chapter 36 he offers another example, wool given in exchange for pepper received. He treats this transaction as a sale: “I have sold 1000 pounds of English wool in exchange for ... 2000 pounds of pepper. Estimate what the value of the pepper is, at your discretion, in cash.” He debited the pepper at this value and credited wool for the same value.

In more recent times, Robert Sterling and Richard Flaherty⁹⁴, in their article “The Role of Liquidity in Exchange Valuation” have provided a theoretical framework for the accounting treatment of a barter transaction, which may be summarized as follows⁹⁵:

- An exchange is a two-way flow of goods.
- Neither good has a value attached, but one must be assigned by the accountant.
- When the value of one of these goods has been assigned it can be used to impute the value of the other.
- One good is “independently valued and the other dependently valued.”
- Had cash been received or given as one side of the barter, cash would have been the independent value because of its liquidity.
- Therefore, either the good given or received should determine the independently valued item, depending upon which good is the most liquid.
- If the good received is independently valued, the transaction is basically a sale and would result in realization of a gain or a loss.
- If the good sacrificed is independently valued, the transaction is basically a purchase and no gain or loss should be recognized (record transaction at book value of the sacrifice).

⁹¹ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, OJ L 347, 11.12.2006

⁹²Pacioli, Luca. (1494) *Summa de Arithmetics, Proportioni et Proportionalita*. 1st Edition.

⁹³ Pacioli, Luca. (1494) *Summa de Arithmetics, Proportioni et Proportionalita*. 1st Edition. In *Ancient Double-entry Bookkeeping*. Published by John D. Geijsbeck, Denver, Colorado, USA, 1940, p. 57

⁹⁴ Robert R. Sterling and Richard E. (1971) Flaherty, *The Role of Liquidity in Exchange Valuation*, *The Accounting Review*, Vol. 46, No. 3, pp. 441-456

⁹⁵ Williard E. Stone. (1985) Barter: Development of Accounting Practice and Theory, *Accounting Historians Journal* 12 (2): 95–108, <https://doi.org/10.2308/0148-4184.12.2.95>

In spite of these scientific theses, which became quite popular in the accounting sectors, the scientific search is still aimed in two directions:

*How to treat barter – as a business operation that reflects purchase or as a business operation for the effected sale?
What is the value at which we should recognize and report initially the assets, being the subject matter of barter transaction – cost, balance value, fair value or other forecast value?*

3. THE BARTER EXCHANGE AS A PREVENTION OF ENTERPRISES' INSOLVENCY IN TIMES OF ECONOMIC SHOCKS BY PRESENTING MODERN IFRS - ACCOUNTING CONCEPTS FOR REPORTING THE BARTER OF ASSETS BETWEEN REPORTING ENTITIES

In Conceptual framework for financial reporting from 2018 assets are treated as an elements relating to financial position. The asset is defined as a present resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.

From the position of the accounting science and practice, we are interested in accounting barter of the fixed (long-term) tangible assets.

Under IAS 16 “Property, plant and equipment” whereas as fixed tangible assets should be treated the following assets:

- Are being held by the enterprise in order to be used for the production or delivery of commodities or services, for lease to other persons/entities or for administrative purposes;
- are expected to be used during more than one reporting period.

Paragraph 24 of IAS 16 “Property, plant and equipment” contains the definition of two alternatives when it comes to exchanging assets – one or more assets within the scope of property, plant and equipment could be acquired in exchange of non-monetary asset(s) or a combination of monetary and non-monetary assets. Consequently, the standard allows reporting the exchange of:

- Non-monetary asset(s) ⇔ non-monetary asset(s);
- Non-monetary asset(s) ⇔ non-monetary asset(s) + monetary asset(s).

“The replacement of non-monetary asset with one or in combination of monetary and non-monetary assets, is equalized to the ordinary transaction under sale agreement, except for the fact that the equivalent could be fully or partially non-monetary asset”.⁹⁶ The price of fixed assets’ acquisition whereas these assets have been acquired as a result of barter transaction is defined according to **fair value**⁹⁷.

Under paragraph 25 of IAS 16 “Property, plant and equipment” the fair value of a particular asset is reliably defined if:

- a) the fluctuations within the scope of reasonable measurements of the fair value are not essential to this asset, or
- b) the probabilities of the various estimates within the scope could be reasonably measured and used when measuring the fair value.

If the enterprise is able to define reliably the fair value of the received or leased asset, then the fair value of the leased asset is used for measuring the value of the received asset, unless the fair value of the received asset is not more clearly definable.

The profit or loss which occurs when writing a real estate, machine or equipment off as a result of exchange is defined as the difference between the fair value and the balance value of the asset.

The practical application of the provisions of IAS 16 “Property, plant and equipment” concerning the assets’ exchange could be illustrated by the following examples:


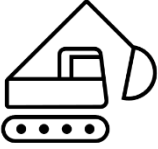
Example 1: Exchange of non-monetary for non-monetary asset (after taking the loss in account)

The enterprise «AB» LTD enters barter agreement for exchanging bus for chain bagger that is ownership of the enterprise «KM» LTD according to the following output data, terms and conditions defined in table 1.

⁹⁶ Dushanov, I., Dimitrov, M. (2018) Course in accounting of the enterprise, Ninth edition, Trakia – M, Sofia, p. 117-118.

⁹⁷ IFRS 13 “Fair Value Measurement” defines the fair value as the price received for the asset sale or paid for the liability transfer in ordinary transaction between the market actors as of the measurement date.

Table 1.

«AB» LTD AUTOBUS		BARTER EXCHANGE NON-MONETARY ASSETS	«KM» LTD EXCAVATOR	
				
Cost	300 000 EURO	Cost	500 000 EURO	
<i>Accumulated depreciation</i>	188 000 EURO	<i>Accumulated depreciation</i>	400 000 EURO	
Book value	112 000 EURO	Book value	100 000 EURO	
Fair value	105 000 EURO	Fair value	105 000 EURO	

Note: Enterprises are not registered for VAT

In the abovementioned example we exchange non-monetary assets without effecting additional cash payment which suggests the bus and the chain bagger have equal fair values.



In the accounting system of the enterprise «AB» LTD this business process is reflected after making accounting entries in the following sequence:

1. We write off the accrued bus depreciation at the amount of 188 000 EUR.
2. We write the bus off the enterprise property with the balance value - 112 000 EUR.
3. We recognize receivables from the client «KM» LTD and revenues from the sale of the fixed asset with the amount of the fair value – 105 000 EUR.
4. We report loss from assets' exchange as the difference between the fair and balance value of the bus (105 000 EUR – 112 000 EUR) at the amount of 7 000 EUR.
5. We recognize the asset acquisition – chain bagger for obligation towards the supplier «KM» LTD at the amount of 105 000 EUR;
6. We perform deduction of the receivables from «KM» LTD with the obligations towards «KM» LTD at the amount of 105 000 EUR.

Example 2: Exchange of non-monetary for non-monetary asset (after taking the profit in account)

The enterprise «AB» LTD enters barter agreement for exchanging bus for chain bagger that is ownership of the enterprise «KM» LTD according to the following output data, terms and conditions defined in table 2.

Table 2.

«AB» LTD AUTOBUS		BARTER EXCHANGE NON-MONETARY ASSETS	«KM» LTD EXCAVATOR	
				
Cost	300 000 EURO	Cost	500 000 EURO	
<i>Accumulated depreciation</i>	188 000 EURO	<i>Accumulated depreciation</i>	400 000 EURO	
Book value	112 000 EURO	Book value	100 000 EURO	
Fair value	120 000 EURO	Fair value	120 000 EURO	

Note: Enterprises are not registered for VAT

In the accounting system of the enterprise «AB» LTD this business process is reflected after making accounting entries in the following sequence:


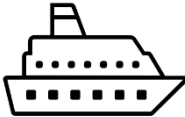
1. We write off the accrued bus depreciation at the amount of 188 000 EUR.
2. We write the bus off the enterprise property with the balance value - 112 000 EUR.
3. We recognize receivables from the client «KM» LTD and revenues from the sale of the fixed asset with the amount of the fair value – 120 000 EUR.

4. We report profit from the assets' exchange as difference between the fair and balance value of the bus (120 000 EUR – 112 000 EUR) at the amount of 8 000 EUR.
5. We recognize the asset acquisition – chain bagger for obligation towards the supplier «KM» LTD at the amount of 120 000 EUR
6. We perform deduction of the receivables from «KM» LTD with the obligations towards «KM» LTD at the amount of 120 000 EUR.

Example 3: Exchange of non-monetary asset and monetary assets for the non-monetary asset (after taking into account the loss)

The enterprise «AB» LTD enters barter agreement for exchanging bus for cruise ship that is ownership of the enterprise «SM» LTD according to the following output data, terms and conditions defined in table 3.

Table 3.

«AB» LTD AUTOBUS		BARTER EXCHANGE NON-MONETARY AND MONETARY ASSETS	«SM» LTD CRUISE SHIP	
				
Cost	300 000 EURO	Cost	900 000 EURO	
<i>Accumulated depreciation</i>	188 000 EURO	<i>Accumulated depreciation</i>	710 000 EURO	
Book value	112 000 EURO	Book value	190 000 EURO	
Fair value	105 000 EURO	Fair value	200 000 EURO	
Monetary assets	95 000 EURO			

Note: Enterprises are not registered for VAT

In the abovementioned example we exchange non-monetary assets and effect additional cash payment on behalf of «AB» LTD, in order to pay the fair value of the acquired cruise ship.


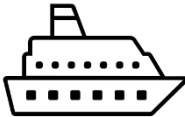
In the accounting system of the enterprise «AB» LTD this business process is reflected after making accounting entries in the following sequence:

1. We write off the accrued bus depreciation at the amount of 188 000 EUR.
2. We write the bus off the enterprise property with the balance value - 112 000 EUR.
3. We recognize receivables from the client «SM» LTD and revenues from selling the fixed asset at the amount of the fair value – 105 000 EUR.
4. We report loss from assets' exchange as the difference between the fair and balance value of the bus (105 000 EUR – 112 000 EUR) at the amount of 7 000 EUR.
5. We recognize asset's acquisition – cruise ship for debt towards the supplier «SM» LTD at the amount of 200 000 EUR
6. We perform partial deduction of receivables from «SM» LTD with the obligations towards «SM» LTD at the amount of 105 000 EUR.
7. We perform cash payment for the decrease of the obligations' residual towards «SM» LTD at the amount of 95 000 EUR.

Example 4: Exchange of non-monetary asset and monetary assets for non-monetary asset (while taking the profit into account)

The enterprise «AB» LTD enters barter agreement for exchange of bus against cruise ship, owned by the enterprise «SM» LTD according to the following output data, terms and conditions defined in table 4.

Table 4.

«AB» LTD AUTOBUS		BARTER EXCHANGE NON-MONETARY AND MONETARY ASSETS	«SM» LTD CRUISE SHIP	
				
Cost	300 000 EURO	Cost	900 000 EURO	
Accumulated depreciation	188 000 EURO	Accumulated depreciation	710 000 EURO	
Book value	112 000 EURO	Book value	190 000 EURO	
Fair value	120 000 EURO	Fair value	200 000 EURO	
Monetary assets	80 000 EURO			

Note: Enterprises are not registered for VAT

In the abovementioned example we exchange non-monetary assets and effect additional cash payment on behalf of «AB» LTD, in order to pay the fair value of the acquired cruise ship.

In the accounting system of the enterprise «AB» LTD this business process is reflected after making accounting entries in the following sequence:

1. We write off the accrued bus depreciation at the amount of 188 000 EUR.
2. We write the bus off the enterprise property with the balance value - 112 000 EUR.
3. We recognize receivables from the client «SM» LTD and revenues from selling the fixed asset at the amount of the fair value – 120 000 EUR.
4. We report profit from assets' exchange as the difference between the fair and balance value of the bus (120 000 EUR – 112 000 EUR) at the amount of 8 000 EUR.
5. We recognize asset's acquisition – cruise ship for debt towards the supplier «SM» LTD at the amount of 200 000 EUR;
6. We perform partial deduction of receivables from «SM» LTD with the obligations towards «SM» LTD at the amount of 120 000 EUR.
7. We perform cash payment for the decrease of the obligations' residual towards «SM» LTD at the amount of 80 000 EUR.

In IAS 16 “Property, plant and equipment” **two exceptions are made when it comes to measuring the acquired assets at fair value:**

a) If the exchange transaction has no commercial contents⁹⁸,

Or

b) neither the fair value of the received asset, nor the one of the particular asset could be reliably measured.

In these two cases the initial measurement of the acquired asset equals the balance value of the delivered asset. Consequently, if the transaction for the assets' exchange has no commercial contents or if there are no prerequisites for the reliable measurement of the fair value of assets, then no financial result is recognized and reported (profit or loss) due to this exchange.


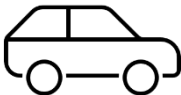
Example 5: Exchange of non-monetary asset if the transaction has no commercial contents

The enterprise «ABC» LTD enters barter agreement for exchange of steam locomotive against retro vehicle, owned by the enterprise «LMN» LTD according to the following output data, terms and conditions defined in table 5.

⁹⁸ Paragraph 25 of IAS 16 “Property, plant and equipment” defines that the barter transaction has commercial contents if it is in conformity with the following terms and conditions:

- a) the configuration (risk, time of occurrence and sum) of the cash flows from the received asset differs from the configuration of cash flows from the transferred asset; or
- b) the value specific to the enterprise for the enterprise operations impacted by the transaction changed as a result of the exchange; and
- c) the difference defined in letter a) or b) is significant in view of the fair value of the exchanged assets.

Table 5.

«ABC» LTD		BARTER EXCHANGE NON-MONETARY ASSETS WITHOUT COMMERCIAL CONTENT	«LMN» LTD	
LOCOMOTIVE			RETRO CAR	
				
Cost	950 000 EURO		Cost	700 000 EURO
Accumulated depreciation	600 000 EURO	Accumulated depreciation	310 000 EURO	
Book value	350 000 EURO	Book value	390 000 EURO	

Note: Enterprises are not registered for VAT

In the abovementioned example we exchange non-monetary assets without effecting additional cash payment on behalf of «AB» LTD, since it is not possible to define the fair values of the assets and the transaction has no commercial contents.

In the accounting system of the enterprise «AB» LTD this business process is reflected after making accounting entries in the following sequence:

1. We write off the accrued locomotive depreciation at the amount of 600 000 EUR.
2. We write the locomotive off the enterprise property with the balance value - 350 000 EUR.
3. We recognize receivables from the client «LMN» LTD and revenues from selling the fixed asset at the amount of the balance value – 350 000 EUR.
4. We recognize asset's acquisition – retro vehicle for debt towards the supplier «LMN» LTD at the amount of 350 000 EUR (the balance value of the acquired asset equals the one of the delivered asset!).
5. We perform deduction of receivables from «LMN» LTD with the obligations towards «LMN» LTD at the amount of 350 000 EUR.
6. We do not take into account the financial result from assets' exchange.

In the accounting system of the enterprise «LMN» LTD this business process is reflected after making accounting entries in the following sequence (the accounting entries are mirror-like to the entries made in the accounting system of «ABC» LTD. The only difference is about the values of the accounting items):

1. We write off the accrued retro vehicle depreciation at the amount of 310 000 EUR.
2. We write the vehicle off the enterprise property with the balance value - 390 000 EUR.
3. We recognize receivables from the client «ABC» LTD and revenues from selling the fixed asset at the amount of the balance value – 390 000 EUR.
4. We recognize asset's acquisition – locomotive for debt towards the supplier «ABC» LTD at the amount of 390 000 EUR (the balance value of the acquired asset equals the one of the delivered asset!).
5. We perform deduction of receivables from «ABC» LTD with the obligations towards «ABC» LTD at the amount of 390 000 EUR.
6. We do not take into account the financial result from assets' exchange.

4. BARTER OF THE PROVIDED CONSTRUCTION RIGHT AGAINST THE OBLIGATION TO CONSTRUCT PART OF THE BUILDING

In the accounting practice what else matters in addition to the material-substantial pattern of the assets being exchanged – monetary and non-monetary, is the time aspect within which we perform the exchange. According to this criterion we could outline the following types of barter transactions⁹⁹:

⁹⁹ Dochev, I. (2014) Diving into the depths of a tax case, magazine issued by Institute of Certified Public Accountants, Sofia, edition 3, 2014, p. 2-3

- **Instantaneous barter** – simultaneous provision of two counter considerations from the participants in the barter; from legal point of view, the exchange takes place at the time of the factual exchange of the two counter considerations and is final;
- **Barter postponed throughout time** – in the case of this barter type it is possible to have two situations: a) the first in time is the asset delivery, and in the follow-up reporting period (months or years) to receive the replacing asset; or b) firstly to perform the asset reception, and in follow-up reporting period (months or years) to provide the replacing asset.

In economic reality and in the accounting practice the most widespread example of delayed barter is **the replacement of the incorporated construction right to part of a future building**. Actually, the replacement should be performed in the future moment of providing the building or part of the building, yet its parameters are well-known in advance, including the possible additional cash payments. The mismatch in time of both considerations could be overcome whereas the provided construction right is treated by the entrepreneur as received advance payment, and by the investor – as an issued advance payment until the construction completion. Every participant in the barter defines individually the acquisition price of the received asset. One party measures the value of the received construction right at the amount of what it will provide in exchange – building or parts of the building. And the enterprise that incorporated the construction right defines the value of the building or the building parts that it expects to receive at the amount of the provided construction right. In view of the cash-value measurement of these two counter considerations we use the fair price.

5. CONCLUSION

The modern barter transactions underwent significant development and turned into an effective manner for managing the cash flows in order to ensure the necessary and sufficient liquidity for the enterprises, optimal re-distribution of the assets and use of the production capacity surplus for the enterprises. Barter's accounting aspects reflect their economic essence and ensure high-quality and timely information about the changes that have occurred in the real and financial position of the reporting unit, about the achieved economic results from assets' exchange, about the liquidity management and limitation of the insolvency risks in the circumstances of economic shocks.

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