

DISCUSSION (AND SOLUTION) OF THE MEASUREMENT OF PROFESSIONAL PLAYERS AS A SPECIFIC INTANGIBLE ASSETS

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Abstract

The main aim of this paper is to discuss the feasibility of intangible asset accounting in financial reporting with reference to the professional players of the elite football. When Real Madrid invested 94 M€ to buy to Cristiano Ronaldo, this money could be considered as expenses or assets, if we used the definition of assets and we apply in this specific intangible asset, we could consider two ways, the easy way or the difficult way. Rowbottom (1998) said lack of reliable measurement is the major obstacle to the recognition of intangible assets, in this sense the easy way would be to consider to Cristiano Ronaldo as an expense because we don't have skills to recognition the market price but is this a good practices? The accountability of Cristiano Ronaldo is discussed, emphasizing on the difficulty to respect the principle of sincerity as well as to reach the objective of fair view. In this sense, traditionally financial reporting requirements allow replacement cost, value in use and net realisable value measurements in addition to acquisition costs. The dominant valuation bases for intangible asset accounting are acquisition costs, replacement costs and market values (Rowbottom, 1998) and each of these valuation requires the existence of a market. This is argued to be the main obstacle to the widespread recognition of intangible assets in financial reporting. Recognition is dependent upon measurement. Measurement is dependent upon the existence of a market. The key factor is that we could reliable measurement or if we could to create a framework to establish the market price.

Taking into account the dispositions of the norm IAS 38, the above opinion defines more precisely the identifiable character of non-current namely as: "an incorporeal immobilisation is identifiable if it is separable from the activities of the entity, that is liable to be sold, transferred, rented or exchanged in a separate manner or with a contract, another asset or liability or it results from a legal or contractual right even if this right is not transferable or separable from the entity or from the other rights and obligations".

The measurement of intangible assets is problematic due to a lack of verification through reference to an active market, if we want to do some solution, we need to classify to the players, if we understand to professional player careers and their performance, we could to establish levels of Expected performance and expected return.

Question research:

Is it possible to create a new classification of players with the aim that they could explain the levels of expected performance in the sport and economic values?

Methodology:

In Urrutia (2008) added a classification of players as: homegrown, international and star to analyze the innovation methodology of recruiting, in Kase K et al (2009) added a classification of players as: homegrown, promising, international and star player. This categorization responded to the development stage in the footballer's career, in Kase K et al (2009) discovered that only the variables in the table remain significant: player's age, position in league in previous season of buyer club, number of seasons as professional player and goal-scoring record over the player's career as international.

In this paper we have introduced a new classification because we had analyzed all the squad of the Liga BBVA and we had determined four levels of career (homegrown, first Division, International and Star player) and into the levels have definition the next table:

The market price (Urrutia et al, 2009) will depend on the first definition, player's age, position in league in previous season of buyer club, number of seasons as professional player and number of the match with his national team.

Discussion and Conclusion:

Rowbottom (1998) argued that identifying and measuring human resource assets may be possible in the football industry. The human resource asset, the player registration, is subject to sufficient control through unique industry structures to justify recognition as an intangible asset. The existence of an active market for player registrations facilitates reliable measurement, with this market and the classification of the players, we could identify three ways:

- 1.- First of all, the star player (E1 and E2) must to valuation with the criteria of economic value.
- 2.- Second of all, the case of the International (I, IB, IC) and first division (NA, ND) must to valuation using of market values.
- 3.- Third criteria, the case of the First division (NB, NC) and International (ID) must to valuation using Acquisition or historical cost.

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