INTANGIBLE ASSETS

AS-26

- Identifiable
- Non-monetary
- without physical substance

Applicable:- G/W + Adv Exp + Training + Startup cost + R & D activities + Patent, copyright, Trademark + computer software + Right under licence agreement

Non-applicability:-
→ F. Assets + I.A (AS-14, 21, 22, 19)
→ Exp for extraction of oil, gas etc
+ ~~Startup cost~~ Share issue Exp
+ VRS expenditure

Recognition Criteria

- must be an assets
- Future economic benefit
- Reliably measured.

→ It should be initially record at "COST".

→ Internally generated goodwill
✓ Cost can't be measured reliably, self generated goodwill is not recognised.

Research & Development

Research

- Cost can't be capitalized
- IA from research can't be recorded.
- Treated as an exp in F.S.

Development

Recognized as assets if meet recognition criteria & following:

- Tech. feasibility
- availability of product for use.
- Identification of cost incurred
- Probability of external market
- Future Revenue

Accounting Treatment

Carrying amt

- Cost less accumulated amortization less impairment loss
- Dep. should be allocated over the best estimate of its useful life on a systematic basis.
- 10 year — Life

Amortization method

if pattern of benefit & cost can be determined reliable than as per pattern.

Otherwise SLM

At the end of each F-year, A. method should be reviewed if ~~can~~ significantly changed in following:-
→ Expected useful life
→ Future economic benefit

Note:- Subsequent exp. on intangible

Add in cost if:-
✓ increase Future economic benefit in excess of previously assessed
✓ such exp. can be attributed to assets & measured reliably

Otherwise — Exp off.

Impairment loss

I.A impaired if Recoverable amt is less than the carrying amt.

Retirement & disposal

Eliminated from B.S if
- I.A disposed
→ No future economic benefit

Disclosure

→ Useful life
→ Amortization method
→ Gross carrying amt, accumulated amortization & impairment loss (at the beginning & end)
→ Reconciliation of C. amt (at the beginning & end)
→ if life more than 10yr than reason
— R & D recognise as an exp.

Pls comment on:- Sandeepseajput01@gmail.com