AS 26: Intangible Asset's.

Applicability	• From Accounting period 1-4-2003 → ① listed Entity. ② Other's T/O > 50cr • " " 1.4.2004 → All Enterprises
Not applie's to ✗	• IA that are covered by other AS like AS 2, 7, 14, 19, 21, 22 • Financial Asset's • Mineral Rights and expenditure on the exploration for, or development and extraction of, minerals, oil, natural gas and similar non-regenerative resources and • IA arising in Ins. entp from contracts with Policy Holders
Intangible Asset	An IA is ✓ An identifiable ✓ Non-Monetary Asset ✓ Without Physical substance ✓ Held for use in the production (or) supply of goods or services, for rental to others, or for admin purposes

Initial Recognition

- **Recognition criteria**
  - ✓ Should have characteristics of Asset.
  - ✓ Future Economic benefit's
  - ✓ Cost can be reliably measured
- **Measurement (₹)**
  - **Self Generated**
    - **Goodwill** → Not be Recognised ✗
    - **Other IA**
      - **Research Phase** → Shall be expensed → charged to P&L
      - **Development Phase** → Capitalised if met ALL the condition's
        - ✓ Technical feasibility of completing IA
        - ✓ Availability of resources
        - ✓ Intention to complete & use IA
        - ✓ Ability to use
        - ✓ Probability that IA will Generate FEB
        - ✓ Exp incurred can be measured Reliably
  - **Acquired**
    - **Cash** → Cost + All Direct exp
    - **Other than Cash** → FV of asset given up (or) FV of asset acquired whichever is more clearly evident
    - GG AS-12

Special Cases

★ IA is recognised in books of purchasing company though it is not recog in selling comp provided amalgamation in nature of purchase AS 14

Subsequent exp

Increase the FEB

Can be measured reliabily

- Yes → Capitalised
- NO → P&L

Dispoal

Net sale value
(−) Net Book value

Gain / loss

Recog in P & L

De-recog of IA

- On Dispoal
- (or) When no FEB expected

Amortisation

Method

The depreciable amount of IA shall be amortised over useful life in a systematic manner

- If pattern of Benefit is available → Amortize as per pattern
- NO pattern available → SLM

Useful life

10 YEARS

Unless there is a clear Evidence of longer life

Residual value

ZERO

Unless committed by 3rd party at the end of useful life