AS-26 Intangible Assests

And AS 38.

Kiran Sr.

→ Intangible Assests → Amortized over a period of 10years maximum.

→ Goodwill :- cases

Amalgamation → 5years

other case → 10years

→ Research cost → ~~capitalize~~ Expense - P&L a/c

→ Development cost → capitalize

→ Amortisation :- If cashflows are given

$$= \text{cost of Assest} \times \frac{\text{cash flow for the period}}{\text{Total cash flows}}$$

→ If the company spends any expenditure for publicity and research of a new product which was marketed but proved to be failure, It is clear that in future there will be no related further revenue / benefit because of failure. charge total amount as an expense in P&L a/c

→ According to AS-26 Intangible Assests- expenditure on an intangible item should be recognised as an expense when it is incurred unless it forms part of the cost of an Intangible assest.

→ Impairement loss to be considered

→ organisation / Prelimenary expenses (incurred in formation of co.) → recorded as exp when they incurred

• Y expensed → uncertanity exist concerning the future benefits of this costs.

Kiran Jr.

→ Goodwill :- If any subsequent exp incurred in case of intangible assest to maintain the assest at its originally assessed standard of performance - It is recognised as expense.

→ If there is sufficient evidence that benefit of goodwill is 20years instead of 10years take $\boxed{20\text{years}}$

→ Cost incurred in creating a computer software should be charged to R&D expenses when incurred until techonological feasibility / Assest recognition criteria have been established.

→ As per AS-26 expenditure on an intangible item that was initially recognised as an expense by a reporting enterprise in previous annual financial statements or interim financial reports should not be recognised as part of the cost of intangible assest at a later date.

→ As per and AS 38 capitalization criteria
(i) They meet the criteria of identifiability (i-e they are seperable
(ii) It is probable that future economic benefits will flow to entity
(iii) These cost can be measured realibly.