



## THE 13<sup>th</sup> ANNUAL AOSSG MEETING

*Joining hands in regional cooperation and the development of IFRS*

*November 22-24, 2021, Virtual Meeting*

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# Technical Session 2: Findings from the Research on Intangible Assets

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Please note that the views expressed are those of AASB Staff and do not necessarily represent the views of AASB Members.

# Why the AASB is undertaking the project

Feedback received	Information gap	Developments
<ul style="list-style-type: none"><li>• AASB's review of adoption of IFRS in Australia</li><li>• AASB's agenda consultation</li></ul>	<ul style="list-style-type: none"><li>• Insufficient information about certain intangible assets</li><li>• Concerns about asymmetry with, for example:<ul style="list-style-type: none"><li>• business combinations</li><li>• tangible assets</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Contributes to domestic/international debate</li><li>• Input to related projects such as the IASB's IFRS Practice Statement <i>Management Commentary</i> and IASB's disclosure initiative project</li></ul>

# Objective

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# Scope and focus

## All sectors

### Technical focus

Intangible assets within the scope of IAS 38 (unrecognised internally generated)

**Not** on:

- acquired intangible assets & goodwill under IFRS 3 *Business Combinations*
- *management commentary*

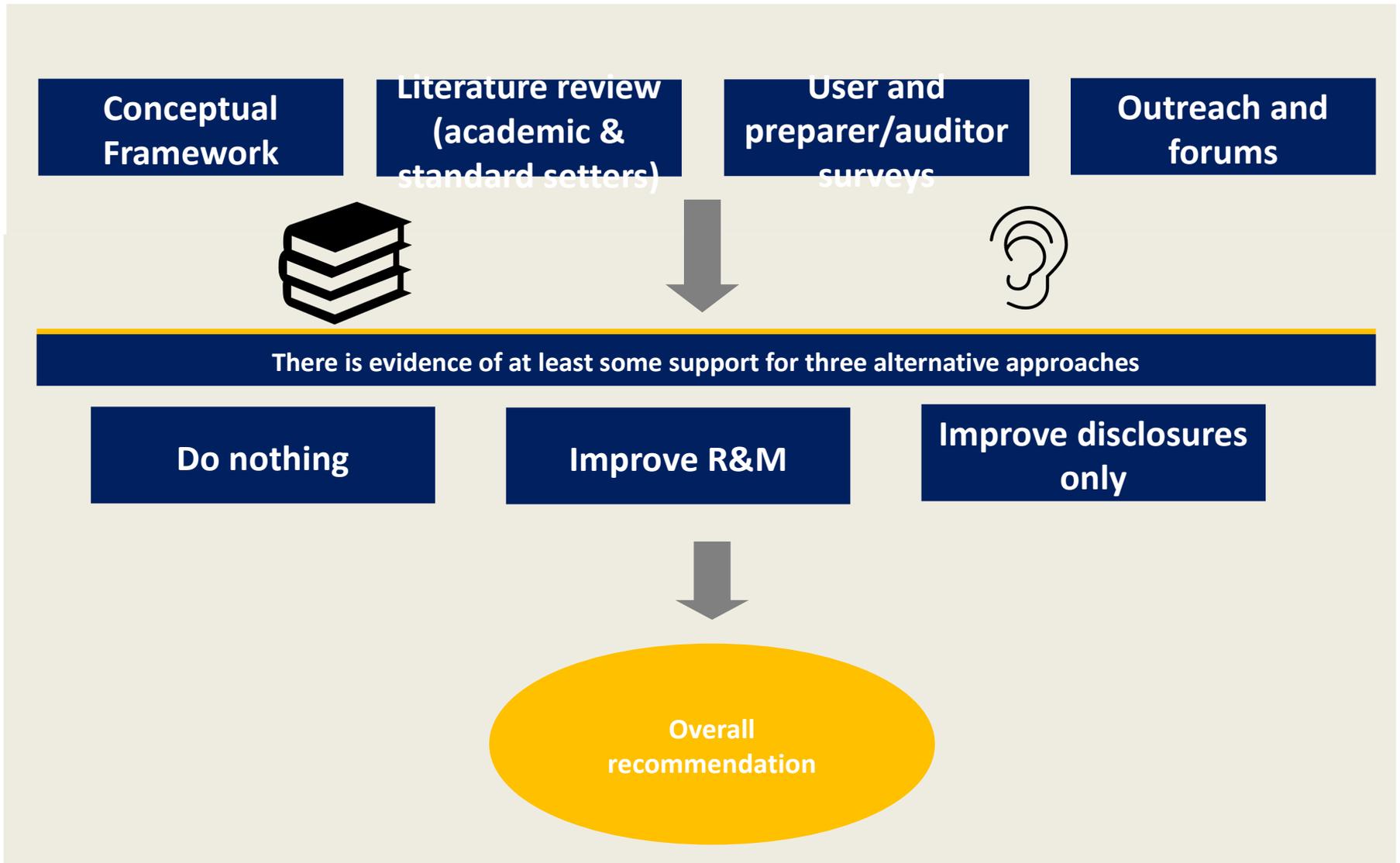
### Disclosure and financial statement focus

Irrespective of R&M, aiming to improve disclosures as:

- either an interim step; or
- a long-term approach

Identify information for disclosures in financial statements

# Approach taken



# Insights from user survey

General support

The information relating to unrecognised internally generated intangible assets disclosed could be:

Financial information

Non-financial information



disclosures about fair values of int. assets would be useful

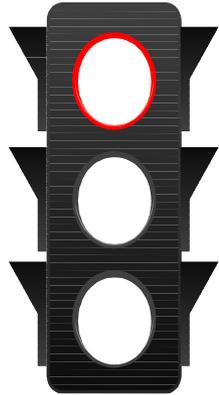
# Preparer/auditor survey

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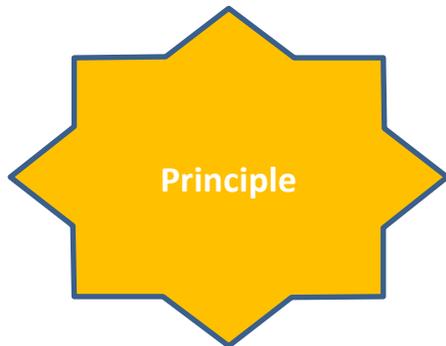
**Preparers/  
Auditors**

In progress

# Recommendation



Consideration be given to amending the disclosure requirements in IAS 38



# Recommendation: Principle

An entity discloses information in its financial statements about each significant unrecognised internally generated intangible asset controlled by the entity that plays a key role in pursuing the entity's objectives.



# Recommendation: Disclosure objective

## Disclosure objective

To provide information in the financial statements that enables users to assess each significant unrecognised internally generated intangible asset's current and expected future financial impact on the entity and management's stewardship.



# Recommendation: Guidance



## Guidance

In identifying the classes of intangible assets that play a key role in the pursuit of the entity's objectives, consideration should be given to the guidance on:

- materiality
- the definition of 'intangible assets'
- possible classes of intangible assets

In identifying the entity's objectives, consideration should be given to the guidance on business models and strategies in other pronouncements of the AASB/IASB

# Recommendation: Guidance



## Guidance (other examples)

### Examples:

- a description of the asset
- the reason it is considered to play a key role in the pursuit of the entity's objectives
- the reason it initially failed the recognition criteria
- the operating segments in which it is used
- any legal restrictions on its title
- whether at any time during the period it was newly internally generated; or held for sale or sold, or any plan of sale was changed (and include a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal)
- its expected useful life and whether the assessment of useful life has changed materially

# What next?

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**Q4 2021** – Analyse findings  
from auditors and preparers

**Q1 2022** – Publish report

