

Current Affairs Noticeboard

Research on intangible assets stalls

A comprehensive research project on intangible assets for the International Accounting Standards Board will not progress until the Australian Accounting Standards Board gets deadlines from the IASB.

The AASB was given the intangible assets research project as one of several to progress on behalf of the international standard setter, but its progress on the topic has been delayed as a result of the AASB's focus on completing the suite of standards that apply to the 2005 deadline.

Standards for the 2005 implementation deadline were completed in July, which has freed the standard setter up to focus on issues such as the convergence between government financial statistics and generally accepted accounting practices as defined by the accounting standards issued by the standards board.

Board members discussed the intangible assets and the IASB research project during their most recent board meeting held in the past week in Perth.

The board decided to hold back from pouring staff resources into the project until the timelines for the production of an outcome are made clearer by the standards board.

'The Board noted that the project is a comprehensive project (with limited exceptions) and that only limited timely changes are likely to arise from the project in relation to the requirements for the initial recognition and measurement of intangible assets and goodwill that arise in a business combination,' the AASB's Action Alert says on the issue. 'Furthermore, the Board noted that many Australian entities have experience in recognising and measuring certain internally generated intangible assets and remeasuring certain intangible assets.'

Members of the board agreed the best way to use the resources of the standard setter would be to work on issues concerning the initial accounting for internally generated intangible assets and what the accounting subsequent to recognition ought to be for these assets.

The AASB intends to talk to companies with extensive experience in valuing intangible assets to seek their opinions on issues of valuation, which will include the concept of reliability of measurement.

This project will not go ahead in leaps and bounds, however, until the standard setter is given some clearer parameters from the IASB of the requirements for the project, which includes deadlines for final documents.

‘Until these factors are clarified, the AASB decided that it should limit the resources allocated to the project to reflect these uncertainties,’ the alert says.

The intangible assets conundrum has been a constant bugbear for the AASB, which attempted to act on behalf of Australian corporations last December to have derecognition requirements on first time adoption of IFRS amended for Australian conditions.