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## IASB<sup>®</sup> meeting

Date **April 2024**  
Project **Intangible Assets**  
Topic **Cover paper**  
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB<sup>®</sup> *Update*.

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## Purpose and structure

1. The purpose of this meeting is for the International Accounting Standards Board (IASB) to make active the Intangible Assets project and discuss the initial work we will undertake. The IASB is not being asked to make any decisions.
2. The project will move from the research project pipeline to the research work plan.
3. This paper summarises:
  - (a) Papers for the meeting; and
  - (b) Third Agenda Consultation.

## Papers for the meeting

4. There are three papers for this meeting:
  - (a) Agenda Paper 17A—Summary of national standard-setter research;
  - (b) Agenda Paper 17B—Academic literature review; and
  - (c) Agenda Paper 17C—Project commencement.

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## Recap of Third Agenda Consultation

5. Most respondents to the Request for Information *Third Agenda Consultation* commented on a potential project on intangible assets and most of them rated it as high priority. Many users of financial statements who commented on this project rated it as high priority.
6. In its April 2022 meeting, the IASB decided to add to the research pipeline a project on intangible assets following feedback to its Third Agenda Consultation.
7. This project will aim comprehensively to review the accounting requirements for intangible assets. Although developing enhanced disclosure requirements (such as disclosures about unrecognised intangible assets) would help to address users of financial statements information needs, feedback indicated that other aspects of IAS 38 *Intangible Assets* should also be reviewed.
8. The IASB acknowledged that a comprehensive review of IAS 38 will be a large and complex project. To make such a large project more manageable and to allow more timely progress, this project could be undertaken in phases.
9. Although the title of the project refers to intangible assets, one key issue the IASB will need to consider in this project is whether the project should be limited to accounting for and disclosing information about financial statement elements—assets and expenses arising from expenditure on intangible items—or whether the project should aim to address intangible items more broadly.
10. Initial research will seek to identify the scope of the project and how best to stage work on this topic to deliver timely improvements to IFRS Accounting Standards.

### ***Stakeholder views***

11. In making the decision to add a project on intangible assets to the research pipeline (see paragraph 6), the IASB considered stakeholder views that:

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- (a) IAS 38 is an old Accounting Standard and needs modernising to better reflect the ever-increasing importance of intangible assets in today's business models, particularly for unrecognised internally generated assets.
  - (b) the accounting required by IAS 38 for new types of intangible assets, which were not envisaged when the Accounting Standard was developed (such as cryptocurrencies and emission rights), does not provide useful information to users of financial statements.
  - (c) separate requirements should be developed for intangible assets held for investment purposes.
  - (d) the issues discussed in the [April 2021 IFRS Interpretations Committee agenda decision](#) on configuration or customisation costs in a cloud computing arrangement should be addressed. Some respondents also commented on other specific issues that they said should be addressed in a project on intangible assets, such as the [June 2020 IFRS Interpretations Committee agenda decision](#) on player transfer payments.
  - (e) recognition criteria in IAS 38 are too strict and prohibitions in IAS 38 prevent financial statements from providing users of financial statements with the information they need.
  - (f) it is difficult to compare between entities that grow organically and those that grow through acquisitions.
  - (g) IAS 38 is too restrictive when intangible assets can be accounted for using the revaluation model.
  - (h) there is a lack of information in financial statements about recognised and unrecognised intangible assets.
  - (i) the IASB should liaise with the International Sustainability Standards Board (ISSB) when undertaking this project because of the link with sustainability reporting. However, the boundary between the work of the IASB and the ISSB should be defined.

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- (j) qualitative information would be a useful link between financial and non-financial reporting.
12. The IASB also noted differing views among users of financial statements on how best to improve the information that financial statements provide about intangible assets:
- (a) some users of financial statements expressed support for more recognition of internally generated intangible assets. However, more users of financial statements expressed support for better disclosures about unrecognised intangible assets.
- (b) some users of financial statements said better disaggregation of expenses in the statement of profit or loss would best address concerns about accounting for unrecognised intangible assets. They said in the past selling, general and administrative (SG&A) expenses were mainly fixed costs, unrelated to growth. Currently, many entities report significant amounts of SG&A expenses which are variable and closely related to growth. Users of financial statements want to know how much of SG&A expenses is being spent on growth-related items such as marketing and promotional spend, information technology and training.
13. Further information is provided in the Feedback Statement *Third Agenda Consultation*, paragraphs 72–77 of Agenda Paper 24D, paragraphs 4–5 of Agenda Paper 24F and paragraphs 62–67 of Agenda Paper 24G to the IASB’s November 2021 meeting.