Staff paper

Agenda reference: 17C

IASB® meeting

Date	**February 2025**
Project	**Intangible Assets**
Topic	**Summary of feedback from user survey**
Contacts	Ana Simpson (asimpson@ifrs.org) Jelena Voilo (jvoilo@ifrs.org) Tim Craig (tcraig@ifrs.org)

Purpose and structure

1. In October 2024 the International Accounting Standards Board (IASB) launched a survey *Do financial statements provide sufficient information about intangibles?* to ask users of financial statements (users) what information they are currently missing about intangibles and to obtain feedback on identifying the problem to be solved in the Intangible Assets project, the scope of the project and the approach to the work. Agenda Paper 17B provides further background on the user survey.

2. This paper summarises feedback from users based on:
   - (a) the results of the survey; and
   - (b) follow-up meetings with selected users who agreed to discuss their survey responses.

3. The paper provides:
   - (a) an overview of respondents' background;
   - (b) a summary of user feedback on:
     - (i) information currently provided in financial statements;

(ii) the problem to be solved;

(iii) the project scope and priority topics; and

(iv) the approach to the project;

(c) question for the IASB; and

(d) Appendix A—Additional information about respondents.

Respondents' background

4. The survey was published on the IFRS Foundation's website and, together with the general survey, was promoted to all stakeholders to encourage participation. In addition, the staff:

(a) distributed the survey to the International Federation of Accounting Standard Setters members with a request to promote the survey among their groups. Some standard-setters, including the Australian Accounting Standards Board, Canadian Accounting Standards Board, EFRAG and UK Endorsement Board, promoted the survey to their user advisory bodies.

(b) promoted the survey at a few outreach events, including a workshop organised by the Institute of Chartered Accountants in England and Wales.

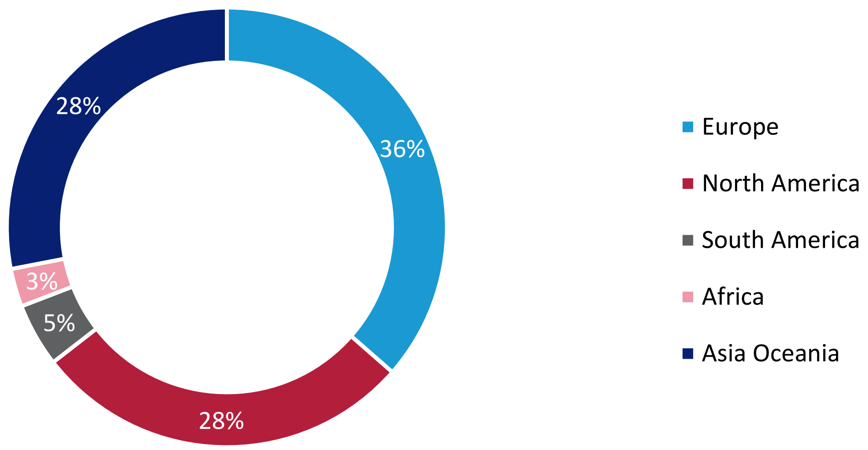
5. We received 71 responses, representing various user types—individual investors, buy-side investment professionals, sell-side investment professionals and credit rating agency analysts. Respondents that categorised themselves as 'other' users included consultants, academics, representatives of user associations, preparers and a regulator (see Table A1 in Appendix A for further details).[1]

[1] Although some of the respondents to this survey represent stakeholder types other than users (two preparers, one regulator and one academic), we included their responses in the summary in this paper rather than the summary of responses to the general survey in Agenda Paper 17D because some questions in the surveys differed. We do not think these 'other' respondents distort the overall results because they are less than 6% of the sample and also because they may have selected this survey as the most relevant to them due to previous experience as investment professionals.

6. Most users indicated that they cover equities as their primary asset class while some users said they focus on other assets or fixed income/credit securities (see Figure A1 in Appendix A). The respondents follow a wide range of sectors with some concentration in banking and finance, technology and consumer goods (see Table A2 in Appendix A). Many respondents work across all sectors or did not specify a particular sector.

7. Respondents mainly follow entities listed in Europe, North America, and Asia Oceania, with a few responses from users covering South America and Africa.

Figure 1: Geographical coverage



8. After the survey closed, the staff held fifteen follow-up interviews with respondents who agreed to provide additional comments on their survey responses. We selected respondents with an active interest in financial reporting and representing a diverse range of user types and geographical regions. Many users we interviewed have a membership in regional and international investor organisations and consultative bodies. We interviewed seven buy-side analysts, four sell-side analysts, three individual investors and analysts and one credit analyst. Two sell-side analysts and two buy-side analysts participated in the interviews with colleagues from their respective organisations. Half of the users we interviewed said they were generalists covering a variety of sectors. The rest of the users follow entities in the consumer

goods, telecommunications, finance, healthcare, software and industrial sectors, including automotives, engineering and construction, heavy equipment and transportation.

Summary of user feedback

Information currently provided in financial statements

9. Several questions in the survey focused on users' views on the information about intangibles currently provided in financial statements. Specifically, in the survey we asked respondents:

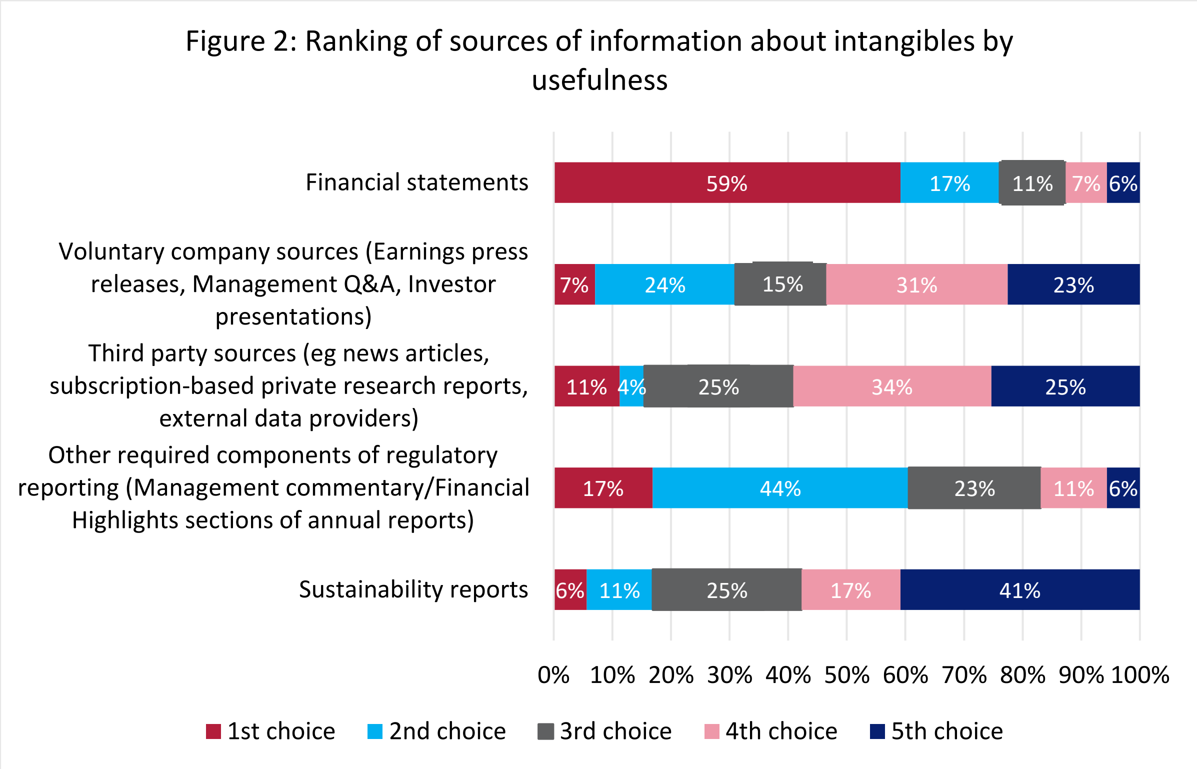
   (a) how they would rate sources of information based on the usefulness of information entities provide about intangibles and whether they would consider information about intangibles more useful if it was provided in the financial statements compared to other sources (questions 7 and 13–14 in Appendix A of Agenda Paper 17B);

   (b) whether and how they adjust the financial statements in relation to intangibles (questions 11 and 12 in Appendix A of Agenda Paper 17B); and

   (c) for what types of intangibles financial statements provide sufficient/insufficient information and what information is missing (questions 8–10 in Appendix A of Agenda Paper 17B).

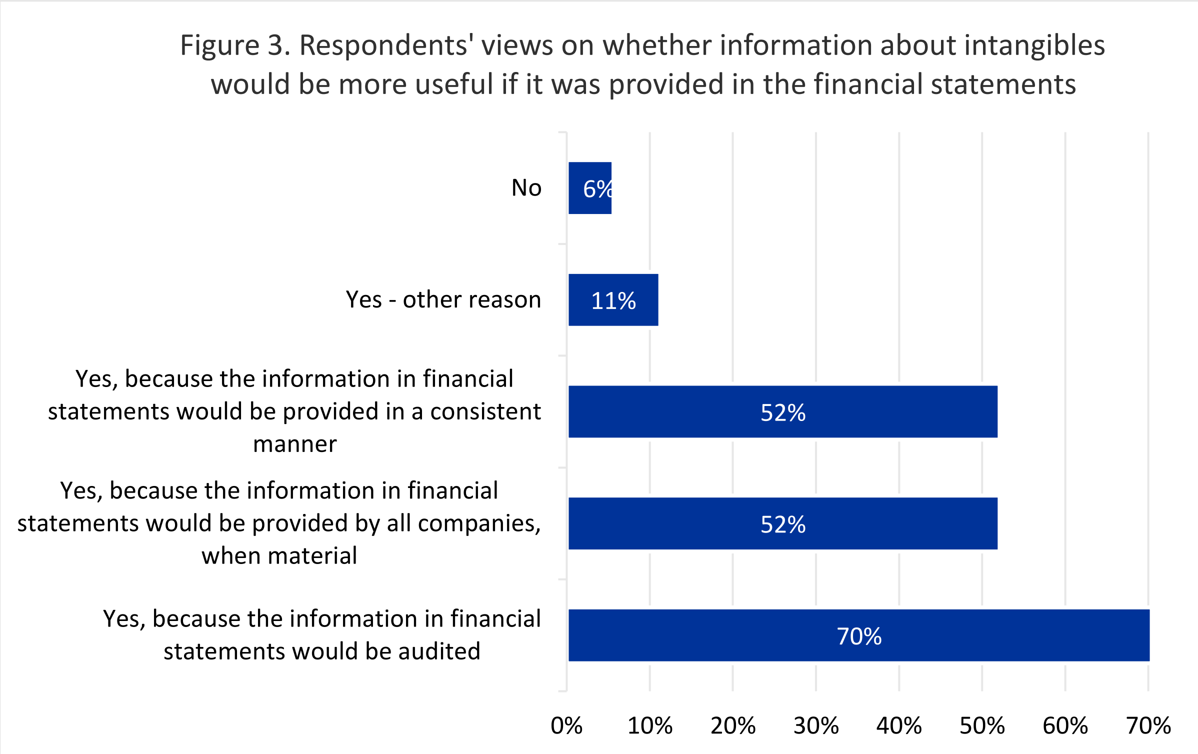
Usefulness of financial statements as a source of information about intangibles

10. Most users (76%) said that financial statements were either the most useful (59%) or second most useful (17%) source of information related to intangibles. Management commentary and other required components of regulatory reporting were also highly valued with many respondents (61%) rating them as either first or second most useful source.



11. During our follow-up meetings, some users commented on the complementary nature of financial statements and the management commentary. A few said they view the annual report as a single source of information, a few others said that the management commentary enhances their understanding and provides additional information about intangibles beyond what is presented in the financial statements. However, some users said they consider the financial statements as the primary source of information. For example, one buy-side analyst said he relies on financial statements because in his view the management commentary is potentially biased. One credit analyst said that he rated financial statements as the main source of information primarily due to lack of information from other sources.

12. Almost all (94%) respondents to the survey said that information about intangibles would be more useful if it was provided in the financial statements compared to other sources.



13. The most common reason (70% of survey responses) for preferring financial statements as a source was that the information in financial statements would be audited. Many respondents chose reasons related to availability and comparability of information—that information in financial statements would be provided by all entities, when material (52%), and would be provided in a consistent manner (52%).

14. In response to an open-ended survey question, a few respondents (11%) provided additional explanations as to why they would prefer information about intangibles to be provided in the financial statements. These explanations included:

    (a) reporting information in the financial statements where it is audited would keep management discretion in valuing intangible assets within reasonable limits;

    (b) presenting information in a consistent manner would be useful for comparing peer entities; and

(c) providing additional financial statement information on intangibles would be linked to other financial statement items and would flow through all primary financial statements.

15. A few respondents to the survey said that they would not find information more useful if provided in the financial statements. In their view:

(a) it is acceptable if some of the entity's value is not captured on the balance sheet because the balance sheet is only intended to represent resources acquired in an arms' length transaction;

(b) valuing intangible assets for inclusion on the balance sheet is not feasible;

(c) information in the financial statements can be presented in a way that is overly favourable to the entity; and

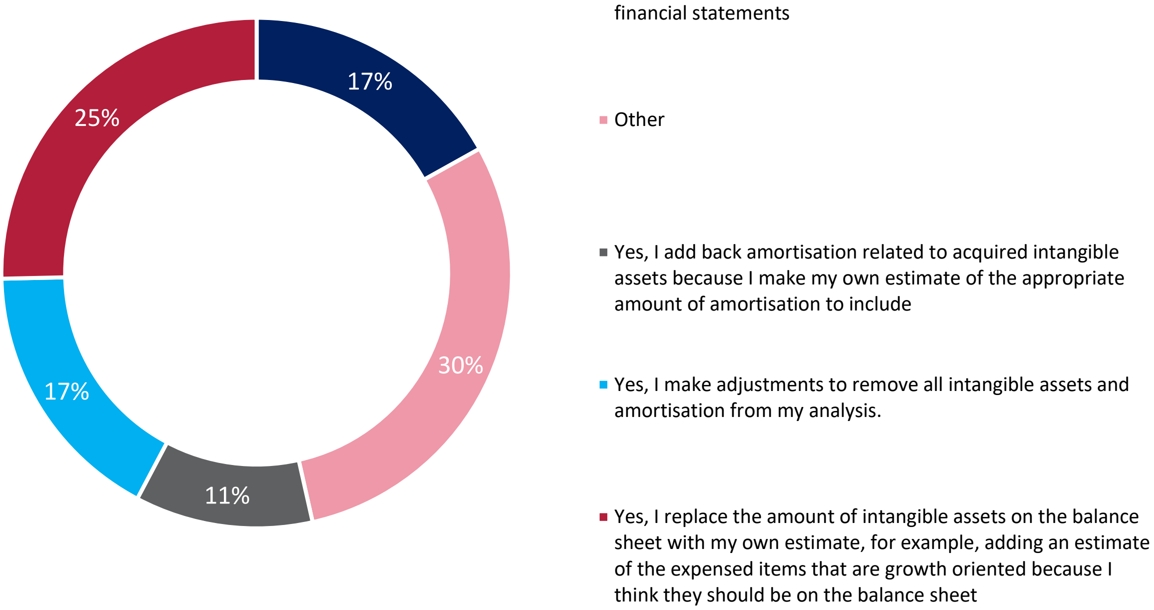
(d) the impact of intangible assets on the entity's free cash flows should be discussed in sustainability-related disclosures.

16. In follow-up meetings, a few users said that some of the information about intangibles they want to have is forward-looking or provides management's view (for example, on how an asset would contribute to future value creation), so in some cases it might be better placed in other reports.

How information is used

17. In their survey responses, most users (83%) said they adjust financial statements in relation to intangibles. Responses indicate that users make a range of adjustments. Users commonly indicated that they replace the amount of intangible assets on the balance sheet with their own estimates (25%), remove all intangible assets and amortisation from their analyses (17%) or add back amortisation related to acquired intangible assets (11%).

Figure 4: Respondents' views on making adjustments to the financial statements in relation to intangibles



18. In follow-up meetings users explained how they use the information on intangibles currently provided by entities in financial statements. Almost all users said that they are more interested in overall business performance and cash flows enabled by intangibles rather than in their value on the balance sheet. Their priority is to assess how intangibles (both recognised and unrecognised) help the entity create value and how sustainable the related cash flows are.

19. Many users said that in their analysis they focus on the income statement and the cash flow statement and supplement this information with information disclosed in the notes and in other sources. For example, a few users said they look at the proportion of marketing and advertising expenses to revenue or at advertising spending needed to support brand value, assess whether intangible-related expenditures are material for the entity or look at the cash spend on internally generated and acquired intangibles. A few other users said they use metrics provided by entities, such as employee retention, churn rate or ability to hire, to help compare entities. A few users said the balance

sheet can help them identify intangibles that are important for an entity's value creation.

20. Regarding adjustments, in follow-ups we heard that:

   (a) many users make entity- or sector-specific adjustments.

   (b) credit analysts and equity analysts may make different adjustments, with credit analysts often treating intangibles in a more conservative manner.

   (c) many users are making adjustments because they do not consider that information provided applying IAS 38 *Intangible Assets* reflects business reality, for example, they see some expenditures as investing not operating expenses.

   (d) some users find making accurate adjustments and assessing intangible assets challenging because in their view financial statements provide insufficient information about intangibles. A few users said they disregard information about intangibles in their analyses because entities' disclosures are not sufficient to understand financial statement amounts related to intangibles, including goodwill.

21. Respondents who said that they make 'other' adjustments in the survey (30%) and many users in follow-up meetings provided more nuanced explanations of their adjustments. These included:

   (a) adding back amortisation only for acquired intangible assets that are organically replaced through the income statement (such as customer lists) but not for acquired intangible assets that they consider wasting assets (such as software or licences);

   (b) using reported values of acquired assets but adjusting future revenues for uncertainties about the entity's ability to maximise the value of acquired intangible assets that they have not developed internally—for example, intellectual property (IP);

(c) adjusting for the effects of intangible-related expenditures in the income statement but not in the balance sheet which those users consider irrelevant in terms of representing intangible value;

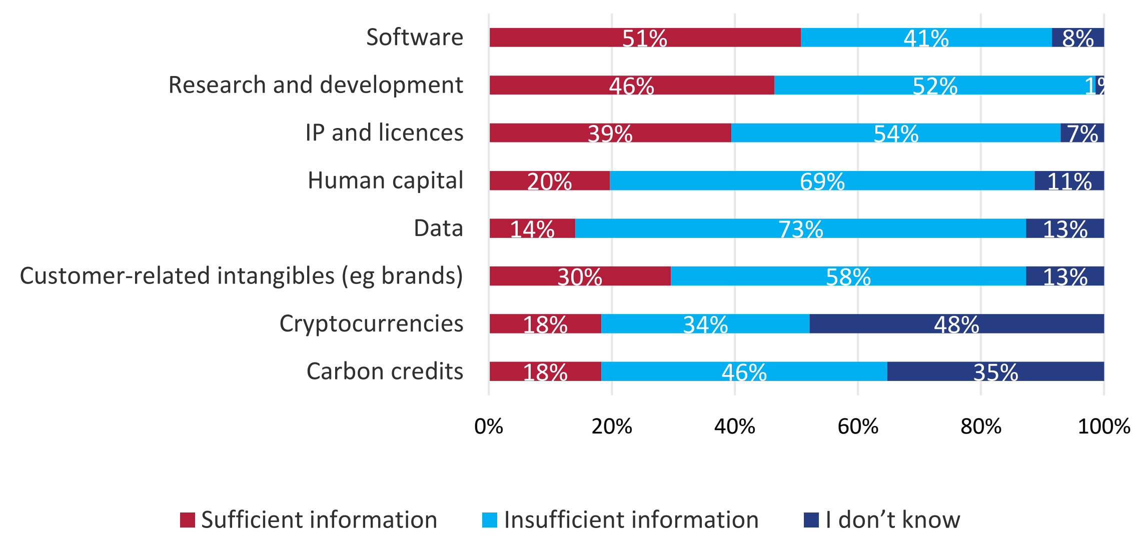
(d) undoing the effects of what they view as distortions in the income statement arising from entities' subjective judgments in capitalisation versus expensing decisions; and

(e) reflecting what they view as an entity's true operating asset base at current cost by using an entity-specific approach to capitalise certain intangibles based on potential returns, even if they are not capitalised under current accounting standards.

Sufficiency of information on specific types of intangibles

22. Even though financial statements were rated as an important source of information related to intangibles compared to other sources, most users indicated that financial statements do not provide sufficient information about some types of intangibles.

Figure 5: Sufficient / insufficient information by type of intangibles



23. Most commonly, respondents to the survey said that financial statements provide insufficient information on data (73%), human capital (69%) and customer-related intangibles (58%). The views on software, research and development and intellectual property (IP) and licences were more mixed. Many respondents did not provide a view on cryptocurrencies and carbon credits (48% and 35% respectively). Those respondents that did, more commonly said that the information on these types of intangibles is insufficient (34% and 46% respectively).

24. In response to an open-ended question, some respondents suggested other types of intangibles for which information provided by entities is insufficient. The most common item mentioned was goodwill. Examples of other intangibles for which respondents said information is insufficient were broader intangibles and intangibles acquired in a business combination. Some respondents provided specific examples of intangibles for which information is insufficient (for example, audio-visual catalogues, construction permits, customer contracts, customer lists, distribution systems, government permissions to mine, musical works, patents and royalty agreements).

25. Many respondents who answered that information in the financial statements is insufficient for some types of intangibles provided additional comments on what information is missing. These comments are discussed in detail in paragraphs 44–45.

Problem to be solved

26. Respondents were asked in the survey to identify the most pressing issue in relation to information provided about intangibles in the financial statements (question 15 in Appendix A of Agenda Paper 17B).

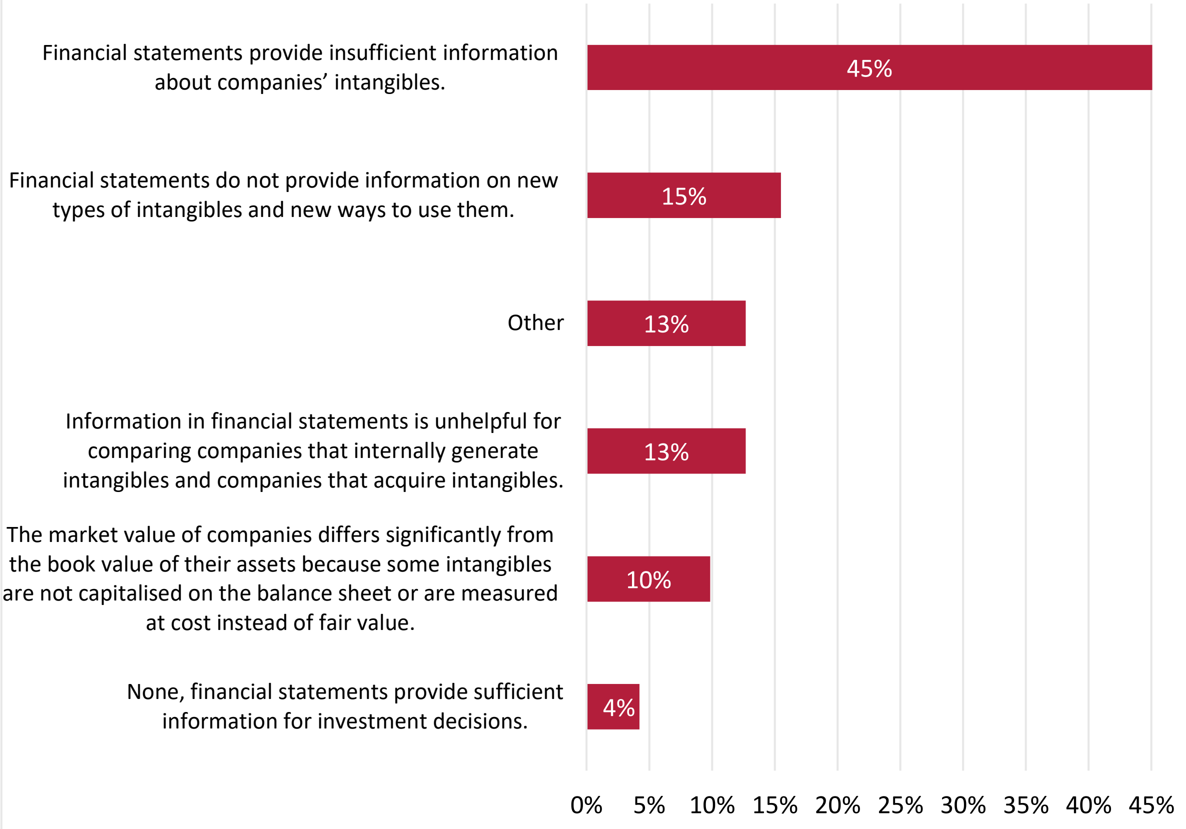
27. Many respondents (45%) said that financial statements provide insufficient information about entities' intangibles—they should provide better information about intangibles (for example, by capitalising more intangibles on the balance sheet or improving disclosures about capitalised and expensed intangibles). A few users (4%) responded that financial statements provide sufficient information for investment

decisions. Selecting this option ended the survey for these respondents. The least favoured of the specified problems was that the market value of entities differs significantly from their book value because some intangible assets are not capitalised on the balance sheet or are measured at cost instead of fair value—financial statements should reflect the value of all intangibles (10%). The remaining responses were almost evenly split between:

(a) financial statements do not provide sufficient information on new types of intangible assets and new ways to use them—financial statements should be modernised to provide information on these new intangibles (15%); and

(b) information in the financial statements is unhelpful for comparing entities that internally generate intangible assets and entities that acquire intangible assets—financial statements should enable comparisons of entities with different growth strategies (13%).

Figure 6: The most pressing issue



28. A few users (13%) provided their own descriptions of the most pressing issue. These related to insufficiency of information, including information on:

    (a) expenses related to internally generated assets to allow users to assess entities' strategies at generating intangible assets internally or acquiring intangible assets—for example, information on an entity's spending on hiring key human capital and spending on specific research and development programs.

    (b) the cash flow effects of entities' use of intangible assets.

    (c) broader intangible resources. However, the respondent indicated that this information is best placed in the management commentary.

29. In follow-up discussions almost all users said that financial statements provide insufficient information about entities' intangibles. A few users suggested there is more than one problem for the IASB to solve, most commonly saying that information in financial statements is insufficient and also that it is unhelpful in comparing entities with different growth strategies.

30. When asked whether the IASB should seek to improve information in the financial statements through more recognition or improving disclosures, most users expressed preference for improving disclosure. Users' views on whether more recognition of internally generated intangible assets would provide useful information were mixed. More detailed feedback from our follow-up meetings with users on recognition and on the difference between the accounting requirements for internally generated and acquired intangible assets, and the resulting impact on comparability can be found in paragraphs 46-50.

31. We also asked users to comment on the gap between an entity's market capitalisation and the book value of its net assets. None of the users we interviewed were concerned about this gap or said that the IASB should seek to close it. Users said that financial statements should not be viewed as the only source of information for investment decisions. Some acknowledged that recognising more internally generated intangible assets may help reduce this gap. However, they emphasised that the role of financial

statements is not to show the value of the entity—in their view, valuing entities is analysts' job.

32. In addition, some users were sceptical about fair valuing intangible assets unless there is an active market for the intangible asset. Absent a reliable measurement base, users said that management estimates of values of internally generated intangible assets would be subjective and difficult to audit.

Project scope and priority topics

33. Several questions in the survey focused on users' views on the scope of the project and IAS 38 and priority topics. Specifically, in the survey we asked respondents:

(a) whether the IASB should aim to address in this project the reporting in financial statements of (question 17 in Appendix A of Agenda Paper 17B):

(i) a broader range of intangibles, such as assembled workforce or customer satisfaction;

(ii) intangible assets held for investment, such as cryptocurrencies and emission rights; and

(iii) intangible assets covered by other Accounting Standards, such as goodwill or exploration and evaluation expenditures; and

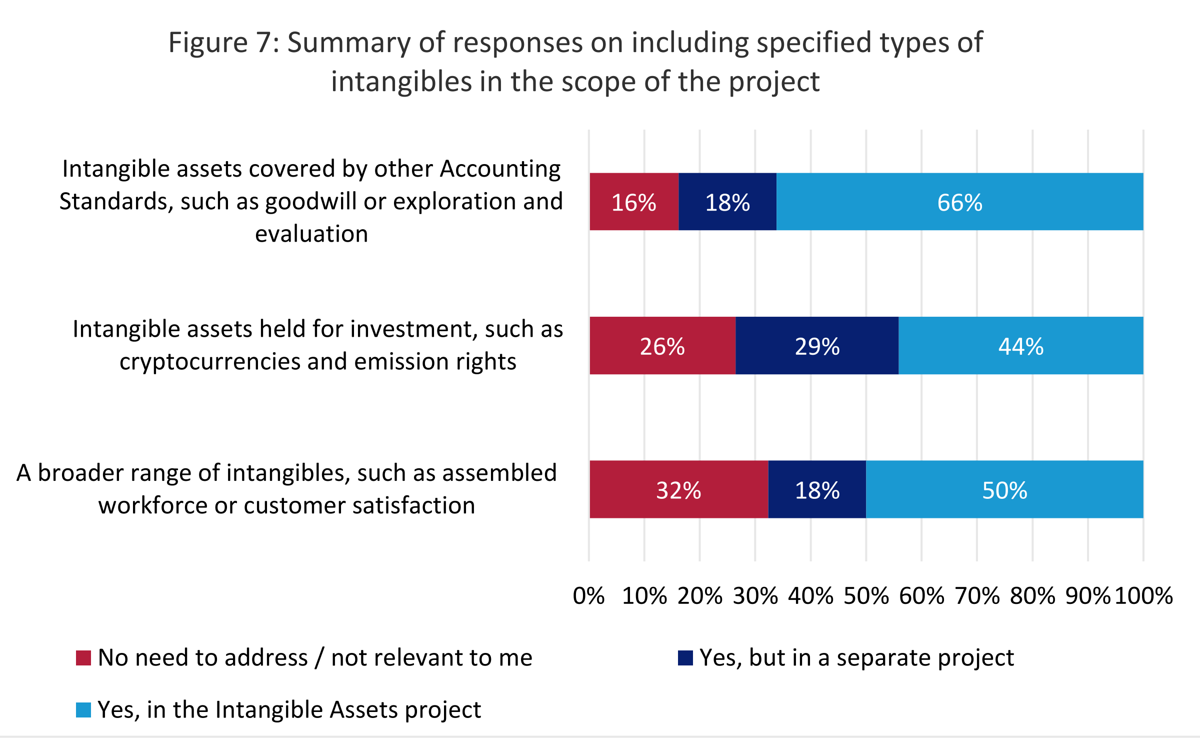
(b) which topics would help improve information on intangibles in the financial statements the most (question 18 in Appendix A of Agenda Paper 17B).

Project scope

34. Figure 7 summarises respondents' views on the scope of the project and IAS 38.

35. Many respondents (50%) said that a broader range of intangible resources, such as assembled workforce or customer satisfaction, should be included in the Intangible Assets project. Some respondents (18%) said they should be included in a separate

project and many respondents (32%) did not agree with considering a broader range of intangibles.



36. In follow-up meetings, there was less appetite for addressing a broader range of intangibles in the Intangible Assets project. Many users expressed scepticism about the ability of entities to reliably quantify the value of broader intangible resources, for example, workforce. Others highlighted that valuing such intangible resources would be highly subjective and could result in significant portions of an entity's cost base being considered as assets which may not reflect the economic reality of the business. Some users said more information on broader intangibles can be useful, but in their view such information is complementary to the information in the financial statements and belongs in management commentary or another report. Another user said that information about broader intangibles should be disclosed in a standalone section in the financial statements because in their view management commentaries are not considered as reliable as financial statements.

37. In survey responses, users showed strong support (73% of respondents) for addressing the reporting for intangible assets held for investment, such as cryptocurrencies and emission rights and carbon credits, but had mixed views on whether this topic should be addressed in the Intangible Assets project (44%) or in a separate project (29%).

38. In follow-up interviews, users noted that these items have different properties than intangible assets used in an entity's operations and so may require a different accounting treatment. Some respondents said that cryptocurrencies and emission rights and carbon credits are similar to financial instruments in nature because they are tradeable. One user said that the IASB should address accounting issues related to cryptocurrencies and emission rights and carbon credits in a separate project because these topics can be dealt with more quickly than in a broader intangibles project.

39. On intangible assets covered by other IFRS Accounting Standards, such as goodwill or exploration expenditure, responses indicate strong support (84%) for the IASB to address the reporting of these assets—either in this project (66%) or separately (18%).

40. Many users who we talked to in follow-ups were in favour of addressing the reporting of goodwill. When we asked users to explain their reasons, a lot of the comments related more closely to issues the IASB previously discussed in the Business Combinations—Disclosures, Goodwill and Impairment (BCDGI) project. Some users said they do not expect the proposals in the BCDGI project to address all their concerns. Comments made by one or a few users included:

    (a) concerns about the current treatment of goodwill, saying that it often acts as a lagging indicator of economic value;

    (b) criticism of the reliability of impairment tests and insufficient information about goodwill that entities provide in financial statements;

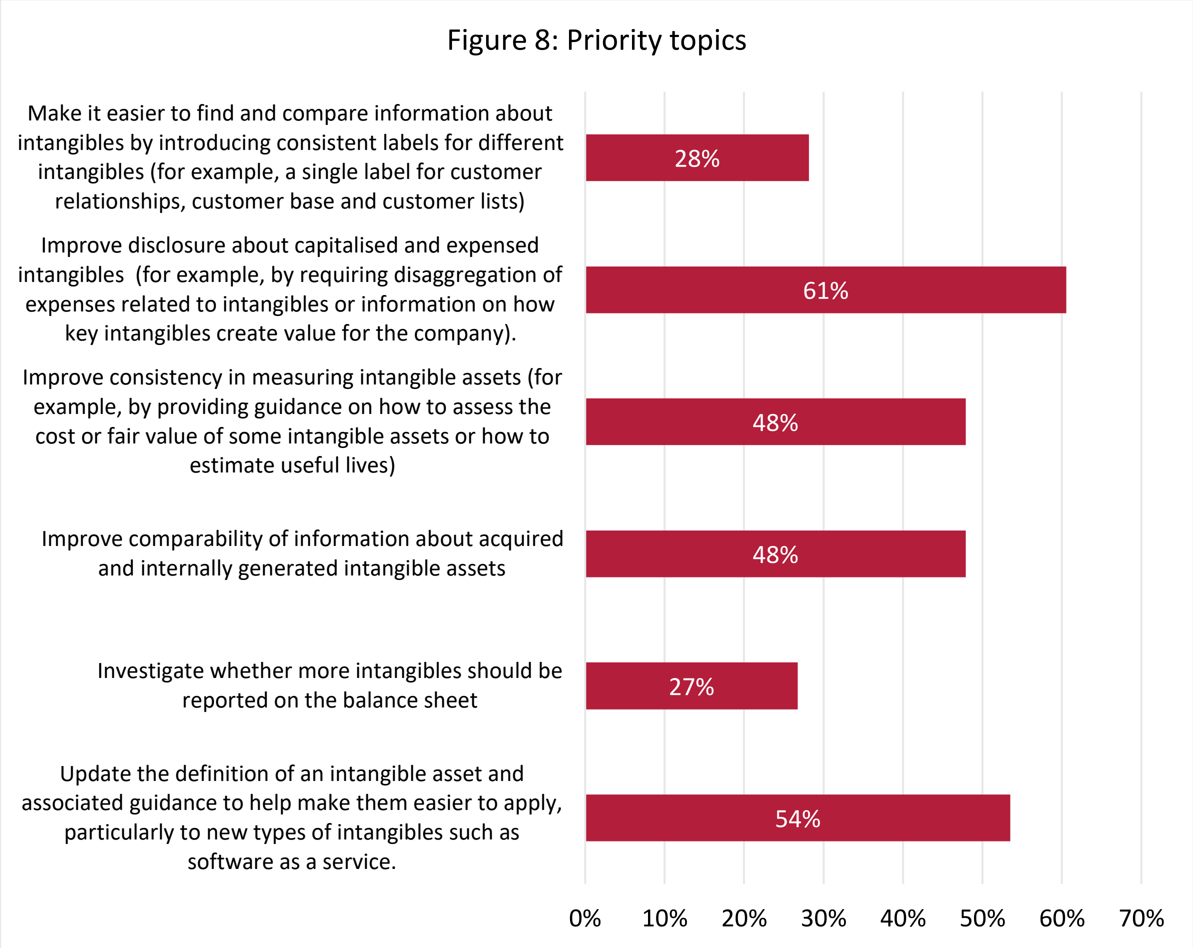
    (c) suggestion that goodwill could be broken down further to provide more meaningful insights; and

(d) suggestion that when looking at recognition criteria for internally generated assets, the IASB would also need to think how any changes would affect business combination accounting.

41. We did not get many comments on other items excluded from the scope of IAS 38. One user said that exploration and evaluation expenditure should be dealt with separately to avoid making the Intangible Assets project overly complex.

Priority topics

42. Respondents expressed the most support (61%) for improving disclosure about capitalised and expensed intangibles (for example, by requiring disaggregation of expenses related to intangibles or information on how key intangibles create value for the entity). The second most popular topic (54% of respondents) was updating the definition of an intangible asset and associated guidance to help make them easier to apply, particularly to new types of intangibles such as software as a service. Respondents showed some support for improving consistency in measurement-related topics and comparability between acquired and internally generated intangible assets and less support for introducing consistent labels for different intangibles and investigating whether more intangibles should be reported on the balance sheet.



43. In the follow-up meetings we discussed topics as part of the discussion of the problem the IASB should aim to solve rather than separately. As noted in paragraph 30, most users suggested the IASB should improve disclosure about intangibles.

44. In an open-ended survey question and in follow-up discussions we asked users what information is missing in the financial statements that they would find useful. Their suggestions included:

(a) qualitative disclosures about an entity's key intangible resources, for example, their nature and type, how they contribute to value creation and what are the main risks associated with them;

(b) disclosures related to intangible assets acquired in a business combination and related goodwill, for example:

  (i) management assumptions used in valuation and impairment testing of acquired intangible assets and goodwill;

  (ii) information about expected cash flows related to acquired assets and their performance in subsequent periods; and

  (iii) information about uncertainty associated with expected benefits of recognised intangible assets;

(c) disclosures related to entities' capitalisation decisions, for example:

  (i) amounts of expensed and capitalised expenditure on intangibles;

  (ii) information about management's decisions on what expenditure to capitalise, such as what they consider to be development;

  (iii) changes in management's approach to capitalisation; and

  (iv) information about research and development programmes in progress, including discussion of expected timelines for completion and expected benefits;

(d) disclosures related to specific intangible assets, for example:

  (i) strength of an entity's patents and patent expiry dates; and

  (ii) information on recognised and unrecognised data and other digital assets, including how an entity expects to derive benefits from them;

(e) disclosures related to expenditure on intangibles, for example:

  (i) disaggregation of expenses into growth-oriented and maintenance portions of expenditures on internally generated intangibles;

  (ii) amount of marketing and advertising expenses and their expected benefits; and

  (iii) disaggregation of marketing expenses into what is spent on building a brand and what is spent on selling obsolete stock.

(f) disclosures related to more disaggregation of:

(i) intangible assets included on the balance sheet, for example, assets acquired in business combinations and internally generated assets; and

(ii) cash flows related to intangibles; and

(g) disclosures related to broader intangibles, for example, to human capital such as:

(i) information on exceptional talent that the entity depends on or training expenses; and

(ii) disaggregation of staff numbers by country of operation and by level of qualification/education although such information may be commercially sensitive and costly to provide.

45. A few users questioned the need for additional disclosures. Their comments included:

(a) information on intangible resources is largely available although entities may provide it in different contexts and may not label it as intangible resources;

(b) the implementation of IFRS 18 *Presentation and Disclosure in Financial Statements* could improve the information that entities provide and requiring disclosure of more granular information about intangible assets may not be incrementally useful;

(c) developing disclosure requirements such as by nature disaggregation may be difficult given the range of different intangibles and different industries; and

(d) introducing qualitative disclosure requirements for key intangibles may result in boilerplate disclosures.

46. Another topic that was commonly mentioned in follow-up meetings was recognition. A few users suggested the IASB should explore whether the recognition criteria in IAS 38 need to be reviewed. They said that the recognition criteria:

(a) may be the underlying cause of many issues related to reporting on intangibles and it would be odd not to explore the question of recognition;

(b) need to be reviewed to address a question that keeps coming up and is in need of resolution;

(c) may not result in faithful representation of some intangibles, especially new types of intangibles such as cloud computing arrangements or data;

(d) may need to be reviewed to consider whether it is appropriate that they are more restrictive than those for tangible assets; and

(e) were developed more than 20 years ago—reviewing the criteria need not necessarily result in recognition of more intangible assets; instead, the IASB should test the robustness and effectiveness of the criteria and to either confirm their suitability or make improvements.

47. A few buy-side analysts and individual investors were in support of exploring more recognition of intangible assets on the balance sheet because in their view it could achieve better representation of entities' invested capital and sources of value creation. One individual investor supported exploring more recognition as it would improve matching of costs and revenues. Another user commented that recognition is preferable because it is more reliable than disclosures in the notes and in other sources such as management commentary. These users acknowledged that deciding which internally generated intangible assets would generate future benefits and estimating their value could be difficult. However, a few users said that the subjectivity of management estimates of intangible assets could be mitigated through enhanced disclosure of information about these assets.

48. Most users said that more recognition of internally generated assets would not provide useful information because:

(a) management's capitalisation decisions could be subjective and discretionary—the resulting information would not be useful to users unless they have sufficient information to understand how entities make capitalisation decisions and measure recognised assets;

(b) users who focus on the cash flow impact of intangibles would add back the capitalised amounts to the income statement regardless of capitalisation—capitalisation would not improve predictability of future cash flows;

(c) entities might find it difficult to separate the growth-oriented and the maintenance portion of expenditures on internally generated intangibles;

(d) entities might find it difficult to recognise intangibles such as data and training costs because of uncertainty related to control and the short-term nature of the related benefits;

(e) the IASB could find it difficult to develop principle–based recognition requirements for capitalising internally generated intangibles because the requirements may need to vary by types of intangibles, by how they are used by an entity or by an industry in which an entity operates—one user expressed a view that the current recognition criteria might not be prefect, but are unlikely to be improved;

(f) the revision of IAS 38 may result in expanding the scope of intangible assets with indefinite useful lives, leading to accumulation of intangible assets that serve as substitutes for goodwill on the balance sheet, thereby reducing the usefulness of the balance sheet;

(g) some users, especially credit analysts who focus on the short term, prefer the restrictive nature of the current recognition criteria in IAS 38; and

(h) many users are interested in how intangibles enable business performance rather than the value of intangible assets on balance sheet.

49. In follow-ups we asked users to comment on the difference between the accounting requirements for internally generated and acquired intangible assets, and the resulting impact on comparability. Most users did not express a strong concern about the lack of comparability between organically growing entities and entities growing through acquisitions. Their comments included:

(a) some users said they use other techniques to compare, for example, return on capital invested or return on equity ratios;

(b) a few users said that they do not expect these entities to be comparable— the economics of their business strategy and related risks are different;

(c) a few users suggested that enhanced disclosure of information on expenditure on internally generated assets by organically growing entities and on the components of purchase price allocation by entities growing through acquisitions would make comparisons easier; and

(d) most users did not think that recognising more internally generated assets would help improve comparability between organically growing and acquisitive entities.

50. Some users commented on the usefulness of information about separately identified intangible assets and goodwill accounted for applying IFRS 3 *Business Combinations*. They questioned:

(a) the usefulness of recognising acquired intangible assets separately from goodwill. Some users said that most analysts do not use information on the separately identified assets in their analysis because:

(i) many of these assets cannot be sold separately;

(ii) their impairment is later assessed on the basis of a cash generating unit rather than individually; and

(iii) entities provide insufficient information on the basis of the purchase price allocation and subsequent performance of those assets.

(b) the assumptions made by management on recognition of such assets—for example, the assumption that customer lists of medicine patients purchased by pharmaceutical entities have indefinite useful lives.

(c) the growing balances of goodwill and acquired intangibles of entities that grow by acquisition which reduce the transparency of entities' balance sheets.

(d) the suitability of the current requirements whereby goodwill is tested for impairment annually rather than amortised.

51. Overall, users advocated for disclosure of more information related to goodwill, separately identified intangible assets in business combinations and subsequent impairment of goodwill and acquired intangible assets (see paragraphs 44 and 49(c)).

52. Other comments made by users in open-ended survey questions or follow-up meetings on topics to address in the project included:

(a) some users in follow-up meetings commented that new types of intangibles such as software as a service arrangements, data, or software developed using agile approaches are becoming more common and increasingly significant for businesses. These users said that the IASB should address issues related to accounting for these intangibles regardless of whether this is done through reviewing the definition of an intangible asset, the recognition criteria or both.

(b) many users in follow-up meetings commented on issues related to measurement. There was little interest in the balance sheet values of intangible assets. Many users expressed concerns about lack of reliability in measuring some intangibles, subjectivity in valuing intangible assets, determining their useful life and the lack of clarity in how entities perform impairment testing (see paragraphs 32, 40(b) and 48(a)).

(c) one respondent to the survey suggested aligning the requirements on goodwill accounting with US GAAP.

(d) one user commented in a follow-up that improving consistency in labels would make it easier to compare information about intangibles.

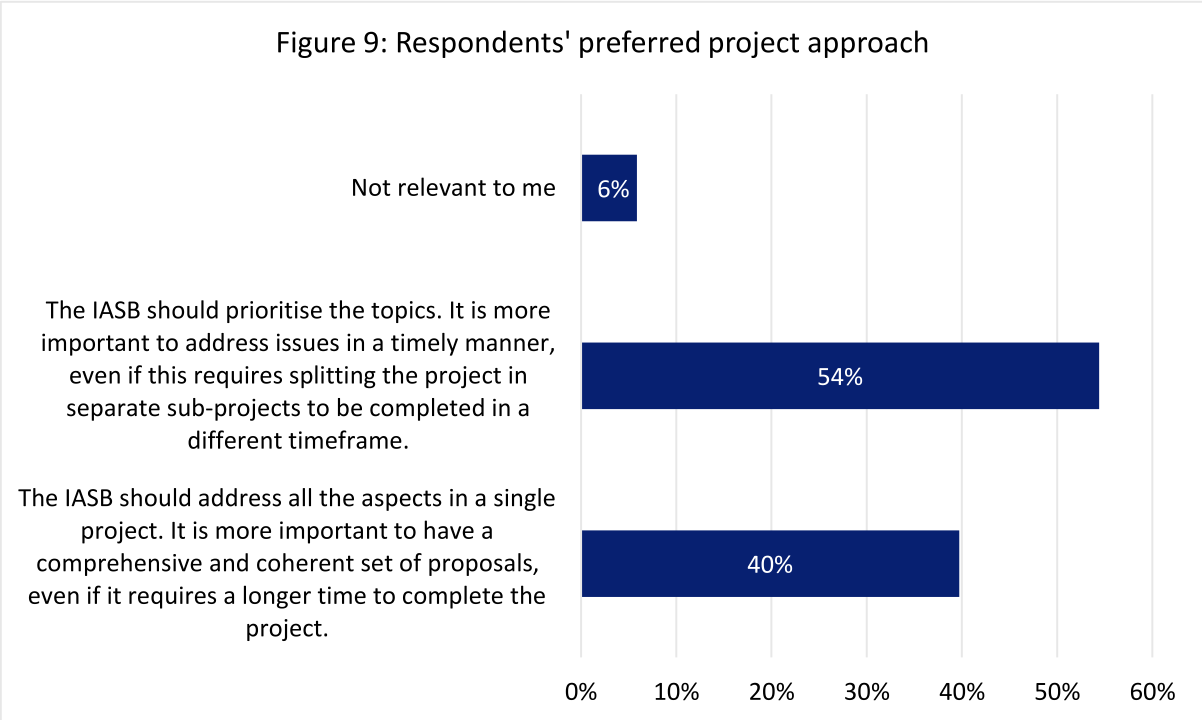
Approach to the project

53. The survey asked for users' views on the project approach—that is whether the IASB should:

(a) address all the aspects in a single project; or

(b) prioritise the topics (question 19 in Appendix A of Agenda Paper 17B).

54. Respondents' views on the project approach were mixed. Many respondents (54%) said the IASB should prioritise the topics. Many other respondents (40%) were in favour of the all-in-one approach addressing all aspects in a single project.



55. In follow-ups, most users were in favour of prioritising the topics. One user said that the all-in-one approach would take a long time before the accounting requirements for intangibles are improved. A few users said they prefer the all-in-one approach because it could take less time than a number of projects on prioritised topics and would be less risky as the topics and relationships between them would be considered comprehensively.

56. In relation to prioritisation approach, many users were in favour of improving disclosures first. A few users were in favour of starting with recognition and measurement and then moving on to other aspects if needed.

57. One user suggested in a follow up meeting limiting the project to focus on what intangibles can be capitalised and related disclosure of information as opposed to an overhaul of the existing Standard. One survey respondent suggested that the scope of the project should be limited to intangible assets recognised based on the *Conceptual Framework for Financial Reporting* and should not include items such as internally generated intangible assets.

58. Other respondents advocated for a broader project to address the evolving nature of intangibles, including data and artificial intelligence, while acknowledging the difficulty in capturing these in financial statements.

Question for the IASB

Question for the IASB
Does the IASB have any comments or questions on the feedback from the user survey summarised in this paper?

Appendix A—Additional information about respondents

Table A1. Respondent type, if other

Respondent type	Frequency
Consultant/adviser	4
Representative of investment association	4
Academic	1
Preparer	2
Credit analyst	1
Independent analyst	1
Regulator	1
Structurer	1

Figure A1: Asset class coverage

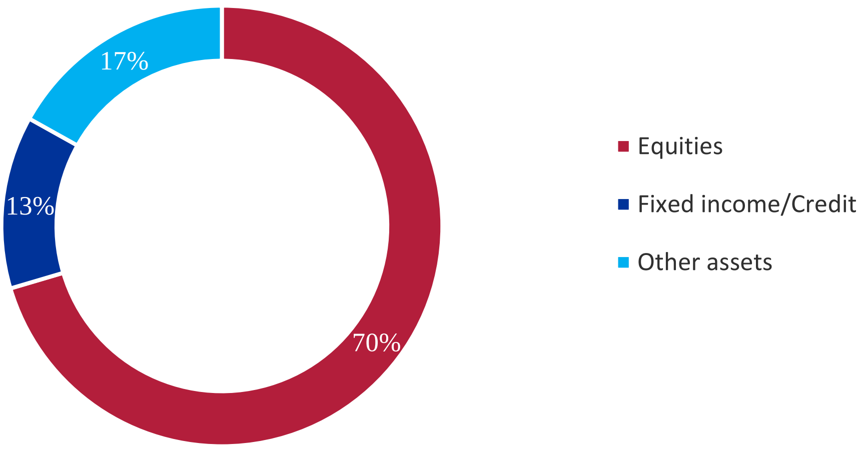


Table A2: Sector followed by respondents

Sector	Frequency
Generalist	16
Banking and finance	9
Technology, consumer goods	7
Energy	5
Industrials	4
Extractives, sustainability finance, construction, telecommunications, pharmaceuticals, information technology, manufacturing	3
Real estate, automotives, engineering, heavy equipment, transportation, pulp and paper, retail, food, luxury goods, accounting, hard to abate sectors, infrastructure, healthcare, asset management	1