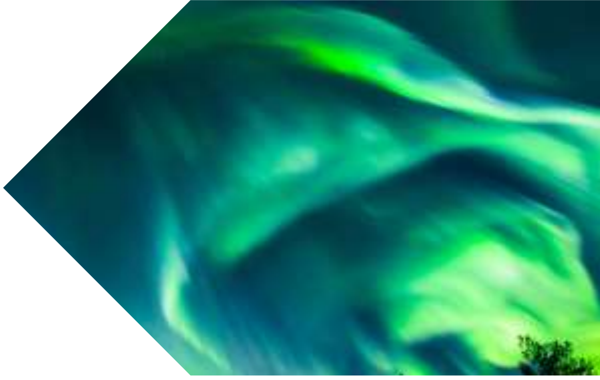
MOORE

APRIL 2025



IFRS IN BRIEF

IAS 38 *Intangible Assets*

SCOPE

This standard applies to all intangible assets unless they are in the scope of another IFRS Accounting Standard such

- Intangible assets held for sale in ordinary course of business (in scope of IAS 2 *Inventories*)
- Deferred tax assets (in scope of IAS 12 *Income taxes*)
- Leases of intangible assets (in scope of IFRS 16 *Leases*)
- Assets arising from employee benefits (IAS 19 *Employee benefits*)
- Financial assets as defined in IAS 32 *Financial Assets: Presentation*
- Contracts in scope of IFRS 17 *Insurance Contracts*
- Intangible assets held for sale (in scope of IFRS 5 *Non-current Assets held-for-sale and Discontinued Operations*
- Assets arising from contracts with customers (in scope of IFRS 15 *Revenue from Contracts with customers*)

DEFINITION

Intangible assets are identifiable non-monetary assets without physical substance. Intangible assets are identifiable when they are:

- Capable of being separated from the entity and sold, licensed, rented or exchanged; or
- Arise from contractual or other legal rights

INITIAL RECOGNITION AND MEASUREMENT

Intangible assets are only recognised if it is both

- Probable that expected future benefits will flow to the entity; and
- Cost can be measured reliably.

Separate acquisition
Intangible assets are initially measured at cost.

Business Combinations
Separately identifiable intangible assets acquired in a business combination are recognised at their fair value at the acquisition date in accordance with IFRS 3 *Business Combinations*, including intangible assets that may not have previously been recognised by the acquired business because they had been internally generated by them.

Government Grant
Intangible assets acquired by way of government grant, shall be recognised in accordance with the requirements of IAS 20 *Accounting for Government Grants and Disclosure of Government assistance* either at fair value or at its nominal cost.

Exchange of Assets
Where an intangible asset is acquired by exchange for a non-monetary asset, shall be measured at fair value, or if not possible the book value of the asset given up.

Research and development
Expenditure relating to research must be expensed as incurred. During the research phase a future economic benefit cannot be demonstrated.

Expenditure during a development phase can be capitalised as an intangible asset. A project is in development phase if the entity can demonstrate the following:

- Technically feasible to complete the intangible asset
- Intention to complete the intangible asset
- Able to use or sell the intangible asset
- Adequate technical, financial and other resources to complete it
- Probable future economic benefits will flow
- Able to reliably measure expenditure

Internally generated intangible assets
Other than development related costs, no internally generated intangible asset shall be recognised as an asset. This includes internally generated

- brands,
- mastheads,
- publishing titles,
- customer lists and
- goodwill.

Past Expenditure
Amounts that were previously expensed cannot subsequently be capitalised as an intangible asset at a later date.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition an entity shall choose as its accounting policy to be applied by class of intangible assets with a finite life to measure the intangible assets at either:

- revaluation; or
- cost.

Cost Model
An intangible asset is measured at its cost less any accumulated amortisation and any accumulated impairment losses.

Revaluation Model
The revaluation model can only be applied if there is an active market for the intangible asset. It is uncommon for there to be an active market for intangible assets.

Under the revaluation model, an intangible asset is measured at its fair value at the date of the revaluation less any subsequent accumulated amortisation and subsequent accumulated impairment losses

Revaluations should be carried out with regular sufficiency to ensure it approximates fair value.

Any surplus arising is recognised in OCI and accumulated in a separate reserve within equity, unless reversing a previous decrease of same asset previously recognised as an expense, in which case, the credit to that extent is recognised in profit or loss. Any deficit arising on revaluation is recognised in profit or loss except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the deficit is recognised in OCI..

If the revalued intangible has a finite life and is, therefore, being amortised, the revalued amount is amortised.

Amortisation
Amortisation is the systematic allocation of the intangible assets value over its useful life and should reflect the expected pattern of usage. There is a rebuttable presumption that an amortisation method based on revenue is not appropriate. .

Amortisation is recognised in profit or loss unless it is included in the carrying amount of another asset. There is a rebuttable presumption that the residual value of an intangible asset is nil.

Amortisation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

Indefinite life intangibles
Indefinite life Intangible assets shall not be amortised. This includes Goodwill.

Each year it should be reassessed to ensure that the indefinite life assumption is still appropriate.

Indefinite life intangibles shall be assessed annually for impairment in accordance with IAS 36..

DISCLOSURES

Disclosure requirements include

- Information is required to be disclosed around valuation and amortisation methods
- Reconciliation of the movement in the carrying amount and accumulated amortisation for the period associated with each class of intangible asset
- The amount of research and development expenditure expensed during the period.

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