

LKAS 38 – INTANGIBLE ASSETS

Key Definitions						
Intangible Assets	Active Market	Amortization	Research			
Non-monetary assets Without physical substance Held for <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Manufacturing</td> <td style="width: 33%;">Rental</td> <td style="width: 33%;">Admin</td> </tr> </table>	Manufacturing	Rental	Admin	Market where all conditions satisfied, 1. Homogeneous products 2. Many sellers and buyers 3. Publicly available prices	Systematic allocation of Amortizable amount of an Intangible assets Over its useful life time	Research is a planned investigation to get new scientific and technical knowledge
Manufacturing	Rental	Admin				
Development						
Development is application of Research findings to plan or design new or improved products or processes prior to commercial production or use						

Recognition Criteria	Identifiable	Examples	Disclosures									
	<div style="text-align: center;"> </div>	<ul style="list-style-type: none"> • Computer Software • Patents • Copyrights • Motion picture film • Mortgage service right • Fishing licenses • Franchises • Telecasting licenses • Import / Export licenses • Route Permit • Landing rights 	<ul style="list-style-type: none"> • Useful life time & amortization rate • Amortization method • The gross carry • Finite Useful life time • A Reconciliation of the CV • Carrying amount • Reason for indefinite useful LT 									
Controllability Future economic benefits Measuring the cost reliably												
Cannot Recognize	Internally generated brands, Trademarks, Logos (As exp. cannot be separated from developing business)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Publishing titles</td> <td style="width: 50%;">Past Expenses</td> </tr> <tr> <td>Customer list</td> <td>Market Share</td> </tr> </table>	Publishing titles	Past Expenses	Customer list	Market Share	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Market Share (Can't Control)</td> </tr> <tr> <td style="width: 75%;">Employees (Can't Control)</td> <td>Mastheads</td> </tr> </table>		Market Share (Can't Control)		Employees (Can't Control)	Mastheads
Publishing titles	Past Expenses											
Customer list	Market Share											
Market Share (Can't Control)												
Employees (Can't Control)	Mastheads											

Web site	Allow online sale	Recognize as intangible assets (In infrastructure & application development stage , design stage and content development stage)
	Not allow online sale	Charge to P&L

Measurement of intangible assets	Initial measurement	Separate acquisition	1. Initial purchased price (including import duties, nonrefundable taxes, discounts) and 2. Directly attributable cost (cost of employee benefit , professional fees ,testing cost)		
		Granted intangible	Fair value of the assets @ acquisition date or nominal amount (LKAS 20)		
		Business combination	Fair value of the assets @ acquisition date		
		Internally generated intangible	Research cost	Should charge to the P&L Disclosure aggregate amount as an expenses during the year.	
	Develop cost		Shall be recognize as intangible assets, if entity can fulfill all of the following ,		
			Technical feasible	Intention to complete	Ability to use or sell
		Probable future economic benefits	Adequate recourses	Ability to measure expenditure reliably	
Subsequent	Cost model	= Cost – (Accumulated amortization + Accumulated impairment loss) ** If There is no active market for intangible assets, we can use this model.			
	Revaluation model	= Revalued Amount - (Subsequent Accumulated amortization + Subsequent Accumulated impairment loss) ** In the absence of active market – apply cost model ** FV of the intangible assets can no longer be determined, the carrying amount of the assets shall be its revalued amount.			

Useful life time of the intangible assets

Finite useful life time	Indefinite useful life time
Depreciable amount of the assets shall be amortized	Shall not be amortize and do impairment review annually