

AS-26 Intangible Assets

C1.

Intangible Assets

- an identifiable
- non monetary Assets
- without Physical Substance
- held for use in the Production of Goods or service
 - b) for Rental to others
 - c) for Administrative Purpose.

C2 Scope

AS-26 Applied for All intangible Assets except

1. I.A. covered by other AS

- a) Held for Sale in ordinary course of business (AS-2)
- b) D.T.A. (AS-22)
- c) Lease (AS-19)
- d) Goodwill on Amalgamation (AS-14)
- e) Goodwill on Consolidation (AS-21)

2. Financial Assets

- Invest in Share/Deb
- Trade Receivable
- Loan given

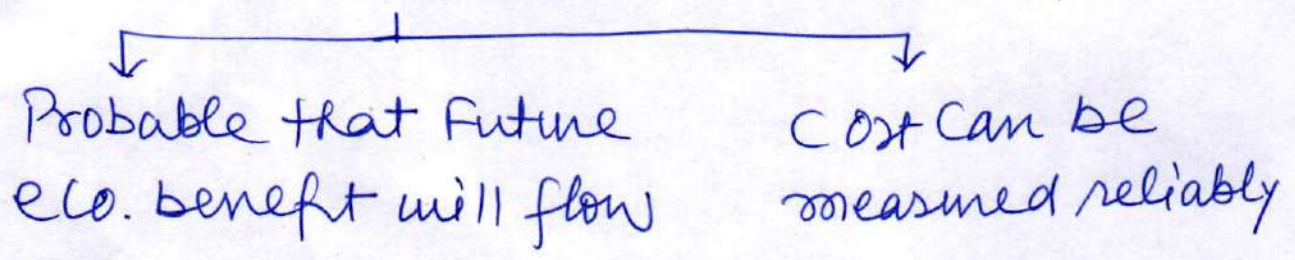
3. Mineral right

4. Insurance contract

5. Share issue exps, Discount on issue of Share Deb.

C3 Initial recognition

- only when two condition satisfied



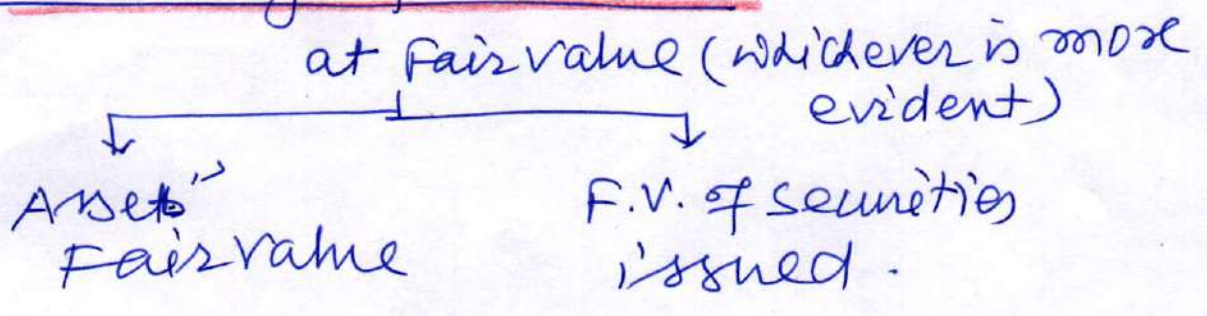
- Recognition only at Cost.

C4 Initial Cost

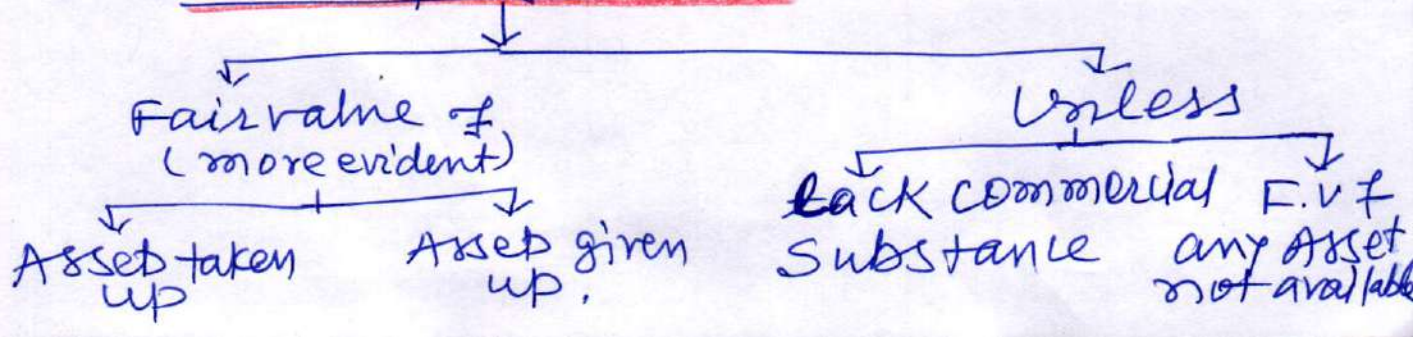
(A) separate acquisition

- i) - Pur cost including non Adjustable Tax
- ii) Directly Attributable expenditure on making ready for intended use.
 - Professional Fee
- iii) reduce Trade Discount if any

(B) Exchange for security

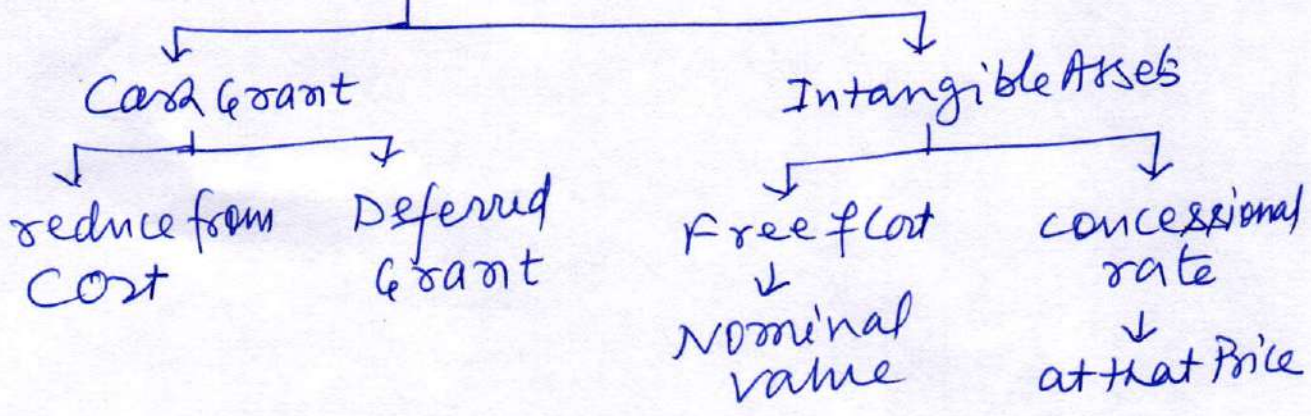


(C) Exchange of Assets

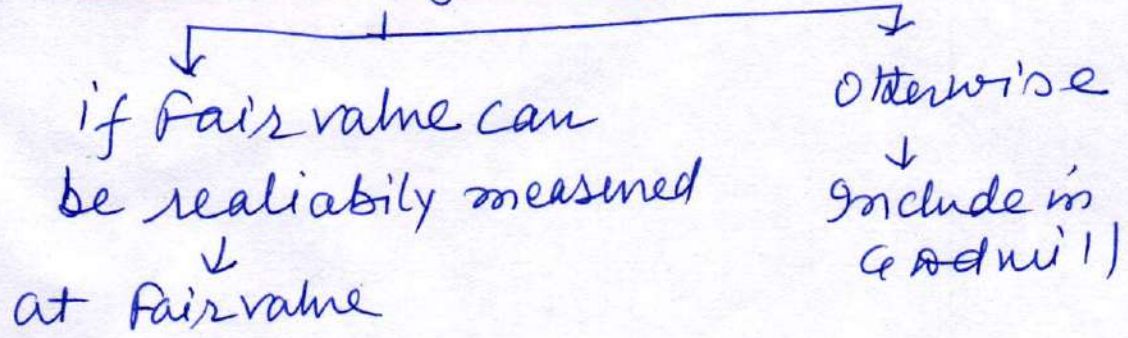


Record at ~~Fair~~ BDK
Value of Assets given
up.

D Govt Grant
AS Per AS-12



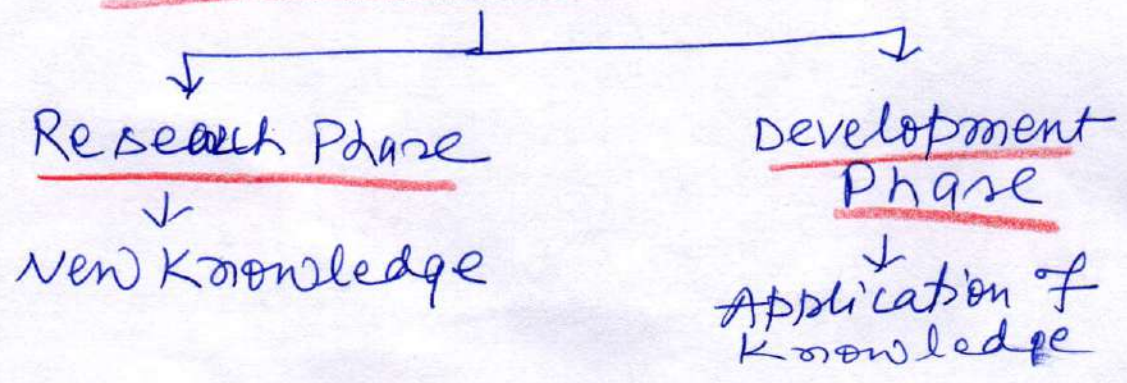
E Under Amalgamation



C5 Internally Generated Goodwill

- not to be recognised

C6 Internally Generated other Assets



↓
All Exps w^o in
country state f
P/L

↓
Exps incurred
Capitalised as
Cost f Assets

C7 Features f Development Phase

1. Technical feasibility established
2. Intention to complete the Asset & Use or sell it
3. Ability to use or sell
4. Probable future Eco. Benefit
5. Availability f adequate technical, financial & other resources
6. Ability to measure Exps

C8 Cost to be included

1. Material & services used
2. Salaries f Personnel directly engaged
3. Directly Attributable Exps
- Registration fee
4. OH allocated on reasonable basis

C9 Cost excludes

1. Abnormal Losses
2. Admin OH not related
3. Selling OH
4. Training of staff to operate Assets

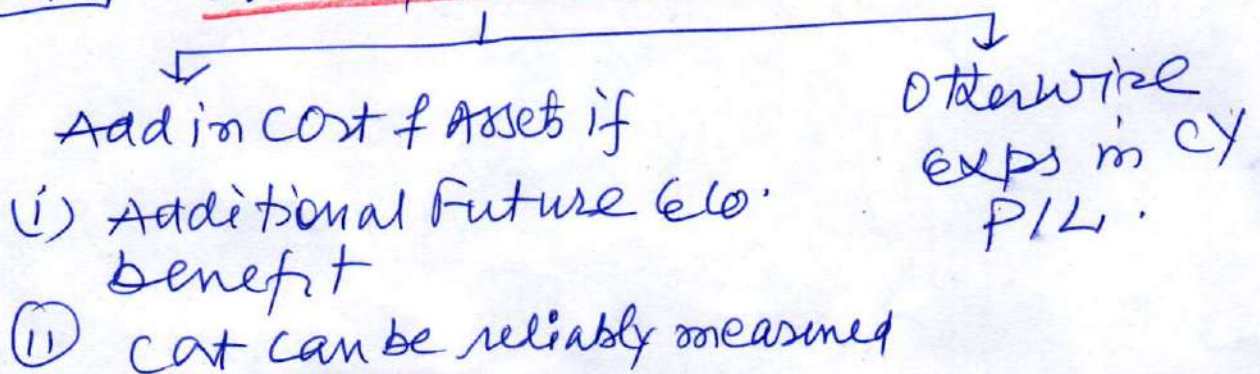
C10 exps where no ~~of~~ Intangible Asset created

1. Start up Activities
2. Training Activities
3. Advertisement & Promotional Activities
4. Exps on relocation.

C11 Past exps

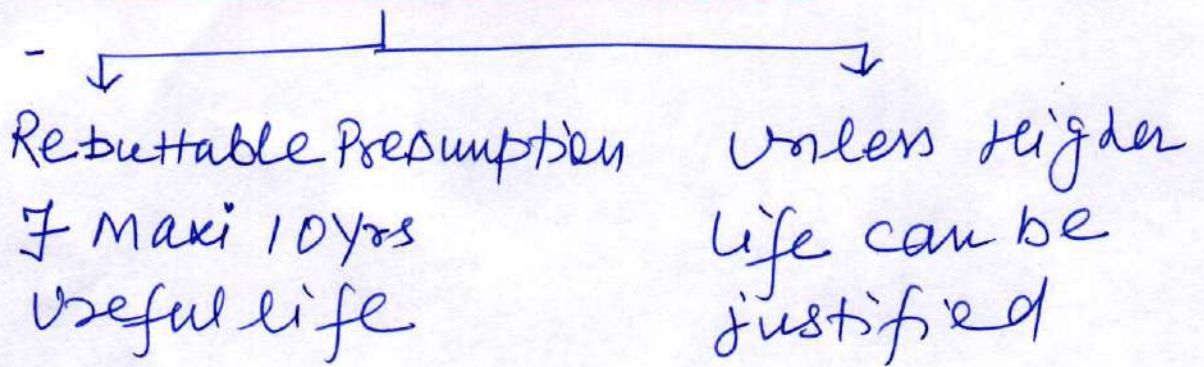
- Exps recognised as exps in Previous Yr
- should not be recognised as Part of cost at later date

C12 Subsequent exps



[B] Amortisation

[C13] Period of Amortisation



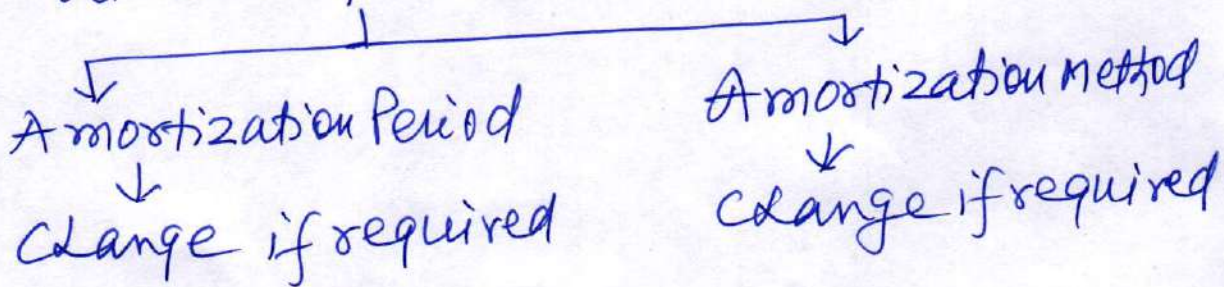
- start from date, when Asset is available for use

[C14] Amortization method

1. Method should Reflect the Pattern - in which economic Benefit is expected to be consumed
2. if Pattern can't be estimated reliably - Use S.L.M.

[C15] Review

- at end of every Financial Yr



C.16

Residual valueAssumed to
be zero

Useless

- 1) Commitment by Third Party to Purchase
- 2) Active market for Asset
- ③ ~~to~~ exist
 - Probable that market will exist till end of life
 - residual value can be determined with reference to such market

C.17

Retirement & Disposal

1. Derecognise

- on disposal or

- when economic benefit expected

2. Gain/Loss recognised in state of P/L.