

AS-26: INTANGIBLE ASSETS- SUMMARY CHART

L25

Intangible Assets :-



- Characteristics
- Identifiable
 - Non-monetary asset
 - Without physical substance
 - Uses
 - Production of goods
 - Rendering of services
 - Rental to others
 - Administrative purpose

Identifiable :-

→ Separable / Distinguished from goodwill

If by selling / renting / exchanging the IA only the FEB related to the IA are transferred and not the FEBs of the entire revenue generating activity.

Non-monetary asset :-

→ Assets that cannot be expressed in fixed / determinable amounts of money.

Without physical substance :-

Incorporating in an immaterial Tangible Item :-

It retains its Intangible character

Incorporating in material Tangible Item :-

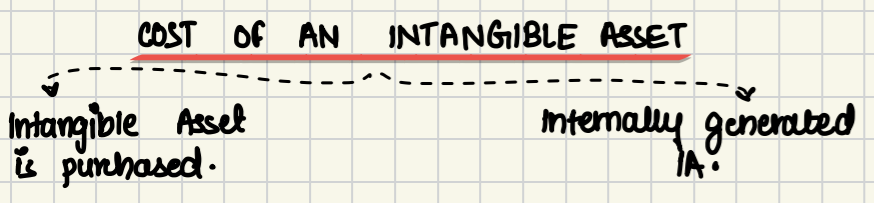
It loses its Intangible character and is clubbed with Tangible Asset.

Recognition Criteria :-

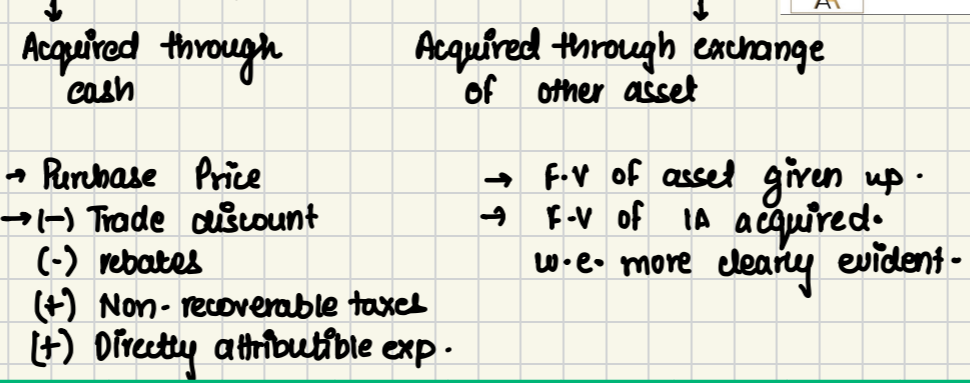


1. FEB attributable from the IA flow to the entity.
2. Cost can be reliably measured.

Control is necessary.

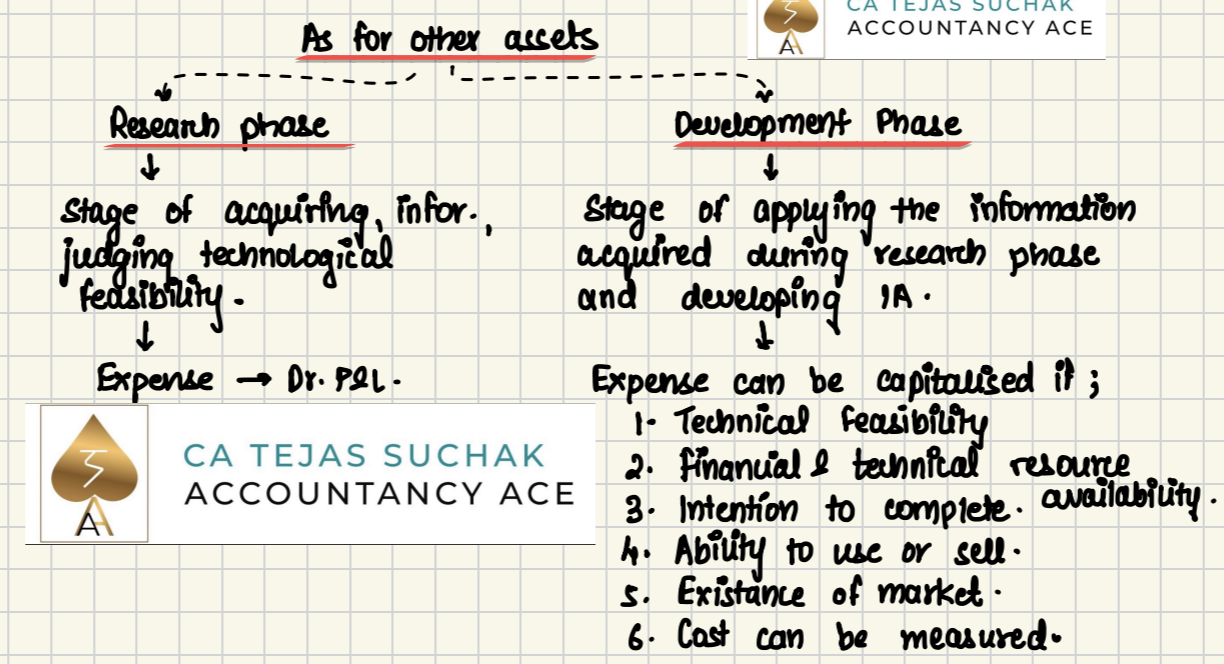


Intangible Asset is purchased



Internally generated IA

* Goodwill, brands, publishing titles, mastheads, customer lists cannot be recognised.



* Internally generated IA should be valued at lower of ;

1. Cost
2. Present value of FEBs.

Subsequent Expenditure on IA



Amortisation of IA

- Generally 10 years or useful life of the IA.
- If useful life > 10 years, the same will have to be justified.
- Method :- If pattern of FEB's is reliable then on the basis of FEB's or else SLM.
- Goodwill to be amortised over a period of 5 years.

Retirement of IA

- If IA is retired from active use then continue to carry in the books at the carrying amt and test for impairment on each BLS Date.
- Impairment loss if any will be debited to P&L.

Disposal of IA



- Profit loss on Disposal will be treated in P&L a/c.
- P/L = NSP - Carrying Amount.