

AS-26: INTANGIBLE ASSETS- SUMMARY CHART

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

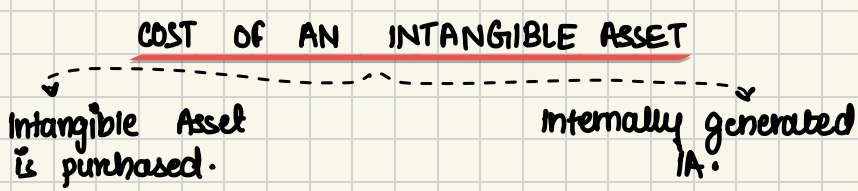
Incorporating in material Tangible Item :-

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

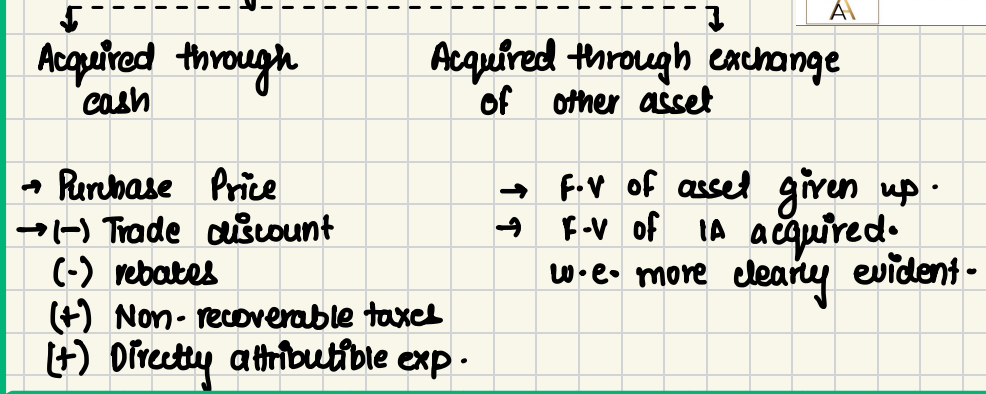
Recognition Criteria :-

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

Control is necessary.

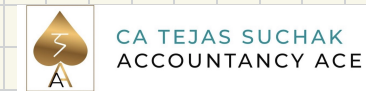
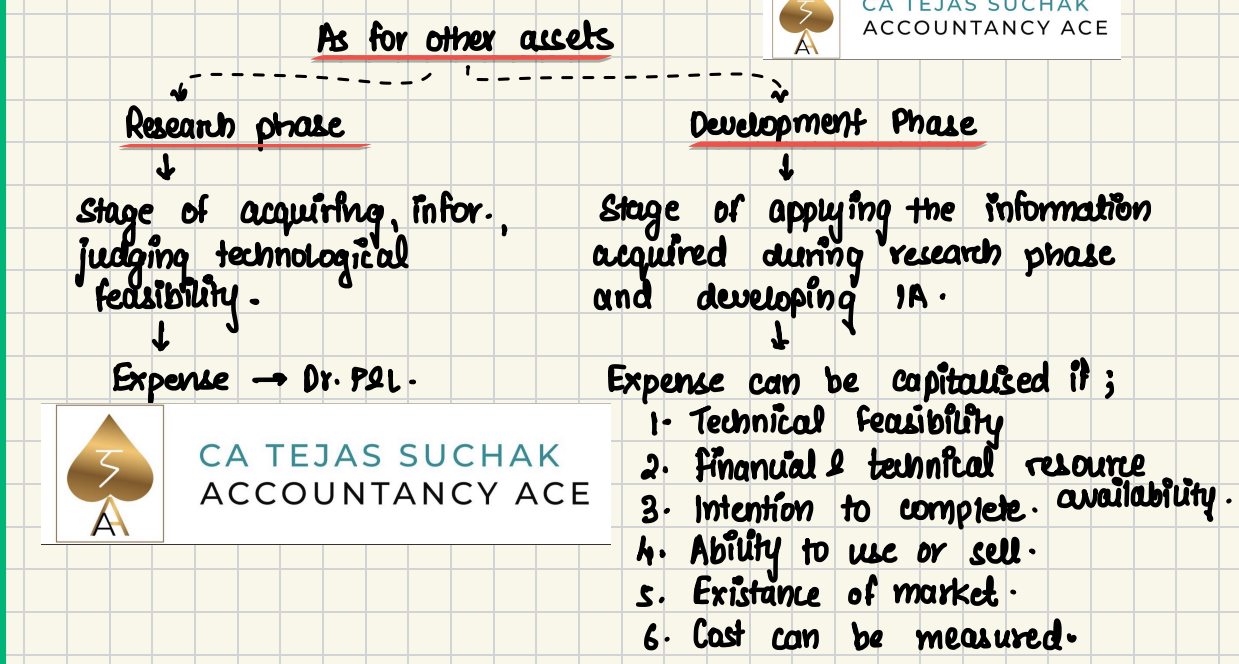


Intangible Asset is purchased



Internally generated IA

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



* Internally generated IA should be valued at lower of ;

- Lost
- 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

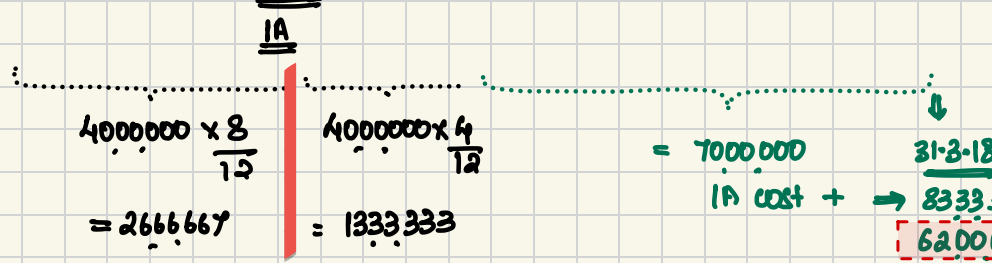
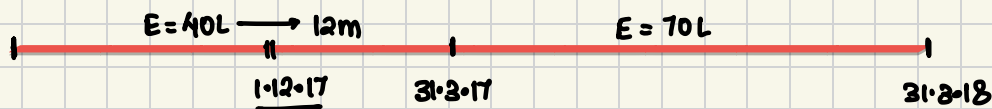
- If IA is retired from active use then continue to carry in the books at the carrying amt and test for impairment on each BLS Date.
- Impairment loss if any will be debited to P&L.

Disposal of IA

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



L&S



⇒ P&L Dr.

⇒ Int. Asset

Cost +

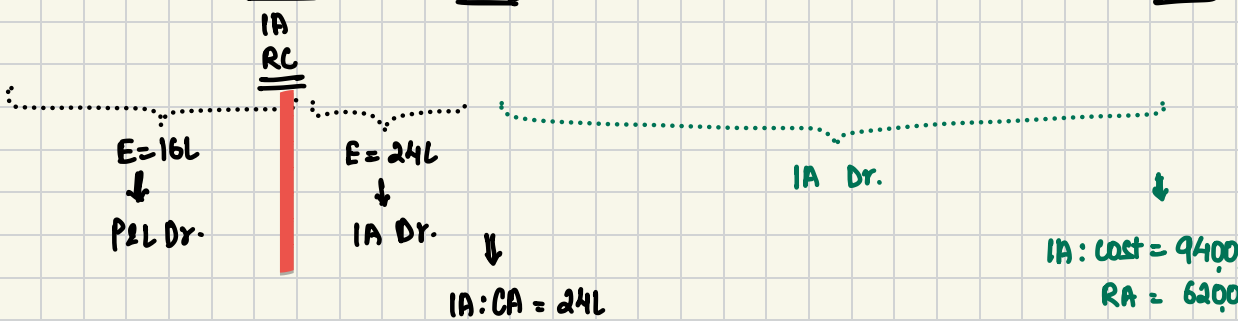
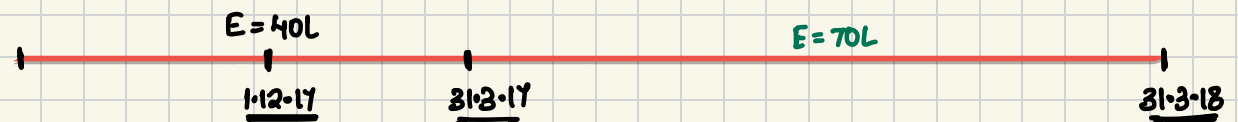
31.3.17

IA = 1333 333

2133333

P&L Dr.

IA Cr.



E=16L

↓

P&L Dr.

E=24L

↓

IA Dr.

IA: CA = 24L

IA Dr.

IA: Cost = 9400,000

RA = 6200,000

3200,000

P&L Dr. 3200,000

IA Cr. 3200,000

$$\begin{matrix} Y_1 & 2L \\ Y_2 & 2L \\ Y_3 & 2L \\ Y_4 & 2L \\ Y_5 & 2L \end{matrix} \left. \vphantom{\begin{matrix} Y_1 \\ Y_2 \\ Y_3 \\ Y_4 \\ Y_5 \end{matrix}} \right\} \text{FEB} \rightarrow \underline{\text{PV}} \Rightarrow \frac{R \cdot A \cdot}{\text{cost}} \left. \vphantom{\frac{R \cdot A \cdot}{\text{cost}}} \right\} \underline{\text{lower}} \rightarrow \text{IA value}$$

$$RA = 200000 \times 3.7908 = \underline{\underline{758160}}$$

$31.3 \cdot 21$	$31.3 \cdot 22$	$31.3 \cdot 23$	.	.	.	.
Y_0	Y_1	Y_2	Y_3	Y_4	Y_5	
<u>200000</u>	200000	200000	200000	200000	200000	

$\boxed{100}$	+ 10%	$\boxed{110}$	+ 10%	$\boxed{121}$	+ 10%	$\boxed{133.1}$	+ 10%	$\boxed{146.41}$	$\boxed{161.05}$
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$$x = 2L \times 100 / 110 = 181818$$

$$x = 2L \times 100 / 121 = 165289$$

$$x = 2L \times 100 / 133.1 = 150263$$

$$x = 2L \times 100 / 146.41 = 136603$$

$$x = 2L \times 100 / 161.05 = 124185$$

$$\underline{\underline{758158}}$$

$$3.7908$$

$$3.7908$$

$$x$$

$$5$$

$$1000000$$

$$x = \frac{200000}{1000000} \times 3.7908$$

$$= 758158$$

$$\underline{1R=10\%} \rightarrow \frac{1}{1.10} = = = = = \text{GIT}$$

$$3.7908$$

$$\downarrow$$

$$2L$$

$$\downarrow$$

$$758160$$