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# Accounting for intangible assets: current requirements, key players and future directions

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## Abstract

This article provides an international (cross-country) review of current accounting requirements, key players and future directions. It considers the potential for intangible assets to be used in a variety of ways, including for intangible assets, and the implications for intangible assets. It also discusses the regulatory environment for intangible assets, and the implications for intangible assets. The article concludes by discussing the implications for intangible assets, and the implications for intangible assets.

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<sup>1</sup>The views expressed in this article are solely those of the author. The author wishes to thank Dr Anne Wyatt from the University of Melbourne for reviewing an earlier draft of this paper.

<sup>2</sup>Lev ([2001](#)) provides a summary of this evidence.

<sup>3</sup>Consistent with this, Lev and Zarowin ([1999](#)) provide evidence not only of a decline in the usefulness of financial accounting information during the period 1978 to 1996 but also that this decline is most pronounced in enterprises that have increased expenditure on intangible assets (as measured by enterprise expenditure on research and development).

<sup>4</sup>A comprehensive review of the accounting requirements for intangible assets in a range of countries can be found in Stolowy and Jeny-Cazavan ([2001](#)).

<sup>5</sup>Throughout this article, the term 'jurisdictions' should be taken to refer to the eight national jurisdictions and also the IASB.

<sup>6</sup>In the UK, FRS 6 'Acquisitions and Mergers' (ASB, [1994](#)) sets out a series of conditions that must be satisfied for the transaction to be a merger. The IASB sets out similar conditions for a transaction to be considered a uniting of interests.

<sup>7</sup>In France, only applied research costs can be capitalized; basic research costs must be expensed.

<sup>8</sup>The position in Australia is slightly different to that of EU countries. In Australia, an adopted IAS/IFRS entity must follow the standards of the IASB for all companies. However, in the UK, the standards of the IASB are only applied to entities where it is applicable. In the UK, the standards of the IASB could not be applied to entities where it is not applicable.

<sup>9</sup>The position in New Zealand is slightly different to that of EU countries. In New Zealand, the standards of the IASB are only applied to entities where it is applicable. In New Zealand, the standards of the IASB could not be applied to entities where it is not applicable.

<sup>10</sup>National standards are not covered by an IAS/IFRS entity.

<sup>11</sup>Haller ([2002](#)) provides a history of financial accounting developments in the EU, including the impact of 2005.

<sup>12</sup>National accounting requirements will still be needed in circumstances not covered by an IAS/IFRS; for example, to cover an issue that is jurisdiction specific.

<sup>13</sup>See Lev ([2001](#)), Upton ([2001](#)) and Wyatt ([2002a](#)) for a further discussion on the economic properties of intangible assets.

<sup>14</sup>See Aboody and Lev ([1998](#)), Abrahams and Sidhu ([1998](#)) and Healy et al. ([2002](#)).

<sup>15</sup>Under the Lev and Zarowin approach, reinstatement would occur once the project's feasibility has been established.

<sup>16</sup>Concerns regarding the degree of judgement required to apply the condition-based capitalization approach was stated by the FASB as one of the reasons why it was not adopted in the US (FASB, [1974](#)).

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