

European Accounting Review >

Volume 12, 2003 - [Issue 4: Intangibles and Intellectual Capital](#)

3,085 32

Views | CrossRef citations to date | Altmetric

3

Original Articles

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

Stephen Powell 

Pages 797-811 | Published online: 17 May 2010

 Cite this article  <https://doi.org/10.1080/09638180310001628473>

Sample our  
Economics, Finance,  
Business & Industry Journals  
>> [Sign in here](#) to start your access  
to the latest two volumes for 14 days

 Full Article

 Figures & data

 References

 Citations

 Metrics

 Reprints & Permissions

Read this article

Share

## Abstract

This article provides an international (cross-country) review of current accounting requirements for intangible assets, identifies the key trend setters and considers potential future directions in the area of accounting for intangible assets. Accounting for intangible assets is one of the least developed areas of accounting theory and regulation. This article makes up part of the special forum devoted to furthering debate on accounting for intangible assets.

[< Previous article](#)

[View issue table of contents](#)

[Next article >](#)

## Notes

<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 may be applicable to all reporting entities, not just listed companies. However, additional guidance/requirements may be added for not-for-profit entities where it is considered appropriate. Any additional guidance/requirements would not be applicable to for-profit entities (AASB, [2003](#)).

<sup>9</sup>The position in New Zealand with respect to the scope of application of any adopted IAS/IFRS is similar to that of Australia. The New Zealand Financial Reporting Standards Board has established a Conversion Working Group to consider whether any additional requirements and guidance are required to ensure that IASB standards adopted in New Zealand can be applied to all entities, including public-sector entities (FRSB, [2003](#)).

<sup>10</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>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](#)).

#### Related Research Data

[The Role of R&D Capitalisations in Firm Valuation and Performance Measurement](#)

Source: Australian Journal of Management

[International accounting disharmony: the case of intangibles](#)

Source: Accounting Auditing & Accountability Journal

[Towards a financial reporting framework for intangibles](#)

Source: Journal of Intellectual Capital

[Revalued Financial, Tangible, and Intangible Assets: Associations with Share Prices and Non-Market-Based Value Estimates](#)

Source: Journal of Accounting Research

[R&D Accounting and the Tradeoff Between Relevance and Objectivity](#)

Source: Journal of Accounting Research

[Capital Markets Research And The Goodwill Debate](#)

Source: Australian Accounting Review

[Goodwill Amortization and the Usefulness of Earnings](#)

Source: SSRN Electronic Journal

### Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

### Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

### Keep up to date

Register to receive personalised research and resources by email

 Sign me up



### Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

### Help and information

- Help and contact
- Newsroom
- All journals
- Books