European Accounting Review ›
Volume 12, 2003 - Issue 4: Intangibles and Intellectual Capital

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

Abstract

This artic... requirem... potentia... for intan... regulati... on accou... unting ...siders ...ccounting ...y and ...ering debate

Notes

[1]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.

[2]Lev (2001) provides a summary of this evidence.

[3]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).

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

[5]Throughout this article, the term 'jurisdictions' should be taken to refer to the eight national jurisdictions and also the IASB.

[6]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.

[7]In France, only applied research costs can be capitalized; basic research costs must be expensed.

[8]The position in Australia is slightly different to that of EU countries. In Australia, an adopted ... companies. However ... entities where it ... would not be applicab...

[9]The pos... adopted IAS/I... Standards Boar... additional requirem... pted in New Zealand ..., 2003).

[10]Nation... t covered by an IAS/I...

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

[12] 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.

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

[14] See Aboody and Lev (1998), Abrahams and Sidhu (1998) and Healy et al. (2002).

[15] Under the Lev and Zarowin approach, reinstatement would occur once the project's feasibility has been established.

[16] 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).

Richard Barker et al.
Accounting and Business Research
Published online: 7 Sep 2021

Ending the Accounting-for-Intangibles Status Quo

Baruch Lev
European Accounting Review
Published online: 9 Oct 2018

Discussion of ‘Accounting for intangible assets: suggested solutions’

Niclas Hellman
Accounting and Business Research
Published online: 16 Nov 2021

View more