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

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Notes

¹The 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.

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

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¹⁰Nation

an IAS/IF

³Consistent with this, Lev and Zarowin (<u>1999</u>) 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).

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

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

⁶In the UK, FRS 6 'Acquisitions and Mergers' (ASB, <u>1994</u>) 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.

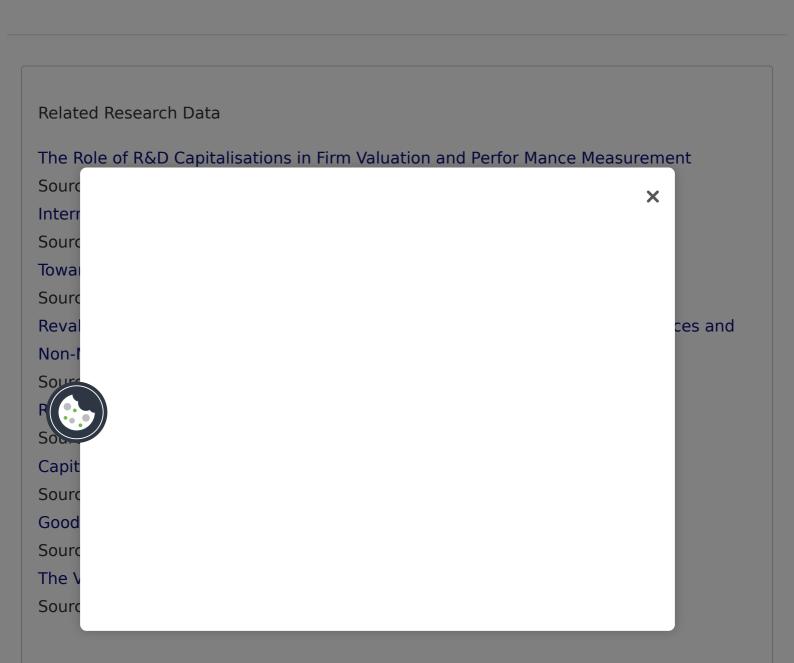
⁷In France, only applied research costs can be capitalized; basic research costs must be expense X ⁸The pos ralia, an adopted companies. entities Howeve ould not be where it applicab ⁹The / adopted IAS/IFR Standards additional Board ha

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t covered by

2003).

- ¹¹Haller (<u>2002</u>) provides a history of financial accounting developments in the EU, including the impact of 2005.
- ¹²National accounting requirements will still be needed in circumstances not covered by an IAS/IFRS; for example, to cover an issue that is jurisdiction specific.
- ¹³See Lev (<u>2001</u>), Upton (<u>2001</u>) and Wyatt (<u>2002a</u>) 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).
- ¹⁵Under the Lev and Zarowin approach, reinstatement would occur once the project's feasibility has been established.
- ¹⁶Concerns 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, <u>1974</u>).



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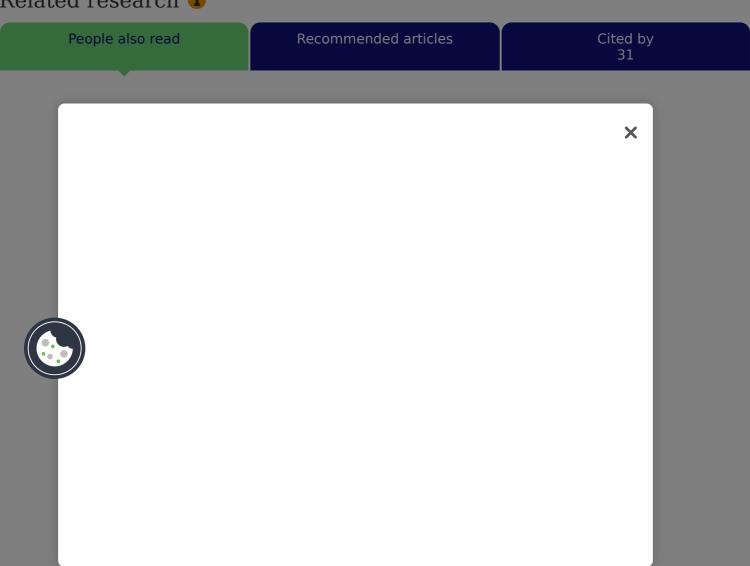
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