

Value Conversion of Intangible Assets

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INITIAL MEASUREMENT
Initial measurement is based on the fair value of the consideration transferred, less any non-refundable advance payments to suppliers that are not yet earned. The fair value of the consideration transferred is the amount of cash or cash equivalents paid, or the fair value of other assets transferred, plus the amount of liabilities assumed, less any intangible assets acquired.
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DEFINITION
Identifiable non-monetary asset without physical substance.
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DISCLOSURE
Intangible asset → based on residual amount
Research & Development → recognized as expenses in current period
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IDENTIFICATION
Yes, there is an element of cost.
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SUBSEQUENT MEASUREMENT
COST MODEL
CA-cost acc. amortization-acc. impairment loss
• PV ignores
By Cost or intangible Asset

REVALUATION MODEL	
• Revalue the PV	• PV vs CA surplus or deficit
• PV vs CA surplus or deficit	• PV vs CA surplus or deficit

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RECOGNITION
• No future economic benefit
• Disposal
CA vs NET DISPOSAL VALUE
CA - AMORTIZATION EXPENSES
CA - AMORT. GAIN (REVENUE)
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CLASSIFICATION
Intangible asset is classified into three types:
1. Identifiable Intangible Asset
2. Identifiable Intangible Asset
3. Identifiable Intangible Asset
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DEFINITION

Identifiable non-monetary asset without physical substance.



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IDENTIFICATION

yes, there is an element of asset.

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CLASSIFICATION

Intangible asset is classified under MFRS 138.

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RECOGNITION

- *It is probable that the Future Economic Benefits that are attributable to the asset will flow to the entity.*
- *The cost of the asset can be measured reliably.*
- *Identifiable. (*It must be separable from the asset as a whole)*
- *Control over a resource.*



INITIAL MEASUREMENT

Will be initially measured at COST
The sum of the expenditure incurred from the date when it meets the recognition criteria, to the date of its completion such as :

- Costs of materials and services used or consumed in generating the IA
- Costs of employee benefits arising from the generation of the IA
- Fees to register legal right
- Amortization
- Borrowing costs to the extent that they meet the capitalization criteria

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From -VE to +VE



problem = challenge
i don't know = i will find out
i will try = i will do it



How to calculate initial cost???

cost

-trade discount

-rebates

+Any directly attributable cost of preparing the asset for intended use



initial cost



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SUBSEQUENT MEASUREMENT

COST MODEL

REVALUATION MODEL

CA=cost-acc amortisation- acc impairment loss

- FV ignores

- Revalue the FV

- FV vs CA
surplus or deficit

Dr Cost
Cr Intangible Asset

Dr Deficit on revaluation
Cr Intangible Asset
Dr Intangible Asset
Cr Surplus on revaluation

DERECOGNITION

- *No future economic benefit*
- *Disposal*

CA VS NET DISPOSAL VALUE



$CA > NDV = \text{LOSS (EXPENSES)}$



$CA < NDV = \text{GAIN (REVENUE)}$

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