

## **IAS 38 *Intangible Assets*** (November 2006)

### ***Adoption of IAS 38 (revised 2004)***

In December 2003 consequential amendments were made to IAS 38 *Intangible Assets* arising from the improvements to IAS 16 *Property, Plant and Equipment*. These amendments did not change the transitional provisions in IAS 38. In March 2004, further amendments to IAS 38 were made, as a consequence of the issue of IFRS 3 *Business Combinations*. These later amendments changed the transitional provisions in IAS 38 to require prospective application. Both the December 2003 and March 2004 amendments became effective for annual periods beginning on or after 1 January 2005.

The IFRIC received a request for guidance on whether the December 2003 consequential amendments should be applied retrospectively or prospectively if an entity adopted the March 2004 version of IAS 38 early. Whilst the IFRIC agreed that divergence might have arisen in the way that the two sets of amendments to IAS 38 were adopted in 2004, it believed that the issue was not widespread and that further diversity was unlikely to develop in the future. The IFRIC therefore decided not to take the issue onto its agenda.