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International
Accounting Standards
Board

*This document is provided as a convenience to observers at IASB meetings, to assist them in following the Board's discussion. It does not represent an official position of the IASB. Board positions are set out in Standards.
These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers.*

INFORMATION FOR OBSERVERS

Board Meeting: 19 October 2006, London
Project: Intangible Assets Research Project
Subject: Cover Note (Agenda Paper 11)

Objective: Input from Board sought

1. The purpose of the October 2006 session for the Intangible Assets research project is to seek the Board's agreement with the scope and approach and the project plan outlined in agenda papers 11A and 11B respectively.

Attachments

2. The attachments are:
 - (a) Agenda paper 11A Intangible Assets Research Project: Scope and Approach; and
 - (b) Agenda paper 11B Intangible Assets Research Project: Project Plan.

Background

3. Australian Accounting Standards Board (AASB) staff met with IASB Advisors (and IASB staff) in July 2006 and discussed:
 - (a) the project's scope and approach, which originally contemplated a comprehensive two-phased project considering the initial and subsequent accounting for intangible assets and goodwill;
 - (b) a draft project plan; and

- (c) various draft technical papers on the initial accounting for (definition/ identification, recognition and measurement of) internally generated intangible assets, reflecting previous AASB and AASB Advisors' review comments.
4. The originally contemplated broad and comprehensive project scope was determined prior to the February 2006 Memorandum of Understanding (MoU) between the FASB and IASB. It has become increasingly evident that to complete the comprehensive scope within the MoU timeframe of 2008 is too ambitious. However, as indicated in paragraph 4 of agenda paper 11A, aspects of the originally contemplated comprehensive project, such as the subsequent accounting for intangible assets, may be undertaken in due course, subsequent to the MoU timeframe.
 5. The main outcome of the meeting with IASB Advisors is a suggestion, in light of the MoU, to significantly narrow the previously contemplated scope of the project to only focus on the initial accounting for intangible assets acquired other than in a business combination. In particular, the suggestion is for the project to develop a staff paper that discusses the feasibility of a project that would extend the principles for the initial accounting for intangible assets acquired in a business combination to the same kind of intangible assets acquired other than in a business combination.

Next steps

6. The project team intends to present a series of issues papers on the initial accounting for internally generated intangible assets to the Board in January 2007. The following papers are close to being ready for review by AASB Advisors, the AASB and IASB Advisors:
 - (a) Paper 1: Introduction;
 - (b) Paper 2: Definition/Identification;
 - (c) Paper 3: Recognition; and
 - (d) Paper 4: Measurement.
7. Paper 5: Presentation and Disclosure will be commenced shortly.

8. Future work will include the development of issues papers on the initial accounting for intangible assets that have been purchased separately (not part of a business combination).