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## Accounting Standards Advisory Forum

Date	July 2026
Project	Intangible Assets
Topic	Exploring user information needs – findings and implications for project direction
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## Purpose of this session

In December 2025, ASAF members shared what they had heard from users of financial statements (users) in their jurisdictions about their information needs about recognised and unrecognised intangible assets and associated expenditure.<sup>1</sup>

In May 2026, the staff reported their findings on user information needs (including your input) to the IASB (slides 8–30 summarise key messages from agenda papers for that meeting).



The aim of this session is to seek ASAF members' **views on possible implications of the findings on user information needs for the project's direction** before the IASB makes a decision on whether any changes to the project plan are needed.

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<sup>1</sup> In the rest of the slide deck we refer to 'recognised and unrecognised intangible assets and associated expenditure' as 'intangible assets'. The term 'intangible items' is used to refer to a broader set of intangible resources including items that are not intangible assets such as human capital.

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# Questions for ASAF members

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## Implications for project direction

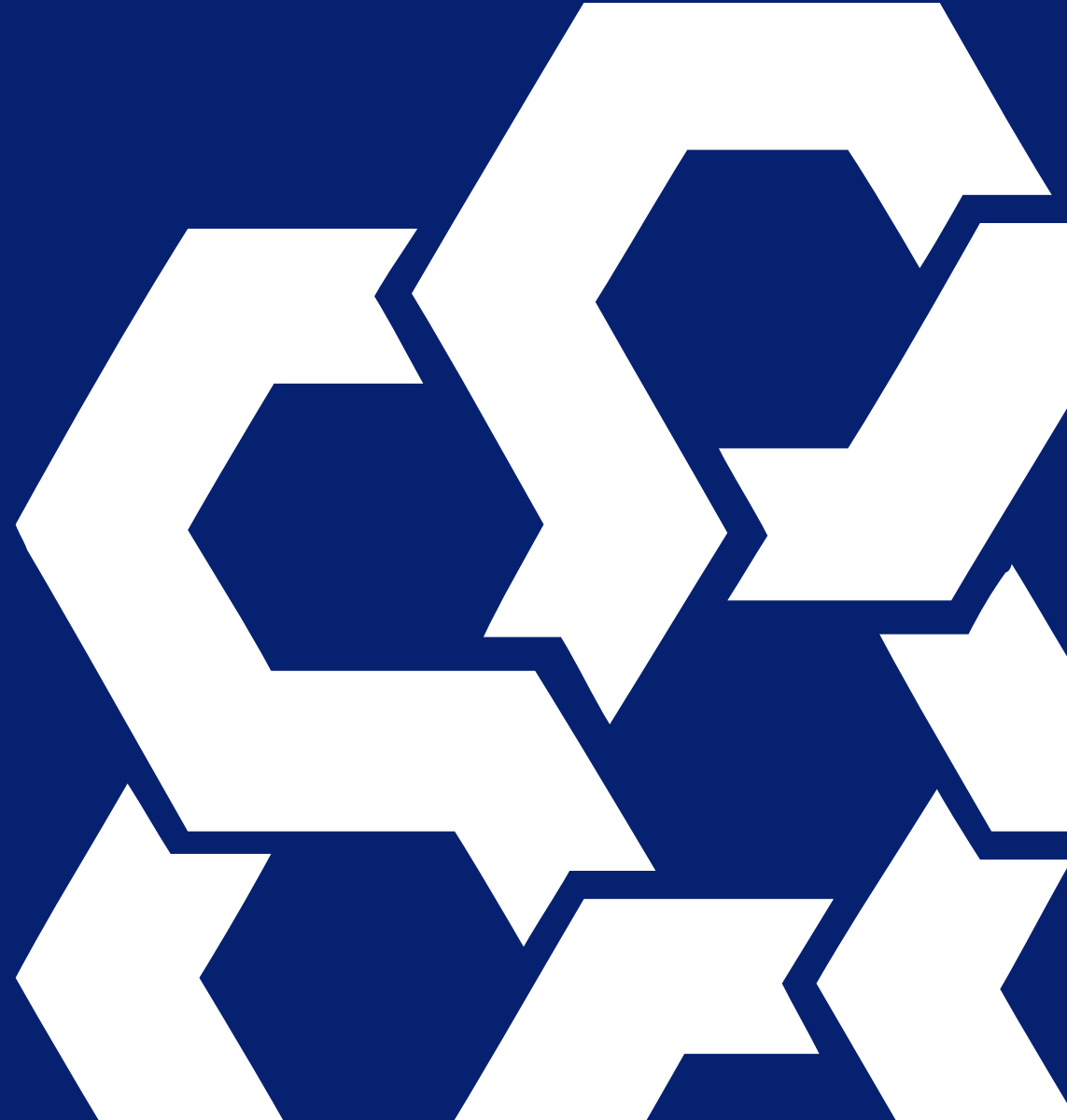
1. Considering the findings on user information needs (slides 8–30) and initial staff thoughts on the implications for project direction (slides 31–48), what would be your advice on the project direction?
  2. Is there anything missing in our analysis that you think the IASB needs to consider?
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The questions are interrelated, so we would be happy to take all comments together.

*We do not expect you to do extensive research in preparation for the session; rather we are looking to hear your strategic advice on project direction considering the views you have previously heard in your jurisdiction and additional evidence on user information needs summarised in this deck.*

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# Background





# May 2025 IASB decisions<sup>2</sup>

## Objectives

- Improve the usefulness of information entities provide about intangible items in their financial statements
- Update IAS 38 *Intangible Assets*, in particular to make it more suitable for newer types of intangible items and new ways of using them

## Approach

-  Starting a comprehensive review in a targeted way
-  Regular reflection points to assess additional evidence

## Topics the project will explore

<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> User information needs</li> <li><input checked="" type="checkbox"/> Potential changes to aspects of the definition and recognition requirements (using test cases)</li> </ul>	}	Initial streams
<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Intangible assets held for investment</li> <li><input checked="" type="checkbox"/> Broader review of recognition</li> <li><input checked="" type="checkbox"/> Disclosure requirements</li> <li><input checked="" type="checkbox"/> Comparability of information about acquired and internally generated intangible assets</li> </ul>	}	Later streams (subject to change)
<ul style="list-style-type: none"> <li><input type="checkbox"/> Broader intangible items</li> </ul>		TBC

<sup>2</sup> For more details, see Appendix—Reminder: May 2025 IASB prioritisation considerations and options for exploring topics.

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## May 2026 IASB meeting

- In May 2025, the IASB noted that it will have **regular reflection points** to consider whether new evidence calls for a change in the project direction.
- To help meet the objective of improving the usefulness of information entities provide about intangible items in their financial statements the IASB wanted to better understand user information needs and started work on this topic as one of the two initial work streams in the project.
- In May 2026, the IASB:
  - **discussed a summary of feedback** and other findings gathered through in-depth discussions with users and other research on user needs for information about intangible assets—see slides 11–30 (for more details, see Agenda Papers [17A](#), [17B](#) and [17C](#)); and
  - **had an initial discussion on possible implications** of that feedback and other findings on the direction of the project—see slides 33–48 (for more details, see Agenda Paper [17D](#), which sets out staff initial thoughts on whether the findings suggest changes to topic prioritisation and to the options for exploring them compared to the IASB’s May 2025 decisions on slide 6 and its May 2025 considerations summarised in the Appendix).
- The IASB plans to consider the views of its consultative groups representing diverse stakeholders when making a decision on the project direction in Q4 2026.

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# User information needs— Staff approach and findings



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# Staff approach to exploring user information needs



## Scope definition

Identifying intangible-intensive sectors and key intangible activities ensures analysis remains focused and relevant across industries (slide 12)



## Desktop research

Systematic review of entities' annual reports highlights current information provided, patterns, gaps, and variability in intangible asset reporting (slide 13)



## User engagement and research

- 22 in-depth discussions capture sector-specific equity analyst perspectives on:
  - the current use of information (slides 14–19), and
  - desired improvements (slides 20–27)
- Research into information needs of credit analysts and lenders highlights how their perspectives differ from those of equity analysts (slide 29)
- Outreach with larger groups helps gather broader views (across jurisdictions, sectors and types of intangible assets) (slide 30)

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# Objectives for user engagement meetings



Explore the following themes in discussion with users:

- **what** information users seek about intangible assets;
  - **where** they get this information;
  - **how** they use it; and
  - **what improvements** they are seeking
- 
- Explore the above **by sector and type of asset**
  - **Use the findings of desktop research** to support discussions with users:
    - **present an overview** of information about intangible assets that is currently provided
    - **draw inferences** on what information might be useful to users and how information in financial statements could be improved

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# Staff desktop research— scope and findings

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# Desktop research of annual reports

Staff conducted desktop research on annual-report information of entities in intangible-intensive sectors to develop our initial findings and inferences

## Sectors and asset types

- selected intangible-intensive sectors (healthcare, technology, consumer, communications and industrials)
- used R&D, recognised intangible assets and selling, general and administrative (SG&A) as indicators of intangible-intensity

## Entities

- selected around 15 entities per sector with a spread of geographies, industries and entity sizes

## Information

- reviewed the entities' annual reports to identify key intangible activities and what information is provided about them in narrative sections and financial statements

# Findings and inferences staff tested with users

## Our findings

- **Sectoral variation in activities:** Key intangible activities vary across sectors, with some focused and others more diversified depending on business models and strategy.
- **Variation in information provided:** Amount and granularity varies by sector, entity characteristics and lifecycle, with pharmaceuticals an exception, providing more forward-looking information.
- **Primacy of qualitative narrative disclosure:** Most information on intangible assets is conveyed qualitatively in narrative sections.
- **Limited quantitative financial statement information:** Financial statements provide only limited, largely quantitative information on intangible assets.



## Our inferences

- **Value-focused view of intangible assets:** Users focus on how intangible activities drive value and future cash flows, rather than on valuing individual assets.
- **Weak linkage across reports:** It can be difficult to connect financial statement amounts with narrative explanations.
- **Demand for greater disaggregation:** More detailed financial statement information could help connect intangible-related expenditure with the information in narrative reports.

For more information, see paragraphs 14–27 of [May 2026 IASB Agenda Paper 17A](#).

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In-depth discussions with  
sector analysts—current use  
of information

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## Themes explored

1

**Valuation  
approaches**

2

**How users consider  
entities' intangible  
activities in  
valuations**

3

**Information  
sources and role of  
financial  
statements**

# 1. Valuation approaches

Theme	What we heard
<p><b>Valuation approaches</b></p> <p>(Paragraphs 23–35 of <a href="#">May 2026 Agenda Paper 17B</a>)</p>	<ul style="list-style-type: none"> <li>• Users generally view intangible activities as drivers of overall entity performance and future cash flows, rather than as standalone assets.</li> <li>• Valuation is primarily conducted at the business level, focusing on growth, margins, cash-flow durability and risk.</li> <li>• Most users said they use cash-flow–based valuation methods, particularly discounted cash flow (DCF).</li> <li>• Some users said they use multiples and trend analysis alongside or instead of DCFs to benchmark or sense-check assumptions, with greater emphasis on cash-based metrics (for example, free cash flow) when comparability is limited.</li> <li>• Some users apply sector- or asset-specific approaches, such as:             <ul style="list-style-type: none"> <li>○ probability-adjusted drug-level modelling in pharmaceuticals (see slide 19),</li> <li>○ returns-based analysis like ROIC/CFROI, and</li> <li>○ analysis of ‘right-to-operate’ assets such as spectrum licences.</li> </ul> </li> </ul>

## 2. How users consider entities' intangible activities in valuations

Theme	What we heard
<p data-bbox="219 706 631 921"><b>How users consider entities' intangible activities in valuations</b></p> <p data-bbox="219 1035 662 1120">(Paragraphs 36–46 of <a href="#">May 2026 Agenda Paper 17B</a>)</p>	<ul data-bbox="700 735 2407 1178" style="list-style-type: none"><li data-bbox="700 735 2407 892">• Users focus on sector-relevant intangible activities (for example, R&amp;D in healthcare, software development in technology, and brand/customer dynamics in consumer sectors) when forming valuations.</li><li data-bbox="700 935 2407 1035">• They rely on qualitative insights and sector-specific metrics—rather than standardised indicators—to assess growth, margins, cash-flow durability and risk.</li><li data-bbox="700 1078 2407 1178">• In the absence of detailed information, past performance and management track record are commonly used as proxies for future returns on intangible expenditure.</li></ul>

## 3. Information sources and role of financial statements

Theme	What we heard
<p data-bbox="247 776 657 932"><b>Information sources and role of financial statements</b></p> <p data-bbox="247 1053 690 1143">(Paragraphs 47–54 of <a href="#">May 2026 Agenda Paper 17B</a>)</p>	<ul data-bbox="715 672 2377 1168" style="list-style-type: none"><li data-bbox="715 672 2377 772">• Most users said they use multiple sources of information when gathering information about intangible activities.</li><li data-bbox="715 811 2377 968">• Financial statements typically serve as a starting point and a sense-check—for example, as a historical anchor or confirmation of previous assumptions—rather than as the primary source of intangible-related inputs.</li><li data-bbox="715 1006 2377 1168">• Users commonly supplement financial statements with information from narrative reports (such as management commentary, management discussion &amp; analysis (MD&amp;A) or strategic reports), investor relations materials and external sources.</li></ul>

## Staff commentary: illustrative sector contrast— pharmaceuticals versus other sectors

	Healthcare sector (pharmaceutical)	Other sectors (for example, technology)
Information sources	<ul style="list-style-type: none"> <li>Extensive granular information: drug-level, external scientific and regulatory data</li> </ul>	<ul style="list-style-type: none"> <li>Access to granular information may be more limited (commercially sensitive)</li> </ul>
Approach to analysis and implications for valuing of intangible assets	<ul style="list-style-type: none"> <li>Cash flow forecasting can be detailed and sophisticated (for example, probability-adjusted, drug-level modelling based on pipeline and clinical information)</li> <li>Intangible value more explicitly modelled</li> </ul>	<ul style="list-style-type: none"> <li>Cash flow forecasting may rely more on using proxies (for example, past performance, management ‘trust’ and track record)</li> <li>Assessments of past intangible-related spend on revenue can shape assumptions about future cash flows and growth (for example, monthly active users (MAU) trends can signal brand or product strength)</li> <li>Intangible activity may be less explicitly modelled</li> </ul>

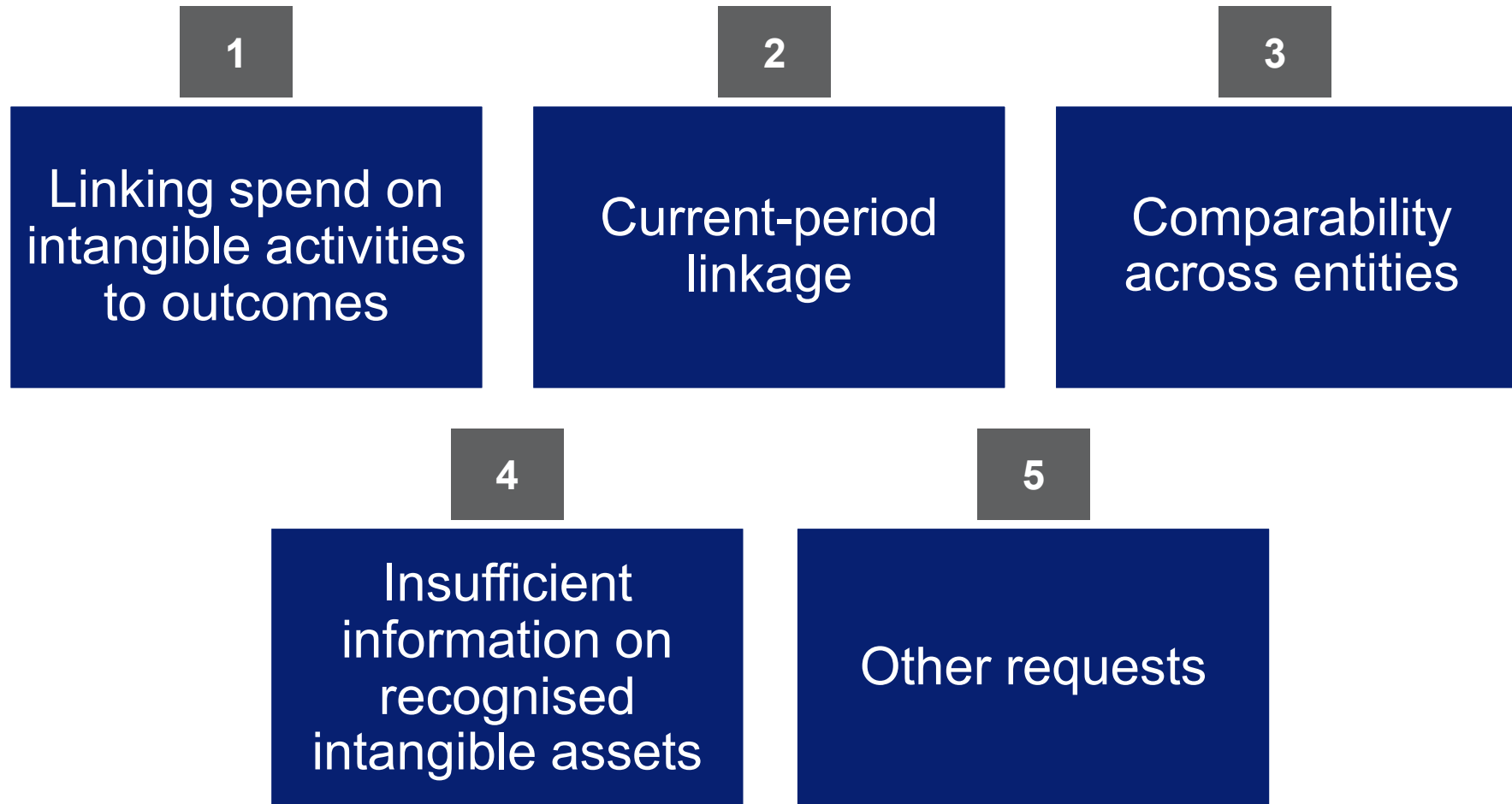
(See [Appendix A of May 2026 Agenda Paper 17B](#) for an illustration of how these information differences affect valuation approaches in healthcare (pharmaceutical) and technology.)

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In-depth discussions with  
sector analysts—areas of  
improvement identified

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## Areas of improvement identified in user feedback



# 1. Linking spend on intangible activities to outcomes

Challenges	Requested improvements	Constraints / mitigations
<p>Almost all users said it is difficult to link intangible spend to outcomes—driven by aggregation, inconsistent classification, difficulty separating ‘maintenance’ from ‘growth’ spend and limited information on outcomes.</p>	<ul style="list-style-type: none"> <li>Improved disaggregation of spend and clearer evidence on outcomes</li> <li>Slide 23 shows views on staff hypothetical idea of recognition as a way to communicate outcomes.</li> </ul>	<p>Greater transparency is linked to commercial sensitivity risks—could be mitigated by aggregation, threshold-based requirements, or concentration-style indicators.</p>



Greater **disaggregation** is the most popular request—mostly for expensed amounts, but also disclosure of total spend and detail on capitalised amounts. For example:

- R&D spend by project, program, product, stage, activity or segment.
- Disclosure of marketing, advertising, and selling costs separately from SG&A, with further breakdown by brand or product where relevant.
- Disclosure of other investment-like costs such as customer acquisition, training and content/IP costs.

A few suggested requiring **outcome-related metrics** in financial statements.

For more information, see paragraphs 58–66 and 72–78 of [May 2026 AP17B](#))

# Staff hypothetical idea testing

Theme	What we heard
<p data-bbox="242 701 639 858"><b>Recognition as way to communicate outcomes</b></p> <p data-bbox="242 976 682 1065">(Paragraphs 67–71 of <a href="#">May 2026 Agenda Paper 17B</a>)</p>	<p data-bbox="708 548 2423 765">We sought views on whether expanded recognition—that is, recognising all costs related to developing internally generated intangible assets as assets on the balance sheet, with subsequent amortisation and impairment assessments—would help provide information on the outcome of intangible-related expenditure:</p> <ul data-bbox="708 805 2390 1048" style="list-style-type: none"><li data-bbox="708 805 2390 905">• Most users preferred enhanced disclosure requirements and transparency rather than expanding recognition of internally generated intangible assets.</li><li data-bbox="708 943 2390 1048">• Limited appetite for broader recognition was mainly due to concerns about judgement, auditability, earnings-management risk and comparability.</li></ul> <p data-bbox="708 1082 1513 1125">See ‘requested improvements’ on slide 22.</p>

## 2. Current-period linkage

Challenges	Requested improvements	Constraints / mitigations
<p>Most users said it is hard to reconcile information (qualitative and quantitative) about intangible activities from various sources to the amounts in the financial statements.</p>	<p>Disaggregation of intangible-related spend—and, where relevant, revenue—in financial statements in a way that aligns with how entities discuss intangible-related programs, products or activities in the narrative reports.</p>	<p>Same as slide 22—particularly commercial sensitivity, with aggregation and threshold-based approaches as mitigations.</p>



### Examples of requests included:

- Disaggregation of particular items, for example: marketing and advertising, content or software-related spend by segment, programme, product, stage or activity.
- Providing revenue information for projects or programmes discussed in the narrative.
- More specific intangible asset roll-forwards linking additions and impairments to initiatives discussed in the narrative.

For more information see paragraphs 79–83 of [May 2026 Agenda Paper 17B](#)

## 3. Comparability across entities

Challenges	Requested improvements
<p>Many users said they struggle to compare entities and assess earnings quality—particularly because of:</p> <ul style="list-style-type: none"> <li>• entities’ different capitalisation judgements</li> <li>• differences between acquisitive and organically growing entities.</li> </ul> <p>Limitations drive workarounds—re-expensing capitalised spend, relying on cash measures or stripping out acquired intangible assets amortisation.</p>	<p>Clearer information on the basis of reported amounts, including explanation of entities’ capitalisation judgements.</p> <p>Some of the requested improvements in slides 22 and 26 could also help address concerns related to comparability.</p>



### Examples of requests included:

- Clearer explanations of what is capitalised versus expensed, including basis/criteria applied.
- Explanation of what costs are capitalised—for example, employee, contractor or outsourced—and what remains expensed.
- Reconciliation of the total intangible-related spend to amounts expensed and capitalised.
- Clear location of related amounts in the financial statements—that is, identify the income-statement line(s) and separately disclose amortisation of acquired and of other intangible assets in the note/roll-forward.

More information in paragraphs 84–88 of [May 2026 Agenda Paper 17B](#)

## 4. Insufficient information on recognised intangible assets

Challenges	Requested improvements
<p>Many users said they struggle to understand entities' capitalisation, valuation, amortisation, impairment and categorisation decisions for both internally generated intangible assets and those acquired through business combinations.</p>	<p>Better information on recognised intangible assets, including on intangible assets acquired in a business combination.</p>



### Examples of requests included:

- Clearer information about useful lives and how they are determined.
- Clearer amortisation information, including methods and when amortisation starts.
- Clearer explanation of impairment triggers, assumptions and sensitivity-style information.
- Better information on purchase price allocation in a business combination.
- Post-acquisition tracking of intangible assets acquired in a business combination.

For more information see, paragraphs 89–91 of [May 2026 Agenda Paper 17B](#)

## 5. Other requests

Theme	What we heard
<p><b>Other requests</b></p> <p>(Paragraphs 92–99 of <a href="#">May 2026 Agenda Paper 17B</a>)</p>	<p><b>Newer intangible assets (cloud, agile, artificial intelligence (AI) and data)</b></p> <ul style="list-style-type: none"> <li>Those who commented were less interested in valuing these items separately and more interested in the scale and nature of related spend, its classification (capitalised versus expensed and why) and linkage to outcomes and future cash flows.</li> <li>Requested improvements were mainly disclosure-based: better disaggregation of related costs (including separating maintenance versus growth-oriented spend), clearer explanation of capitalisation criteria and components of capitalised amounts (and roll-forwards where material), and disclosure of major long-term cloud/service commitments.</li> </ul>
	<p><b>Measurement basis for internally generated intangible assets</b></p> <ul style="list-style-type: none"> <li>A few cautioned against introducing fair value and highlighted concerns about subjectivity, auditability, management manipulation risk and profit or loss volatility resulting from fair value fluctuations.</li> </ul>
	<p><b>Other targeted, sector-linked disclosure requests</b></p> <ul style="list-style-type: none"> <li>A few asked for more decision-useful patent-expiry / intellectual property (IP) details (often tabular and more comparable); better visibility on spectrum licence renewals; or explicit disclosure of government R&amp;D credits.</li> </ul>

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## Other research and feedback

# Credit analysts and lenders

Source	What we heard
<p><b>Investor survey and additional outreach with credit analysts</b></p> <p>(Paragraphs 7–13 of <a href="#">May 2026 Agenda Paper 17C</a>)</p>	<ul style="list-style-type: none"> <li>• Credit analysts focus on debt repayment and servicing capacity; express conservative preference for expensing, and do not ‘give credit’ to early-stage intangible spend.</li> <li>• They look beyond balance sheet amounts to how intangible assets are used and what associated cash flows are; if not saleable, balance sheet value is irrelevant.</li> <li>• They <b>request disclosures</b>—greater disaggregation/traceability, impairment sensitivity, valuation inputs and assumptions.</li> </ul>
<p><b>External publications</b></p> <p>(Paragraphs 14–20 of <a href="#">May 2026 Agenda Paper 17C</a>)</p>	<ul style="list-style-type: none"> <li>• World Intellectual Property Organisation’s report <i>Moving IP Finance from the Margins to the Mainstream</i> observes many businesses struggle to raise funds which can limit their success.</li> <li>• Challenges include valuing IP assets (because of limited disclosure and lack of common valuation framework), limited lender understanding, limited regulatory encouragement, high transaction costs and limited secondary markets.</li> <li>• The report links limited disclosure and underrepresentation of IP assets in financial reports to lenders’ difficulties; it <b>calls for greater transparency and enhanced disclosure</b>.</li> </ul>

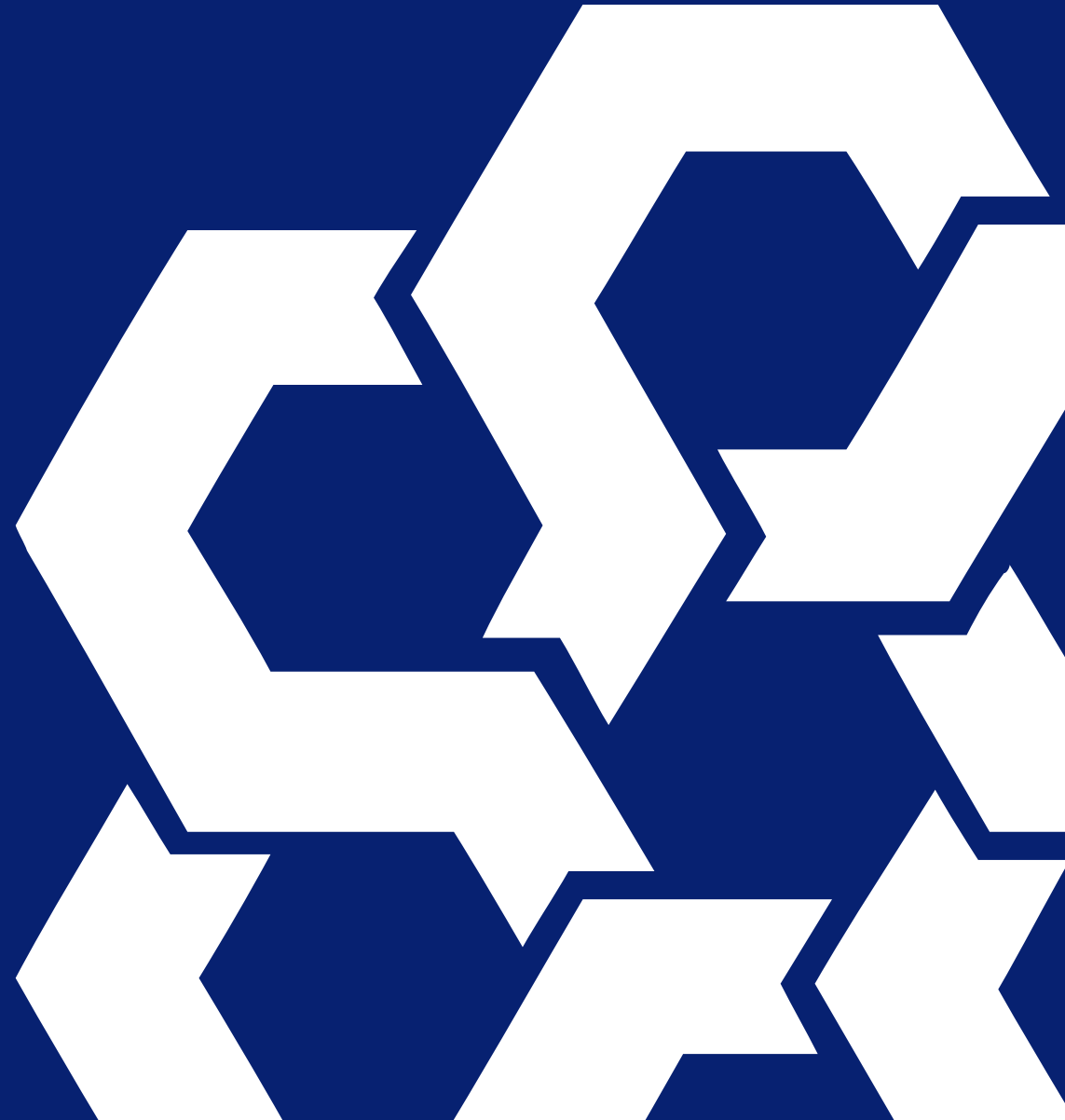
# IASB consultative groups and findings from EFRAG workshops

Source	What we heard
<p><b>CMAC, ASAF and EEG</b></p> <p>(Paragraphs 21–31 of <a href="#">May 2026 Agenda Paper 17C</a>)</p>	<ul style="list-style-type: none"> <li>• Feedback broadly consistent with that on slides 14–27: amount of provided information varies, much sits in narrative reports, and linkage to financial statement amounts is difficult.</li> <li>• General support for <b>disclosure-led improvements</b>: more disaggregation (for example, R&amp;D by project or stage) and clearer explanations of capitalise versus expense judgements.</li> <li>• Caution about commercial sensitivity / prescribing disaggregation; some suggested management judgement-based approaches and noted potential effects of IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>.</li> </ul>
<p><b>EFRAG workshops (that focused on intangible asset type)</b></p> <p>(Paragraphs 32–35 of <a href="#">May 2026 Agenda Paper 17C</a>)</p>	<ul style="list-style-type: none"> <li>• Feedback broadly consistent with that on slides 14–27: financial statement information is insufficient or too aggregated, comparability and narrative-to-numbers linkage are challenging.</li> <li>• Calls for qualitative explanation plus quantitative detail on how intangible assets drive value creation: disaggregation aligned with business model, information to help distinguish investment from maintenance spend, transparency around risks and governance.</li> <li>• Users often rely on alternative sources and key performance indicators (KPIs) outside financial statements; they favoured <b>more standardised, granular disclosures</b> in financial statements, with narrative context elsewhere.</li> </ul>

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## Implications for project direction

Topic for discussion



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# Implications for project direction—context for discussion

- In May 2025, the IASB made decisions on the objectives and scope of the project based on the feedback from all types of stakeholders received at the initial stage of the project and agreed an initial project plan (see slide 6 and the Appendix (slides 49–53) summarising the IASB’s May 2025 prioritisation considerations).
- This section summarises initial staff thoughts on how the findings (on user information needs) could affect the project’s direction—that is:
  - whether the findings could change the priority of topics the IASB explores; and
  - the options for exploring those topics (for more details, see May 2026 Agenda Paper [17D](#)).

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## Reminder of questions to consider

1. Considering the findings and initial staff thoughts, what would be your advice on the project direction?
  2. Is there anything missing in our analysis that you think the IASB needs to consider?
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## Topics under consideration

1. Accounting for intangible assets held for investment (slides 34–36)
2. Broader review of the recognition requirements in IAS 38 (slides 37–39)
3. Improving disclosure requirements (slides 40–42)
4. Improving the comparability of information (slides 43–44)
5. Reporting a broader range of intangible items in the financial statements (slide 45)
6. Other topics (slides 46–47)

- Slides 34–47 provide a summary of the options considered for each topic and indicate staff leaning
- Slide 48 provides an overview of implications for the project direction based on staff leanings

# Accounting for intangible assets held for investment (1/3)

**User feedback**

- Limited direct evidence and topic-specific comments—possibly because discussions focused on intangible activities (not intangible asset types) and such assets may be less common in the selected sectors.
- We think it might still be useful to explore the topic: users seek to understand how intangible assets drive future cash flows and overall performance—accounting based on how assets are used could help.

Options for exploring	Staff commentary, including on timing
<p><b>1 – Broad ‘by use / purpose’ exploration</b>            Use a principle-based approach based on the use or purpose of holding an asset.</p> <ul style="list-style-type: none"> <li>• Test cases to explore potential solutions could include some carbon credits, cryptocurrencies and other assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Aims for a principle-based solution that could help future proof the Standard.</li> <li>• Would not resolve all issues related to cryptocurrencies and carbon credits (for example, how to account for the obligation side for carbon credits).</li> <li>• The IASB would benefit from starting this later to allow it to consider both the work on the definition on an intangible asset and the outcome of any decisions related to adding potential projects for cryptoassets or pollutant pricing mechanisms before the next agenda consultation.</li> </ul>

# Accounting for intangible assets held for investment (2/3)

Options for exploring	Staff commentary, including on timing
<p><b>2(a) — Split / defer</b></p> <ul style="list-style-type: none"> <li>Consider cryptocurrencies and carbon credits outside the Intangible Asset project (if resources become available before, or if there is sufficient demand in, the next agenda consultation).</li> <li>Broader ‘held for investment’ topic is explored towards the end of the Intangible Asset project.</li> </ul>	<ul style="list-style-type: none"> <li>Most commonly raised issues on these types of intangible assets related to cryptocurrencies and carbon credits               <ul style="list-style-type: none"> <li>separate projects would allow the IASB to more comprehensively consider those issues (or focus on the key issues) and draw on asset-specific requirements by other standard-setters.</li> </ul> </li> <li>‘By use/purpose’ consideration could future proof the Standard to cover any other intangible assets held for investment:               <ul style="list-style-type: none"> <li>this would be done later in the project if we identify examples of such assets and issues related to them.</li> </ul> </li> </ul>

# Accounting for intangible assets held for investment (3/3)

Options for exploring	Staff commentary, including on timing
<p><b>2(b) — Split / stop</b></p> <ul style="list-style-type: none"> <li>Consider cryptocurrencies and carbon credits outside the Intangible Asset project (as in 2(a)).</li> <li>No further work on ‘intangible assets held for investment’ in the Intangible Assets project.</li> </ul>	<ul style="list-style-type: none"> <li>Would deal with most commonly raised issues (that related to cryptocurrencies and carbon credits rather than other assets held for investment).</li> <li>Remove the broader ‘by use/purpose’ exploration as no sufficient demand and the main (IAS 38) issues we heard regarding these assets would be dealt with in the separate projects.</li> </ul>

**Staff leaning:** Option 1:

- strongly supported topic in initial outreach;
- a principle-based ‘by use/purpose’ approach could help future-proof IAS 38; and
- a later start would allow the IASB to consider the definition work and the outcome of any decisions on potential projects for cryptoassets or pollutant pricing mechanisms.

# Broader review of the recognition requirements in IAS 38 (1/3)

**User feedback**

- Limited appetite for expanded recognition of internally generated intangible assets; most users prefer enhanced disclosures and transparency rather than recognising more assets.
- Users’ recurring concern is lack of consistency in applying the recognition criteria (for example, varying capitalisation rates within a sector), rather than a call for a new recognition model.

Options for exploring	Staff commentary, including on timing
<p><b>1 – Remove the work stream</b></p> <p>Given limited user appetite for expanded recognition, no further work on this topic in the project (beyond the work on potential improvements based on the agile development test case).</p>	<ul style="list-style-type: none"> <li>• Frees capacity to deliver disclosure improvements users prioritise.</li> <li>• If removed, users’ concerns on consistency would likely be targeted through disclosure. Improved disclosure:               <ul style="list-style-type: none"> <li>○ could help users make better adjustments, but would not resolve the underlying issues and reduce the need for user adjustments; and</li> <li>○ might not solve all recognition-related issues.</li> </ul> </li> <li>• Might not be considered a comprehensive review.</li> </ul>

## Broader review of the recognition requirements in IAS 38 (2/3)

Options for exploring	Staff commentary, including on timing
<p><b>2 – Fatal-flaw review focusing on consistency</b></p> <ul style="list-style-type: none"> <li>• Pinpoint inconsistent or unintended IAS 38 recognition outcomes based on all the feedback collected in the project (for example, varying capitalisation rates within a sector that impair comparability)</li> <li>• Clarify related recognition requirements—possibly supported by targeted disclosures—rather than expanded recognition.</li> </ul>	<ul style="list-style-type: none"> <li>• Aims to clarify existing IAS 38 recognition requirements focusing on the areas feedback indicates as not working as intended—not to develop a new recognition model.</li> <li>• More manageable and timely.</li> <li>• Could be started next in the project to allow improvements to be made on a timely basis by combining targeted amendments to the definition and any changes to the recognition requirements together in one package—providing a solid basis for any disclosure requirements to be developed.</li> </ul>

## Broader review of the recognition requirements in IAS 38 (3/3)

Options for exploring	Staff commentary, including on timing
<p><b>3 – Integrated recognition and disclosure assessment</b></p> <p>Assess in parallel whether user needs are better met via targeted recognition amendments or improved presentation and disclosure requirements.</p>	<ul style="list-style-type: none"> <li>• Helps ensure disclosure is not used as a substitute where a genuine recognition deficiency exists.</li> <li>• Allows disclosure improvements to proceed promptly.</li> <li>• Without tight control, it could become too broad, delay making improvements and focus on topics that may not have broad support.</li> </ul>
<p><b>4 – Blank-sheet reconsideration (full conceptual review)</b></p> <p>Reassess from first principles and design an alternative recognition model as if the current requirements did not exist.</p>	<ul style="list-style-type: none"> <li>• Likely to be more extensive and complex and take longer because of the broad spectrum of intangible assets.</li> <li>• Unlikely to have buy-in from stakeholders because of limited support for a fundamental change to recognition.</li> </ul>

**Staff leaning:** Option 2, the focused scope would allow addressing specific identified issues and improving consistency of application in a timely manner.

# Improving disclosure requirements (1/3)

**User feedback**

- Strong demand for disclosure-led improvements to help: link spend-to-outcomes, link narrative-to-numbers, compare entities, and understand recognised intangible assets—but must weigh commercial sensitivity and cost/benefit.
- Information availability varies widely across/within sectors; scope to improve financial statement information across sectors without seeking ‘pharma-level’ of information (see slide 19) or requiring information that does not belong in financial statements.

Options for exploring	Staff commentary, including on timing
<p><b>1 – Start next: comprehensive disclosure work stream</b></p> <p>Prioritise improving disclosure requirements as the next major topic, building a package of improvements focused on the four user challenges</p> <ul style="list-style-type: none"> <li>• spend-to-outcomes;</li> <li>• narrative-to-numbers;</li> <li>• comparability; and</li> <li>• recognised intangible assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Directly responds to user requests.</li> <li>• Would not resolve all underlying reasons for concerns from users, but could provide them with more information for their analyses and any adjustments they want to make.</li> <li>• Disclosures are not without challenges:               <ul style="list-style-type: none"> <li>○ commercial sensitivity (especially for disaggregation);</li> <li>○ boundary—not all requested information belongs in financial statements; and</li> <li>○ risk of changes if requirements are developed before other work streams are completed.</li> </ul> </li> <li>• Improved information about intangible assets could lead to increased appetite for broader recognition.</li> </ul>

# Improving disclosure requirements (2/3)

Options for exploring	Staff commentary, including on timing
<p><b>2 – Same scope as Option 1, but start later</b></p> <p>Pursue a comprehensive disclosure work stream, but start later.</p>	<ul style="list-style-type: none"> <li>• Avoids treating disclosure as a substitute for definition or recognition improvements and reduces risk of further disclosure changes once other work concludes.</li> <li>• Informed by:               <ul style="list-style-type: none"> <li>○ definition and recognition discussions; and</li> <li>○ implementation effects of newer reporting requirements (IFRS 18, IFRS S1, revised Practice Statement 1).<sup>3</sup></li> </ul> </li> <li>• Defers response to topic with strong demand.</li> </ul>
<p><b>3 – Integrated recognition and disclosure assessment</b></p>	<ul style="list-style-type: none"> <li>• See Option 3 on slide 39.</li> </ul>

<sup>3</sup> IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, Practice Statement 1 *Management Commentary Practice Statement*.

# Improving disclosure requirements (3/3)

Options for exploring	Staff commentary, including on timing
<p><b>4 – Prioritise discreet disclosure improvements now; consider other improvements later</b></p> <ul style="list-style-type: none"> <li>• Prioritise some discreet disclosure improvements, such as linking narrative reporting to financial statements.</li> <li>• Consider other improvements later (after other work streams sufficiently progress).</li> </ul>	<ul style="list-style-type: none"> <li>• Could draw on the IASB’s previous experience on improving linkage.</li> <li>• Could deliver early, targeted benefits.</li> <li>• Maintains momentum on a high-demand area while keeping the broader package informed by other work streams.</li> <li>• Determining the scope of potential discreet improvements could be challenging.</li> </ul>

**Staff leaning:** Option 2, mainly to allow for this stream to be informed by the definition and recognition work (that is, to have a chance to resolve some of the underlying reasons for users’ concerns).

## Improving the comparability of information (1/2)

### User feedback

- Many users raised comparability concerns; strength of sentiment depends on valuation approach—more prominent for multiples/ROIC-type analysis and less significant for cash-flow-anchored analysis.
- Users' concerns focus on: (i) comparing organic versus acquisitive entities and (ii) usefulness of information about intangible assets recognised in a business combination, especially post-acquisition—with requests mainly for disclosure/presentation improvements rather than a clear call to change the accounting model for acquired intangible assets.

### Concern 1 – Comparing organic versus acquisitive entities

#### Staff commentary, including on timing

- The differences in accounting for internally generated intangible assets and those acquired through business combinations drive time-consuming user adjustments.
- Improving disclosure on both internally generated and acquired intangible assets could provide better information for users' analyses and also help them make the adjustments they want to make.
- Feedback in the initial phase of the project indicated mixed views of whether (and how) the comparability problem could be solved (recognising more internally generated intangible assets, recognising fewer intangible assets in a business combination or improving disclosure requirements). Therefore, it could **be more beneficial to explore this topic after other topics** (especially disclosure and recognition) have made sufficient progress and the IASB can consider whether any changes proposed in those topics have addressed users' comparability concerns.

## Improving the comparability of information (2/2)

### Concern 2 – Usefulness of information about intangible assets recognised in a business combination

#### Staff commentary, including on timing

- Users want more decision-useful information on acquired intangible assets to understand purchase price allocation (PPA) outcomes and post-acquisition performance and, in some cases, to make adjustments.
- Possible ways forward could be:
  - improve the usefulness of information about intangible assets acquired in a business combination **within the scope of this project**: focusing on improving disclosure requirements and considering the extent of intangible assets recognised in a business combination. Beneficial to consider this later in the project once other workstreams have progressed sufficiently. This may also allow for the results of the agenda consultation to be considered (see next bullet).
  - use **the next agenda consultation** to determine whether there is significant support for a broader review of business combination accounting in IFRS 3 *Business Combinations*—this would be outside the scope of this project since it is a broader issue than intangible assets.

**Staff leaning:** keep this topic as a later-stage topic, to allow the IASB to consider progress on the disclosure work stream and any other developments (for example, agenda consultation).

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# Reporting a broader range of intangible items in the financial statements

## User feedback

- Users consider some broader intangible items (for example, management reputation and track record; employees' expertise) in valuation, but feedback shows no significant demand to report these in the financial statements; only a few asked for metrics in the financial statements.
- Some users view analysing these broader factors as part of their own role; one CMAC member suggested considering whether financial statements, management commentary and sustainability-related information 'as a package' helps explain value creation.

## Staff commentary, including on timing

- No indication the IASB needs to change its approach and include reporting a broader range of intangible items as a work stream at this stage of the project. This would allow the IASB to consider the effects of work on other topics, progress in related IFRS Foundation activities and the developing practice of applying IFRS S1.

**Staff leaning:** not elevating this topic to a work stream at this stage. We will keep monitoring the developments in the International Sustainability Standards Board's (ISSB's) work and considering connections between information in financial statements and information in other reports, such as management commentary and sustainability-related disclosures.

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## Other topics (1/2)

### Potential changes to some aspects of the definition and recognition requirements

#### User feedback:

- Additional feedback broadly aligns with earlier outreach; users flag unclear or inconsistent outcomes for newer types of intangible assets.
- A few requests to revisit aspects of the model (for example, control; treatment of ‘investment-like’ spend) support continuing our initial work stream.

#### Staff commentary and leaning:

- The feedback confirms the IASB’s work on the work stream exploring some aspects of the definition and recognition requirements could be beneficial to users.
- Progress the work stream as planned.

### Improving measurement of intangible assets

#### User feedback:

- Findings still suggest no need for a standalone measurement topic; issues arise mainly within other topics (for example, useful lives and methods of amortisation).
- A few users cautioned against fair value for internally generated intangible assets (because of subjectivity, auditability and manipulation concerns).

#### Staff commentary and leaning:

- Continue to address measurement issues where they arise in other streams, consistent with the original plan.
- No separate measurement work stream.

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## Other topics (2/2)

### **Improving consistency of labels for different intangible items**

#### **User feedback:**

- A few users raised specific concerns about inconsistent labelling and definitions (for example, advertising and marketing spend).

#### **Staff commentary and leaning:**

- Findings still suggest no case for a separate topic.
- Using clear terminology remains a standard consideration and we could consider whether targeted guidance is needed where specific issues are identified.
- Do not elevate; address within the disclosure work stream as needed.

### **Exploring the accounting for intangible assets covered by other IFRS Accounting Standards**

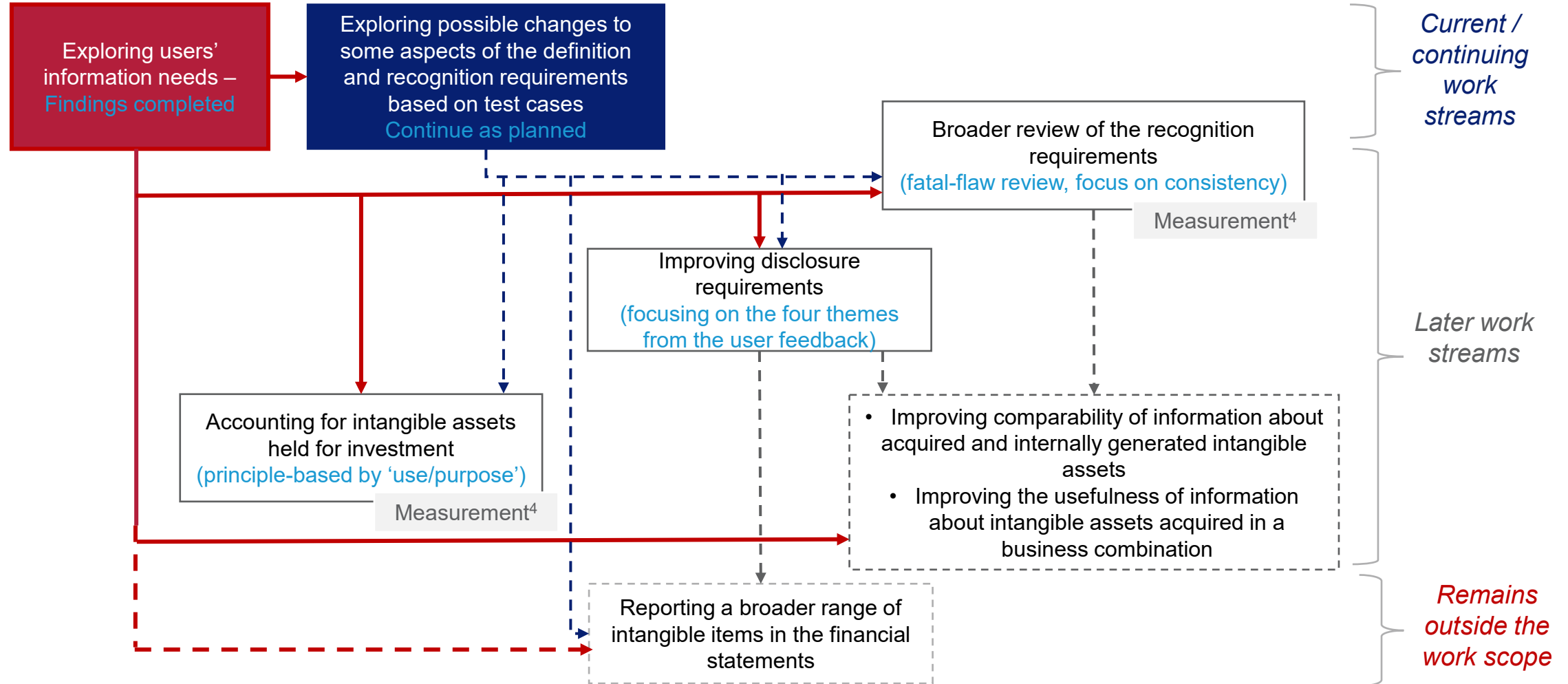
#### **User feedback:**

- We received no evidence suggesting IASB should revisit the earlier decision not to explore these items.

#### **Staff commentary and leaning:**

- Maintains scope discipline; revisit only if later decisions create a clear interaction needing attention.
- Keep out of scope (no change).

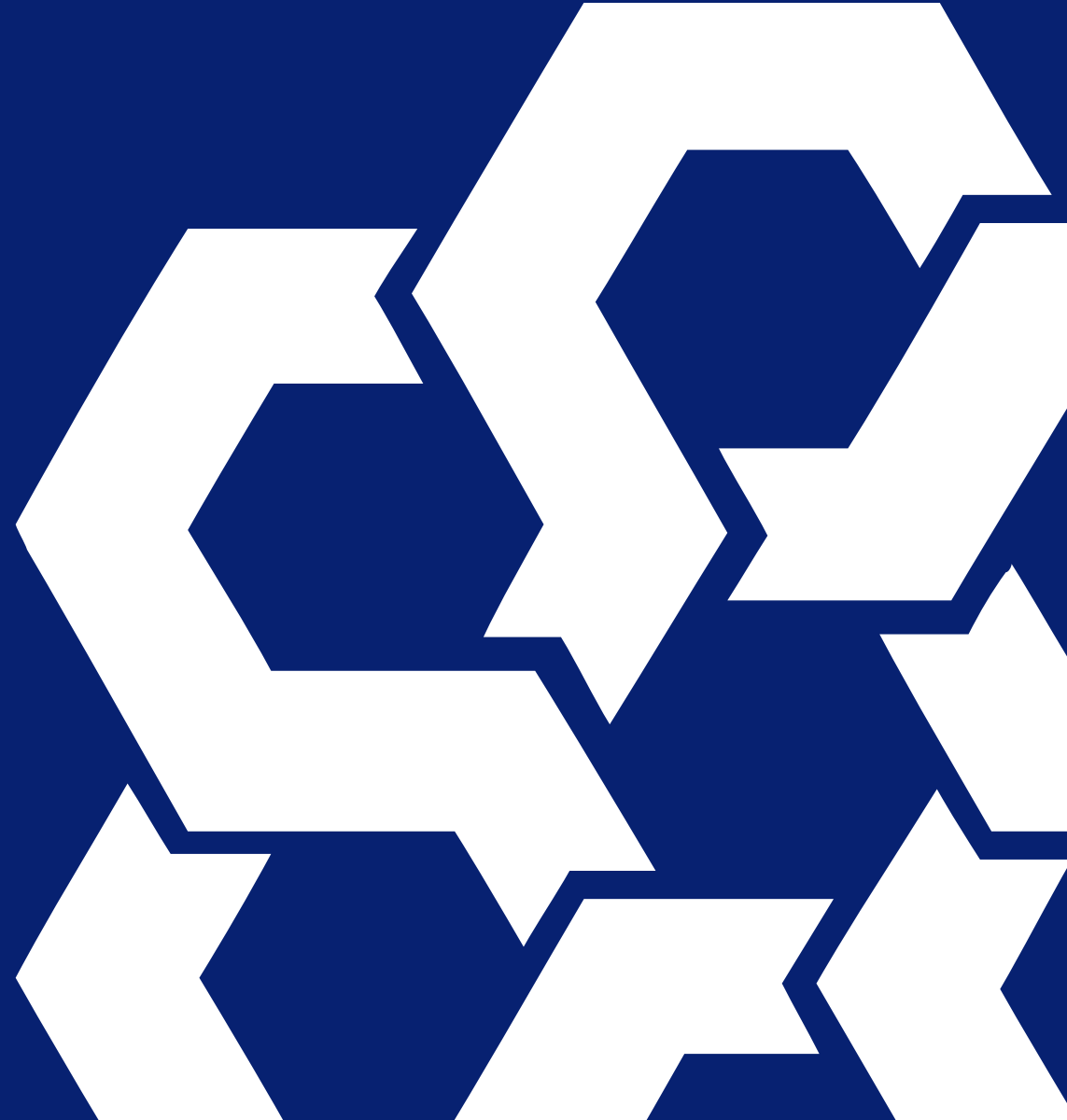
# Implications for project direction—staff leanings (overview)



<sup>4</sup> No separate work stream—address measurement issues as they arise within other work streams.

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## Appendix—Reminder: May 2025 IASB prioritisation considerations and options for exploring topics



## May 2025 IASB considerations (1/3)

### Accounting for intangible assets held for investment

- Strong support, growing area of concern—prevalence increasing. Some viewed IAS 38 requirements as insufficient or unsuitable—fair value may be more suitable or different properties or different purpose for holding compared to operational intangible assets.
- The project would not address cryptocurrencies and carbon credits separately, but could explore principles-based accounting based on intended use or purpose, using some carbon credits, cryptocurrencies and other assets as test cases.
- Explore later: after the definition work (to ensure remain within the scope of IAS 38) and to consider implications of the Fourth Agenda Consultation that planned to include potential projects on cryptocurrencies and pollutant pricing mechanisms.

### Broader review of the recognition requirements in IAS 38

- Relatively low support (particularly from preparers and users). Generally, little appetite for more recognition—some indications for less, or more consistent, recognition.
- Explore:
  - important part of a comprehensive review and testing robustness of the recognition requirements could confirm their suitability (or improve them);
  - CFA survey suggested stronger user demand (but disclosure first);
  - some evidence of real effects (for example, hard to raise finance).
- Options: blank-sheet versus fatal-flaw review. Preference for a fatal-flaw review—it would be more manageable and could deliver targeted improvements on a timely basis.
- Start after initial work streams to consider outcomes and evidence of user needs.

## May 2025 IASB considerations (2/3)

### Improving disclosure requirements

- Strong support (especially users); some viewed as an expedient way to improve the usefulness of information entities provide about intangible items in financial statements.
- Decided to start later because:
  - disclosure-led project should not replace considering whether changes are needed to the definition, recognition or measurement;
  - improving disclosures would not necessarily be quick or easy;
  - it allows IASB to consider findings of the user information needs work stream and effects of implementing IFRS 18, IFRS S1 and the revised Practice Statement 1.

### Improving the comparability of information about acquired and internally generated intangible assets

- Support was medium; views varied on whether to solve it and how—through more recognition of internally generated intangible assets, recognising fewer separable intangible assets in a business combination, or improved disclosures.
- IASB decided to defer this topic until it has made significant progress on: the user information needs work stream, the disclosure topic and the broader recognition review—to see if solutions provide better information for comparisons or reduce differences.
- There were other concerns related to acquired intangible assets, so IASB decided it could separately explore improving the usefulness of information about intangible assets acquired in a business combination, informed by the user information needs work.

## May 2025 IASB considerations (3/3)

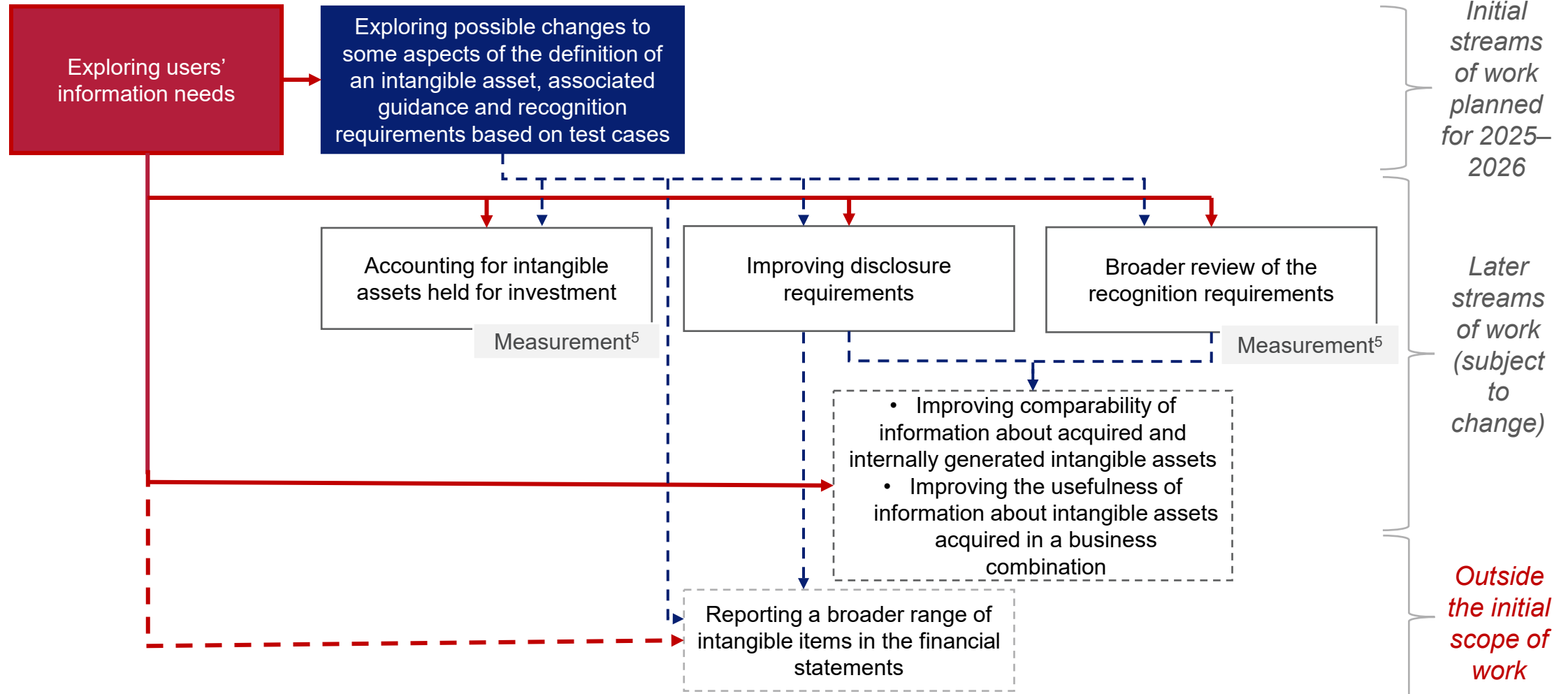
### Reporting a broader range of intangible items in the financial statements

- Consider only once work on other topics has sufficiently progressed—intangible items span a very broad spectrum and including them from the outset could make the project less manageable.
- Starting with the current scope of IAS 38 allows the IASB to assess:
  - user information needs and the effects of work on the definition and disclosure; and
  - progress in related IFRS Foundation activities, including the ISSB’s Human Capital project and developing practice of applying IFRS S1.

### Other topics

- **Some aspects of the definition and recognition (test cases):** prioritised as one of two initial work streams—good entry point to explore fundamental aspects of IAS 38, helps start the project in a manageable way and would inform other aspects of the project.
- **Measurement:** no separate work stream—address measurement issues as they arise within other work streams (for example, recognition / held for investment).
- **Consistency of labels and terminology:** no separate work stream—unlikely to bring significant improvements (clear terminology remains a standard consideration).
- **Intangible assets covered by other IFRS Accounting Standards:** decided not to explore—no need to revisit goodwill; no demand for other items (but may reconsider goodwill later if decisions significantly affect goodwill).

# May 2025 IASB considerations—Overview



<sup>5</sup> No separate work stream—address measurement issues as they arise within other work streams.

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