

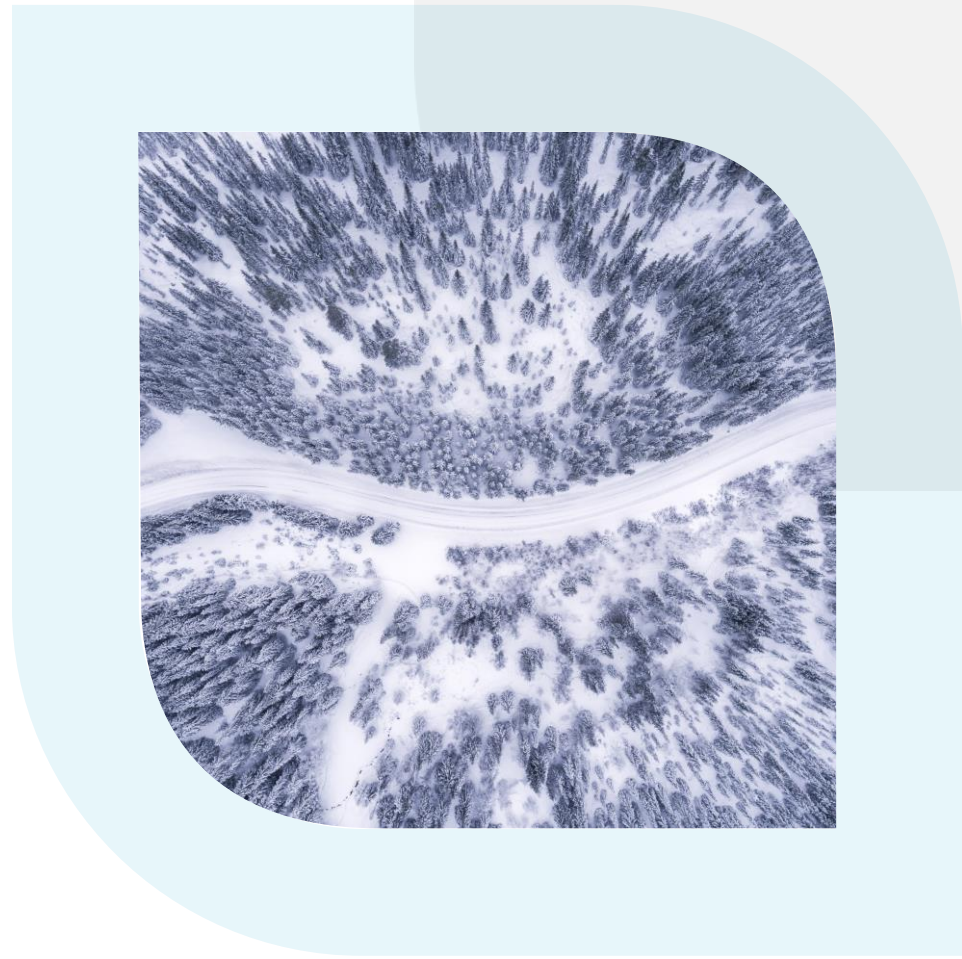
Better Information on Intangibles

Input received and suggestions on selected topics

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OVERVIEW

This presentation will cover some of the suggestions made in EFRAG's Discussion Paper: Better Information on Intangibles—Which is the best way to go?; feedback received in response to the Discussion Paper; and EFRAG recommendations on:

- Scope & Definition
- Recognition
- Measurement
- Disclosures

Scope & Definition

Scope

EFRAG's Discussion Paper ('DP') and recommendations (based on feedback received) consider information on 'intangibles', not only intangible assets. Some of the proposed information may be better placed in the management commentary. Constituents replying to EFRAG's DP had many different views on where to place the information.

The scope should be clarified (e.g., cryptocurrencies and prepayments versus intangible assets (e.g., in relation to broadcasting)).

EFRAG's DP only considered intangibles used in an entity's operation. However, in relation to its work on crypto assets and liabilities EFRAG recommended to update IAS 38 to include principles for measurement of crypto assets (at either cost or fair value) as well as principles for distinguishing the presentation of fair value in either profit or loss or OCI.

Scope & Definition

Definition

The revised IFRS Accounting Standard should be based on the revised Conceptual Framework (including the definition of an asset).

Majority of respondents considered that it would be useful to introduce a common terminology.

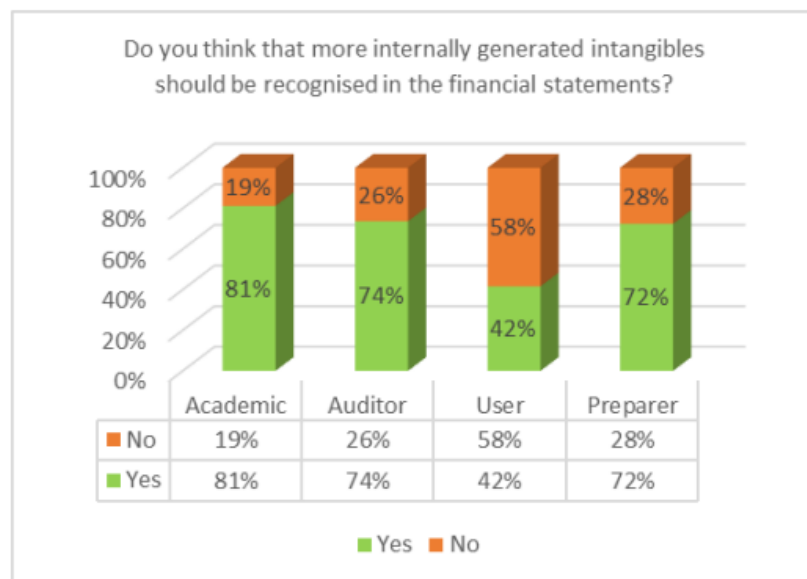
EFRAG recommended to consider providing application guidance on, for example, recognition requirements and when capitalisation of costs should end for intangible assets that are being continuously developed.

Recognition

Only items meeting the CF definition of an asset and meeting certain recognition criteria should be recognised.

The recognition criteria of IAS 38 should be reviewed (but many different ideas were presented in the feedback), including whether the rationales for prohibiting certain intangible assets being recognised still apply (majority of respondents thought the prohibitions should be removed, but EFRAG noted that there would be some challenges with doing so).

Should additional internally generated intangibles be recognised (result from outreach events)?



Types of internally generated intangibles that could be recognised (as per feedback):

- Research and development
- IT/Software (IFRS IC agenda decision not useful)

Measurement

For intangibles used in an entity's operation: majority of respondents found generally cost to be most useful, and would, in EFRAG's view also generally follow from the guidance in the Conceptual Framework.

Users are not interested in the fair value of single assets—they are trying to estimate the fair value or the entire entity.

Disclosure

Disclosures should be provided for intangibles that are key to an entity's business model (both recognised and unrecognised). The disclosure should provide information about the performance of the intangible (e.g. in the form of KPIs). Differing views on the criteria to be used when considering the location of the information: notes versus management report.

Disclosures should be provided to assess the amount of expenses recognised that (may) relate to future income. Differing views on whether this information should be provided by asking the management to provide its view; by requiring more disaggregated information on expenses; or a combination.

Information about risk and opportunities specific to an entity and related to intangibles should be provided (in the management commentary). Important to consider interaction with sustainability reporting.

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