

IAS 38 *Intangible Assets* (January 2010)

Amortisation method

The IFRIC received requests for guidance on the meaning of 'consumption of economic benefits' when determining the appropriate amortisation method for an intangible asset with a finite useful life. The methods considered in the submissions are the straight-line method and the unit of production method (including a revenue-based unit of production method).

The IFRIC noted that paragraph 98 of IAS 38 states that 'the method used is based on the expected pattern of consumption of the expected future economic benefits embodied in the asset...' Some members of the IFRIC believed that an interpretation could assist in reducing diversity in the implementation of this principle, while others considered that any guidance would be in the nature of application guidance. The IFRIC noted that the determination of the amortisation method is therefore a matter of judgement. In addition, in accordance with paragraph 122 of IAS 1 *Presentation of Financial Statements*, significant judgements made in determining the amortisation methods should be disclosed in the notes to the financial statements.

Given the diversity of views, the IFRIC concluded that it would not be able to reach a consensus on the issue on a timely basis. Therefore, the IFRIC decided not to add the issue to its agenda.