

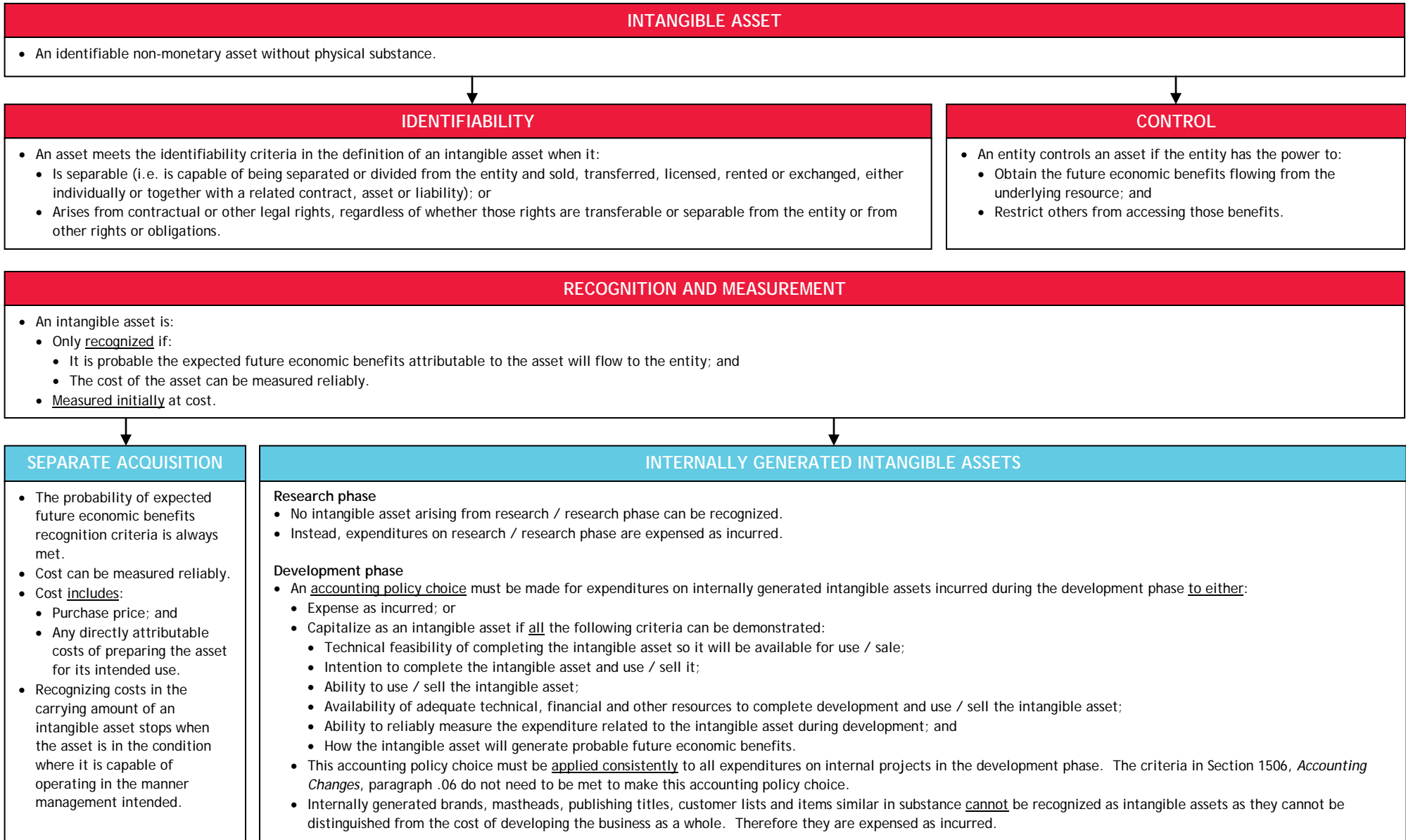
A photograph of two women sitting at a table in a modern office setting. The woman on the left has long red hair and is looking at a laptop. The woman on the right has dark curly hair and is looking at the laptop while holding a pen. There are glasses of water and papers on the table. The background shows a bright office with large windows.

# ASPE AT A GLANCE

Intangible Assets

# Intangible Assets<sup>1</sup>

Effective Date  
Fiscal years beginning on or after January 1, 2011



<sup>1</sup> Excludes portions of Section 3064 - *Goodwill and Intangible Assets*, related to goodwill. For the remainder of the guidance provided in Section 3064 related to goodwill please refer to our publication "ASPE AT A GLANCE - Impairment of Long-lived Assets & Goodwill".

## INTERNALLY GENERATED INTANGIBLE ASSETS (CONTINUED)

### Cost of an internally generated intangible asset

- The sum of expenditures incurred from the date when the intangible asset first meets the recognition criteria described above.
- Comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

## RECOGNITION OF AN EXPENSE

- If an expenditure on an intangible item does not meet the recognition criteria previously discussed it must be expensed when incurred.
- For supply of goods, an entity recognizes the expense when it has a right to access the goods.
  - Generally, this is when the entity owns the goods.
  - In the case where goods have been constructed by a supplier in accordance with the terms of a supply contract and an entity could demand delivery of them in return for payment, an entity has the right to access the goods.
- For supply of services, the entity recognizes the expense when it receives the services.
  - Generally, this is when the service has been performed by a supplier in accordance with a contract to deliver the services to the entity. It is not when the entity then uses these services to deliver another service, such as delivering advertisements to its own customers.
- The following are examples of expenditures an entity recognizes as an expense when incurred:
  - Start-up activities, unless included in the cost of an item of property, plant and equipment;
  - Training activities;
  - Advertising and promotional activities (including mail order catalogues and other similar documents intended to advertise goods, services or events to customers); and
  - Relocating or reorganizing part or all of an entity.

## PAST EXPENSES NOT TO BE RECOGNIZED AS AN ASSET

- Expenditure on an intangible item that was initially expensed cannot later be capitalized as part of the cost of the intangible asset.

## SUBSEQUENT MEASUREMENT

- A recognized intangible asset with a finite useful life must be amortized over its useful life to an enterprise.
- A recognized intangible asset with an indefinite useful life must not be amortized until its life is determined to no longer be indefinite.
- The amortization method and estimate of the useful life of an intangible asset must be reviewed annually.
- For guidance on recognition and measurement of an impairment loss refer to our publication "*ASPE AT A GLANCE - Impairment of Long-lived Assets & Goodwill*".

## PRESENTATION

- A separate line on the entity's Balance Sheet must present the aggregate amount of intangible assets.



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