

Initial Accounting for Internally Generated Intangible Assets : Focused on IASB Agenda Proposal and AASB Discussion Paper 138

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This study is to discuss the initial accounting for internally generated intangible assets (the recognition, measurement, and presentation/disclosure), focused on IASB Agenda Proposal (2007) and AASB Discussion Paper 138 (2008). This paper deals with the following three matters.

(1) Based on Wyatt and Abernethy (2003), we pointed out that secondary intangible inputs to the firms' production function had a feature of internally generated intangible assets. We also pointed out that there were three approaches to resolve accounting problems for internally generated intangible assets.

(2) We pointed out that in IASB Agenda Proposal, the viewpoint that the

Boards ought to be added an "Intangible Assets (excluding goodwill)" project to the Boards' active agendas if the resources were available was suggested.

(3) Based on AASB Discussion Paper 138, we pointed out that using a recognition approach which was "a technique based on a hypothetical business combination", initial accounting for internally generated intangible assets could be theoretically systematized from the recognition, measurement to presentation/disclosure. We also pointed out that a valuation-based model (a fair value measurement model) was more preferred than a cost-based model in AASB Discussion Paper 138.