Purchased Intangible Assets

If an intangible asset is purchased separately (such as a licence, patent, brand name), it should be recognised initially at cost (similar to IAS 2 and IAS 16).

Cost comprises:

- purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any directly attributable cost of preparing the asset for its intended use.

The following costs **cannot** be capitalised:

- costs of **introducing** a **new product or service** (including costs of **advertising** and **promotional** activities);
- costs of **conducting business in a new location** or **with a new class of customer** (including costs of staff **training**);
- **administration** and other **general overhead** costs;
- costs incurred **after asset** is in the condition necessary for it to be **capable** of **operating** in the manner intended by management
- **initial operating losses**
- expenditure on **start-up activities**
- expenditure on **relocating** or **reorganising** part or all of an entity.