

Definition

Identifiable non-monetary asset without physical substance.

Examples:

- Scientific or technical knowledge
- Design and implementation of new processes or systems
- Licences
- Intellectual property
- Market knowledge
- Trademarks
- Brand names
- Publishing titles
- Computer software
- Patents
- Copyrights
- Motion picture films
- Customer lists
- Mortgage servicing rights
- Fishing licences
- Import quotas
- Franchises
- Customer or supplier relationship
- Customer loyalty
- Market share
- Marketing rights

Note: Not all the above intangible assets can be recognised in the financial statements.

Recognition

1. **Identifiable**
 - **Separable** (capable of being separated and sold, transferred, licensed, rented, or exchanged, either individually or as part of a package); **or**
 - **Arises from contractual or other legal rights**, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.
2. **Controlled** by the entity as a result of past events
3. **Probable** that **future economic benefits** will flow to the entity
4. **Cost** of the asset can be **measured reliably**

The above criteria apply to costs incurred initially to acquire or internally generate an intangible asset and those incurred subsequently to add to, replace part of, or service it.

If the above criteria are not met, the expenses would be charged to SOPL. It cannot be capitalised at a later date.