

Definition

Identifiable non-monetary asset **without physical substance**.

money: bank
: e-wallet

Grab → listed co.
⇒ share price

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

Share price × No. of shares
= ? (Market capitalisation)

≠
Total net assets / equity
in SOFP?

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**

software
license to produce ...

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.] → most of the time exp. off.
"maintain" → most of it

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