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Objective

- 1 The purpose of this session is to receive comments of EFRAG SR TEG and EFRAG FR TEG on the input received in response to EFRAG's Discussion Paper [Better information on intangibles – Which is the best way to go?](#) in order to form EFRAG recommendations to the IASB on the issue.

Background

- 2 In August 2021 EFRAG issued the DP including different approaches to get better information on intangibles. The deadline for comments was 30 June 2022.
- 3 The comment letters received are available from [EFRAG's website](#).
- 4 The EFRAG Advisory Panel ('EFRAG API') discussed the feedback received in response to the DP at its 27 October 2022 meeting. As included in the summary to EFRAG FR TEG on the API meeting, EFRAG API members considered that all the approaches included in the DP should be further considered as intangibles are different. In relation to the measurement of recognised intangibles, measurement at cost for the assets covered by the DP should be the default. EFRAG API members, however, had differing views on whether the process of getting better information on intangibles should start by reconsidering which intangible assets (including those acquired (in a business combination)) should be recognised or by (re)considering disclosure requirements.
- 5 Following its Third Agenda Consultation, the IASB decided to include in its 2022 – 2026 research pipeline a project that would comprehensively review IAS 38 *Intangible Assets*. In the feedback statement on the Third Agenda Consultation, the IASB acknowledged that a comprehensive review of IAS 38 would be a large and complex project for the IASB and its stakeholders. To make such a large project more manageable and to allow more timely progress, the IASB noted that the project could be undertaken in stages. For example, such stages could comprise:
 - (a) the development of enhanced disclosure requirements, including disclosures about unrecognised intangible assets;
 - (b) a review of the scope of IAS 38 to consider whether some recognised intangible assets, including intangible assets held for investment purposes or traded (for example, cryptocurrencies), should remain within the scope of IAS 38 or be included in the scope of another IFRS Accounting Standard;
 - (c) a review of the definition of an intangible asset and recognition criteria in IAS 38; and

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- (d) a review of the measurement requirements for intangible assets within the scope of IAS 38, including the criteria for when the revaluation model is permitted.
- 6 The IASB's feedback statement noted that the project stages could be scoped differently or carried out in a different order. For example, instead of considering disclosure requirements first, the project could start by reviewing the definition of an intangible asset and recognition criteria in IAS 38. The IASB will consider the stages as part of the project planning when the research project commences.
- 7 At the EFRAG outreach event 'Better Information on Intangibles – What's next?', the IASB Chair, Andreas Barckow pointed out that the earliest he could expect the IASB Board's discussions on intangibles would be in 2024, although some aspects would be done behind the scenes before that.

The summary of feedback received and recommendations

- 8 The summary of feedback received (Agenda Paper 01-04) includes a relatively detailed summary of the feedback received in response to the DP from: comment letters, completed surveys, participants at outreach events and from two academic studies EFRAG has co-supported (these studies are currently in the process of being published).
- 9 Based on the input received and the initial discussion of EFRAG FR TEG on the input received, the EFRAG Secretariat has suggested some recommendations to be considered by EFRAG FR TEG and EFRAG SR TEG. The main recommendations are included in Agenda Paper 01-03. These recommendations will be published in a 'Recommendations and Feedback Statement' on EFRAG's website.

Next steps

- 10 EFRAG FR TEG will further discuss the feedback statement and the recommendations following from the feedback received at its 18 - 19 January 2023 meeting.

Agenda Papers

- 11 In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 03-02 – High-level presentation of the feedback received and questions for EFRAG FR TEG and EFRAG SR TEG members.
 - (b) Agenda paper 03-03 – Suggested recommendations.
 - (c) Agenda paper 03-04 – Summary of feedback received in response to EFRAG's Discussion Paper *Better Information on Intangibles – Which is the best way to go?* (This paper was presented for EFRAG FR TEG on 9 November 2022).