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Better Information on Intangibles Cover Note

Objective

- 1 The purpose of this session is to agree on the Recommendations and Feedback Statement in response to EFRAG's [Discussion Paper: Better Information on Intangibles – Which is the best way to go?](#) ('the DP') to be able to recommend the statement for approval by the EFRAG FR Board.

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 input has previously been considered by:
 - (a) The EFRAG Advisory Panel ('EFRAG API') at its 27 October 2022 meeting;
 - (b) EFRAG FR TEG at its 9 November 2022 meeting; and
 - (c) EFRAG SR TEG and EFRAG FR TEG at their joint 17 January 2023 meeting.
- 5 As the papers for this session have been finalised before 17 January 2023, the papers for this session only reflect the comments on the input received at the EFRAG API meeting and the 9 November 2022 meeting of EFRAG FR TEG.

Recommendations and Feedback Statement

- 6 Based on the input received in response to the DP, EFRAG FR TEG considered at its 9 November 2022 meeting that it would be possible to make some recommendations on how to get better information on intangibles that could be useful for the IASB for its project on intangibles.
- 7 Based on the input received in response to the DP and previous comments of EFRAG API and EFRAG FR TEG, the EFRAG Secretariat has included suggested recommendations in the Recommendations and Feedback Statement.
- 8 Since the 9 November 2022 EFRAG FR TEG meeting, the EFRAG Secretariat has also significantly shortened the summary of the feedback received included in the Recommendations and Feedback Statement. The main messages provided in this part of the Recommendations and Feedback Statement, should, however, be similar to those included in the Summary of feedback presented at the 9 November 2022 EFRAG FR TEG meeting and the 17 January 2023 joint meeting of EFRAG FR TEG and EFRAG SR TEG.

Questions for EFRAG FR TEG

- 9 Does EFRAG FR TEG agree with the recommendations included in the outlined Recommendations and Feedback Statement (the recommendations are included in the section 'EFRAG recommendations for developing IFRS requirements' – starting on page 4 of Agenda Paper 07-02)? If not, what changes does EFRAG FR TEG want to make?
- 10 One respondent to the DP suggested that an entity should disclose unrecognised intangibles that would meet the definition of an asset (in the Conceptual Framework for Financial Reporting) but would not meet all recognition criteria. The disclosure should also explain why the intangible asset is not recognised. The EFRAG Secretariat has mixed views on such a requirement. It notes that paragraph 128 (b) of IAS 38 encourages, but does not require, “a brief description of significant intangible assets controlled by the entity but not recognised as assets because they did not meet the recognition criteria [...] or because they were acquired or generated before the version of IAS 38 [...] issued in 1998 was effective.” Does EFRAG FR TEG consider that EFRAG’s Recommendations and Feedback Statement should include a recommendation that it should be explained why intangible assets meeting the definition of an asset are not recognised (i.e., which recognition criteria are not met)?
- 11 Does EFRAG FR TEG have any comments to the summary and analysis of the feedback received that is included in the outlined Recommendations and Feedback Statement (the parts of Agenda Paper 07-02 that are not including the suggested recommendations)?
- 12 Would EFRAG FR TEG recommend the EFRAG FRB to publish the Recommendations and Feedback Statement?

Next steps

- 13 Following a recommendation of EFRAG FR TEG, the EFRAG FRB will consider issuing the Recommendations and Feedback Statement.

Agenda Papers

- 14 In addition to this Cover Note, Agenda paper 07-02 – the outlined Recommendations and Feedback Statement – has been prepared for this session.