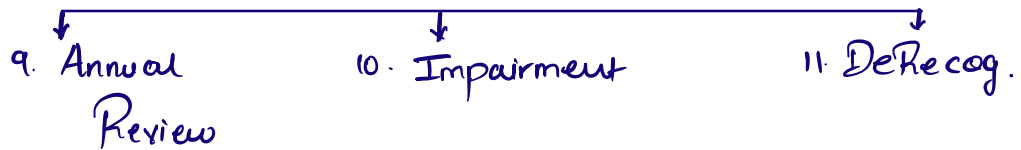
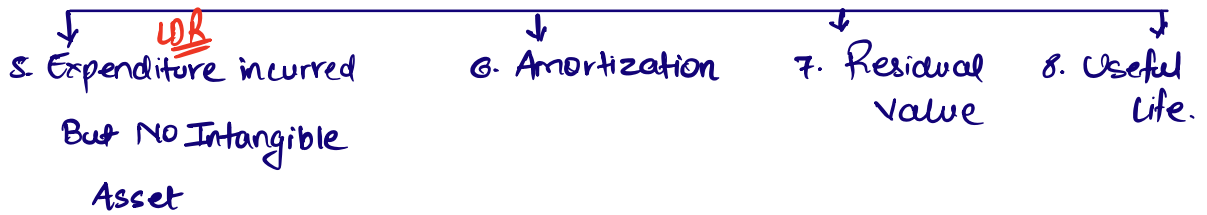
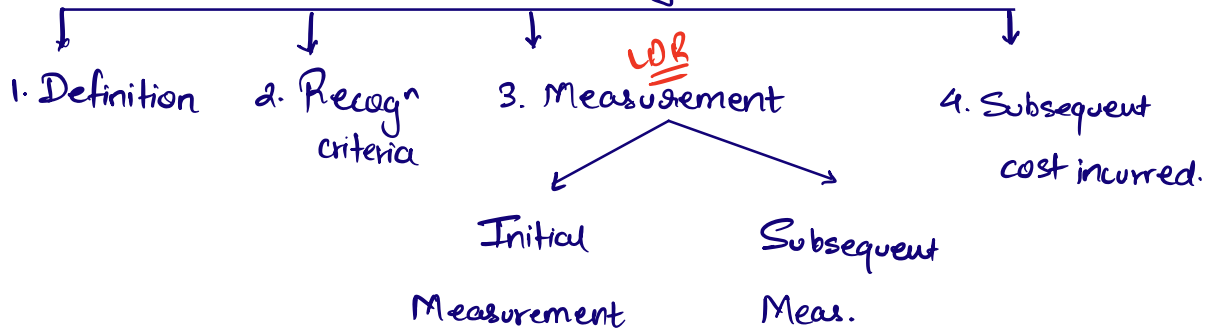
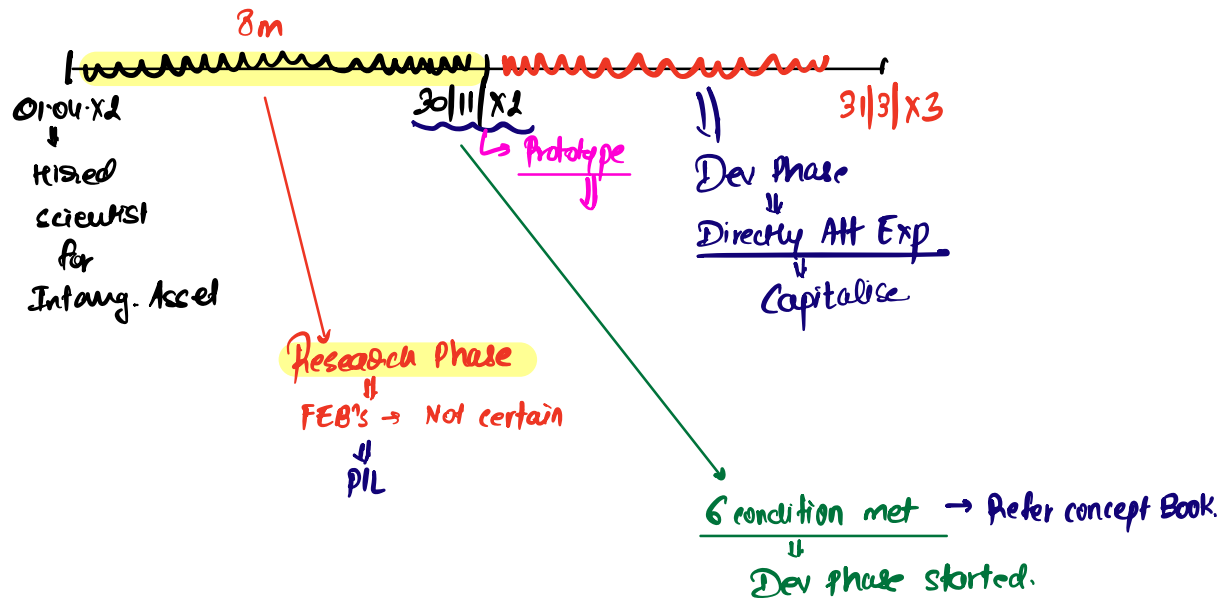


# IND AS 38 - Intangible Assets



\* Internally generated Intangible Asset



\* Intangible Asset acquired as a part of Business Comb → Amalgamation

Eg 1

BB Visuals (Seller Co)				AK Ltd (Purchasing Ltd)	
		Intangible Assets CA	F.V	PC = 17 lakhs.	
		Software	1L	1.5L	Acquire all assets & Liab
		License	2L	3L	Record of Fair Value
Liab		PPE	5L	7L	Incl AS 39
Loan	3L	Debt	3L	3L	AK Ltd
CS	2L	Inventories	2L	2L	Intangible Asset
		Cash	2L	2L	Record @ FV

CA = FV same

NA = 13.5 + GLW  
PC Swote = 17 lakhs

PC (Raw)	17L
(-) NA	13.5L
Purchased GLW	3.5L

Eg 2

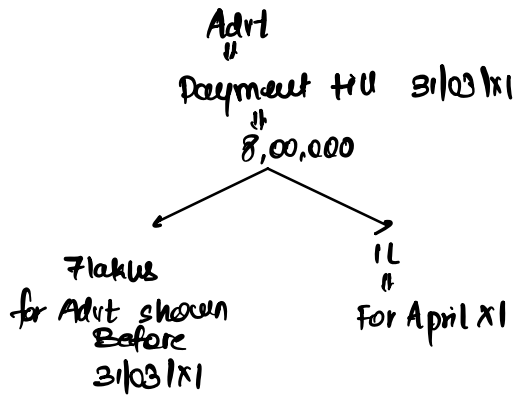
BB Visuals (Seller Co)	AK Ltd
Cost DIB x (Self Gen)	SW ✓
SW Recog	licen ✓
licen Recog.	Can AK Ltd Sterog
	cost DIB
	YES
	(Purchased)
	<del>Self Gen</del>

Eg 3

BB Visual (Seller Co)	AK Ltd
logo → FF with AK	Intangible Asset
Tagline → Sasak sasak sasak	Single item (logo + tagline)

they can only be sold together

Illus 3 (LOR)



J-E.

31/03/21 Advt (P/L) Alc Dr 7,00,000  
 Prepaid Exp (Asset) Dr. 1,00,000  
 TO CrB 800000

→ Prepaid Asset is NOT Intangible Asset

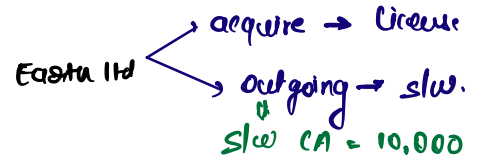
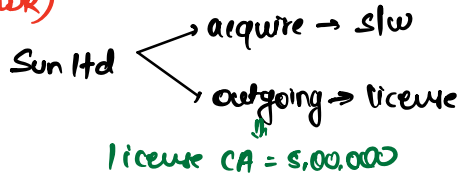
Convert J-E in English  
 is present when J-E is not asked.

April 21 Alc (Advt) Dr. 1L  
 TO Prepaid 1L

x1-x2 Advt Exp (P/L) 4L  
 TO CrB 4L

Advt Exp cannot be ch as Intangible Asset

Illus 6 (WR)



Sun Ltd

Eastu Ltd

1) FV of slw = 500000 & licence (FV) = 500000

1) slw A/c Dr 5,00,000  
 ✓ TO licence A/c 5,00,000  
 (@ c.a)

1) licence A/c Dr 500000  
 ✓ TO slw A/c 100000  
 TO Profit (PIL) 500000

1st pref: FV of Asset g. up

1st pref

2) FV of slw → NA, FV of licence = 490000

slw A/c Dr 490000  
 loss on Exch (PIL) Dr 10000  
 TO licence (c.a) 500000  
 (1st pref: FV of Asset g. up)

licence A/c Dr 490000  
 ✓ TO slw (c.a) 10000  
 2nd pref: TO Profit (PIL) 480000

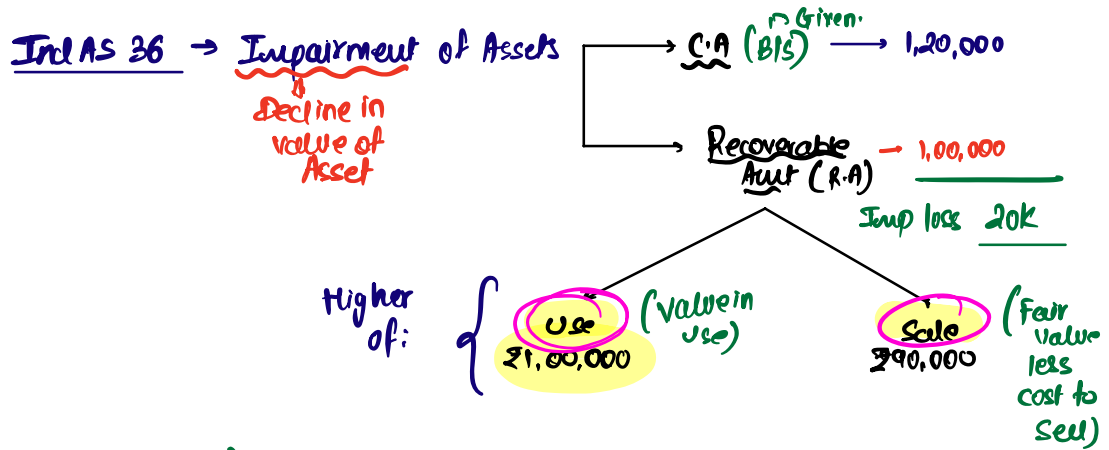
3) FV of slw / licence → NA

slw 500000  
 ↓ TO licence (c.a) 500000  
 (3rd pref: CA of Asset g. up)

licence A/c Dr 10000  
 ✓ TO slw (c.a) 10000  
 3rd pref

Exchange

- ① FV of Asset g. up (+) cash paid
- ② ——— acquired
- ③ CA of asset given up (+) cash paid.



Impairment loss (I.L)

20,000

→ (P/L)

Imp loss ACC DR

TO PPE / Intangible Asset

20000

20000

Revised CA ~~IL~~

~~Imp Gain~~

Imp loss  $\neq$  Rev loss → Nature Diff

⑤ CA

↳

R.A

↙ ↘  
Use Sale P.

CA

↳

F.V

## Illus 8 (LDR)

For the year X1-X2

1<sup>st</sup> April to 31<sup>st</sup> Dec → R.P → ₹ 2700 (PIL)  
 1<sup>st</sup> Jan/x2 to 31/03/x2 → D.P → ₹ 900 (Cap) → CA  
₹ 1000 R.A

---

Imp loss NIL

31/03/x2  
 CA → ₹ 900  
 Charge to PIL → ₹ 2700 (R.P)

For the year X2-X3

01.04.x2 CA 900  
 (+) Dev Phase 6000  


---

 31/3/x3 6900

31/03/x3  
 CA → 6900  
 Charge to PIL → NIL

For the year X3-X4

01.04.x3 CA 6900 (Available for use life 6yrs)  
 Less: Amort<sup>n</sup> (X3-X4) (1150)  
 31.03.x4 CA 5750  
 31.03.x4 R.A 5000  

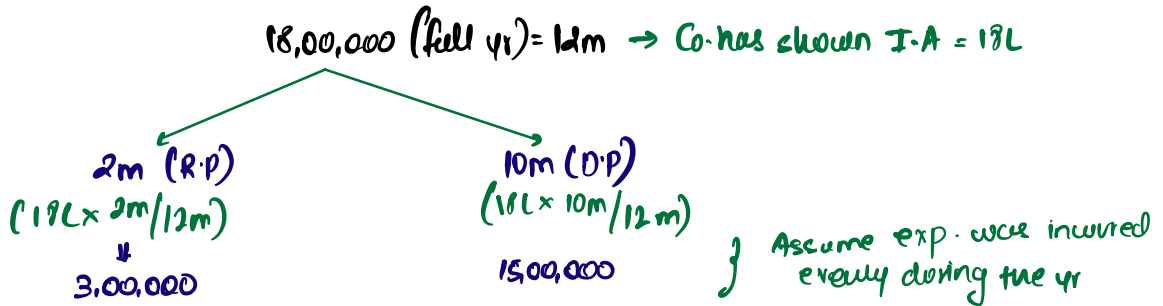

---

 Imp loss 750 (PIL)  
 31.03.x4 Revised CA 5000 (Remains life 5yrs)

31/3/x4  
 CA 5000  
 Charge to PIL ← Amort 1150  
 ← I.L 750

Illus 27 (LDR)

01/04/15 - 31/03/15 → R.P (2m)  
 01/06/15 - 31/03/16 → DP (10m)



31/3/16 → Intangible Asset (I.A) 15,00,000

R.A 960000  
 IL 540000

(Higher of → Sale 780000 use 960000)

Revised CA 31.3.16 → 960000

J.E.  
 A.P (P/L) Mc Dr 300000  
 I.L (P/L) Mc Dr 540000  
 TO Intang. Asset 840000



Ques 3 (LDR)

B/S Extract 31.3.20	
<u>Assets</u>	
<u>NCA</u>	
Intangible Assets (WN1)	69.45L

P/L (Extract) (19-20)	
Rev from op	10L
<u>Exp</u>	
2% Annual fees (10L x 2%)	20k
Amortiz <sup>n</sup> (WN1)	16.25L
Infringement cost	7L

WN1

Intangible Assets	Op <sup>n</sup> (G-B)	Amortization	CB (Net Block)
① GW [PC-13.2, NA 10L]	3.2L	-	3.2L
② Franchise (Life 5yrs)	80L	(16L)	64L
③ Copyright (Life 10yrs)	2.5L	<u>(25k)</u> 16.25L	<u>2.25L</u> 69.45L

Note: ① Co. follows full yr Amortiz<sup>n</sup> in 1<sup>st</sup> yr of acquisition.

② GW - Never Amortized - It is only tested for Impairment Annually (Ind AS 36)

Ques 5

Cost 12L

Life = ~~15~~ 5 yrs.

Res. value = 7.2L (12L x 60%) } Jump → 1-2 line concept.

Cost 12L

(→) 1yr Amount (96k)

C.A @ the end of 1yr 11,04,000

$$\left( \frac{12L - 7.2L}{5 \text{ yrs}} \right)$$