

Intangibles Research Project

Executive Summary

Project Stage							
IASB	Research / Pipeline	Discussion paper	Redeliberation	Exposure Draft	Redeliberation	Final standard	Post Implementation Review
UKEB	Research / Influencing	Research / Influencing	Monitoring	Influencing	Monitoring	Endorsement	Influencing
Project Type			Research Project				
Project Scope			Significant				
Purpose of the paper							
The purpose of this paper is to: • Outline the further research proposed to be performed by the UKEB, to contribute to the IASB’s project (Appendix A); and • provide the Board with an update on the IASB’s research project on Intangible Assets (Appendix B).							
Summary of the Issue							
At its most recent meeting the IASB tentatively decided the objectives of its Intangible Assets project would be to: • improve the usefulness of information entities provide about intangible items in their financial statements; and • update IAS 38 Intangible Assets, in particular to make it more suitable for newer types of intangible items and new ways of using them. The IASB also agreed to begin work on two initial work streams: exploring user needs for information, and whether to update the definition of an intangible asset. There is an opportunity for the UKEB to undertake additional research to inform and influence the IASB’s project from a UK perspective.							
Questions for the Board							
1. Does the Board have any questions or comments on the proposed intangibles research (Appendix A)? 2. Does the Board agree that a Project Initiation Plan should be developed and presented at a future board meeting (Appendix A)?							

3.	Does the Board have any questions or comments on the feedback from the IASB's May 2025 discussion (Appendix B)?
Recommendation	
The UKEB Secretariat recommends that the Board agrees to undertake research as outlined in the research proposal at Appendix A.	
Appendices	
Appendix A Intangibles research proposal	
Appendix B IASB May 2025 meeting update	

Background: Intangible Assets
The IASB added a project on intangible assets to its research pipeline as a result of feedback received during its Third Agenda Consultation in 2022. In April 2024 the IASB commenced the project, moving it from its research pipeline to its research work plan. With this project, the IASB aims to comprehensively review the accounting requirements for intangibles. The project will assess whether the requirements of IAS 38 remain relevant and continue to fairly reflect current business models or whether the IASB should improve the requirements. In response, the UK Endorsement Board has undertaken a comprehensive research project, to consider how the accounting for, and reporting of, Intangible Assets could be improved to provide UK investors with more useful general purpose financial statements to assist them to make better informed decisions. To date, the UKEB's project has: • Explored UK stakeholders' views on the accounting for intangibles under International Accounting Standards¹. • Reviewed the nature and extent of current reporting practices for intangibles among listed UK companies using IFRS standards². • Engaged with investors to better understand their perspectives on the current and future reporting of intangibles in the financial statements³. At its May 2025 meeting, the IASB decided the project objectives and agreed to begin initial work on the project.

¹ [UKEB Intangibles Qualitative Report](#)
² [UKEB Intangibles Quantitative Report](#)
³ [UKEB Intangibles Survey Report](#)

Appendix A: Proposal for additional intangibles research

UKEB research to date

- A1. The UKEB has a responsibility to influence and proactively participate in the development of new global accounting standards. One way in which it can do this is by undertaking research¹.
- A2. In anticipation of an IASB project on intangible assets, the UKEB initiated a research project focused on understanding UK stakeholders' views on the accounting for intangibles and gathering evidence about the UK intangibles landscape. To date, the UKEB has published three reports^{2,3,4}.
- A3. The UKEB research concluded:
 - a) IAS 38 appears to be no longer wholly aligned with the current *Conceptual Framework for Financial Reporting*.
 - b) There are opportunities to enhance the accounting for intangibles. Users need high quality, comparable information and would prefer that to be in the financial statements and notes, rather than relying on other sources.
 - c) Users want more granular information about companies' intangibles, and the expected benefits they can bring. This is particularly true for emerging intangibles.
- A4. UKEB research has featured in a number of international meetings, including the Accounting Standards Advisory Forum (ASAF), and has been referred to in the IASB Board papers and meetings.
- A5. The IASB's own research findings have been consistent with that of the UKEB, concluding:
 - a) "IAS 38 is out of date and in need of modernisation and futureproofing"⁵ to be capable of being applied to new types of assets (such as cryptocurrency) and new modes of operation e.g., cloud computing; and

¹ [Paragraph 4.5 of the UKEB Terms of Reference](#)

² [Accounting for Intangibles: UK Stakeholders' Views \(March 2023\)](#)

³ [Accounting for Intangibles: A Quantitative Analysis of UK Financial Reports](#) and a [March 2025 update](#)

⁴ [Accounting for Intangibles: A survey of users' views](#)

⁵ [Paragraph 12a of Agenda Paper 17A of the IASB's February 2025 meeting](#)

- b) “financial statements are not providing users with enough information about intangible assets or expenditure on intangible items”⁶.
- A6. In response (for more detail see Appendix B) the IASB tentatively decided in May 2025 to begin work on the Intangible Assets project by:
 - a) performing an assessment of user needs for information about recognised and unrecognised intangible assets, including expenditure associated with them; and
 - b) exploring whether to update the definition of an intangible asset, associated guidance and some aspects of the recognition criteria. This will be undertaken initially using, as test cases, application issues related to newer types of intangible assets and new ways of using them.
- A7. The IASB expects to undertake research through the remainder of 2025, and begin discussion on these work streams during 2026.

Proposal for additional UKEB research

- A8. To complement the IASB’s work the UKEB Secretariat is proposing two areas of potential research (as set out below). These proposals have been discussed with IASB project team who suggest that this work would be useful to the IASB in its ongoing project.
- A9. The proposed research would:
 - a) Develop case studies as a means of exploring users’ views on accounting for intangibles, and to test future IASB proposals (including recognition, measurement and disclosure).
 - b) Undertake interviews with UK users (investors and creditors) of financial information to better understand what information about recognised and unrecognised intangible assets, including expenditure associated with them is useful.

Case studies

- A10. The IASB plans to explore whether to update the intangible asset definition and some aspects of the recognition criteria by using test cases. These test cases will be focused on “newer” types of intangible assets such as cloud computing, data resources and agile software development.⁷

⁶ [Paragraph 12b of Agenda Paper 17A of the IASB’s February 2025 meeting](#)

⁷ [Paragraphs 2\(a\)\(ii\) and 52 of Agenda Paper 17B of the IASB’s May 2025 meeting](#)

- A11. To complement the IASB's planned work, the UKEB Secretariat proposes to develop three to four alternative case studies (some possible example topics are set out below).
- A12. Rather than only focusing on "newer" types of intangibles, the UKEB case studies would address issues at the boundaries of intangible recognition and measurement. They would be based on various scenarios drawn from real life fact patterns where there have been differing views about the appropriate accounting. The Preparers Advisory Group (PAG) and Accounting Firms and Institutes Advisory Group (AFIAG) are expected to be able to support development of these case studies.
- A13. Once developed the case studies would be used to explore user views in the interviews proposed below. These would also be used to "test" any future IASB proposals. This will support the development of robust and principle based requirements which can be applied to a broad range of intangibles assets.
- A14. Some possible case studies could include, but are not limited to:
- a) Marketing or advertising costs, such as the costs of developing a website which generate significant 'traffic' from customers.
 - b) Training costs, such as costs incurred by a company to fulfil a contract with a customer.
 - c) Customer-related intangible assets, both acquired and internally generated such as customer lists, customer databases and loyalty programmes.
 - d) Research and development costs, such as the cost of developing a drug at different clinical phases.

Interviews with UK users

- A15. As noted above UKEB research concluded users need high quality, comparable information and would prefer that to be in the financial statements and notes. They also want more granular information about companies' intangibles, and the expected benefits they can bring.
- A16. The IASB found:
- a) Most respondents to the IASB's user survey were of the view that the financial statements were a useful source of information concerning intangibles⁸ and that they preferred financial statements as a source of information, as they were audited⁹.

⁸ [Paragraph 10 of Agenda Paper 17C of the IASB's February 2025 meeting](#)

⁹ [Paragraph 12 & 13 of Agenda Paper 17C of the IASB's February 2025 meeting](#)

- b) Despite this, users made adjustments to financial statements in relation to intangibles, for example to “replace the amount of intangible assets on the balance sheet with their own estimates (25%), remove all intangible assets and amortisation from their analyses (17%) or add back amortisation related to acquired intangible assets (11%).”

A17. The UKEB Secretariat is proposing to undertake interviews with UK users to explore these issues further. While using interviews will limit the number of users that can be engaged in the research, they allow for more detailed exploration of relevant matters. There may be opportunities to also undertake round tables with representative groups.

A18. The interviews would:

- a) Build on previous UKEB research to further explore user perspectives on accounting for intangibles. This would include exploring how users believe the UKEB case studies could be faithfully represented in the financial statements to reflect the underlying economic substance.
- b) Assess users’ current information needs, what adjustments they make to intangibles reported in the financial statements, and why they make those adjustments.

Outputs and benefits

A19. The research would be expected to produce:

- a) Three to four ‘test’ cases which will outline specific fact patterns based on real life examples which give rise to intangibles.
- b) A report summarising the results of investor outreach. If appropriate, the paper may also include additional financial statement analysis to further examine relevant current reporting practices in the UK.

A20. It is anticipated that undertaking the project will deliver the following benefits for the UKEB, as it continues to:

- a) Meet its objective to undertake relevant research.
- b) Meet its mandate to contribute to the development of a high-quality standard for intangibles.
- c) Engage with stakeholders on a topic that is of particular interest.
- d) Build its international profile as the project provides an opportunity to contribute new, UK-specific, evidence to the ongoing international debate on intangibles.
- e) Support the IASB in a timely manner.

Timelines

- A21. The research will be conducted in Q3 and Q4 of 2025. This aligns with the IASB's own research timetable and should allow the UKEB to feed in their findings to the IASB project team in a timely manner.

Questions for the Board

1. Does the Board have any questions or comments on the proposed intangibles research?
2. Does the Board agree that a Project Initiation Plan should be developed and presented at a future board meeting?

Appendix B: Intangible Assets – IASB Update

Background

- B1. Following the Third Agenda Consultation in 2022, the IASB added a project on intangible assets to its research pipeline to comprehensively review the requirements in IAS 38 *Intangible Assets*.
- B2. The IASB commenced the project in April 2024 and so far has discussed the following topics:
- a) summary of national standard-setter research and academic literature review;
 - b) project objective, scope and approach; and
 - c) stakeholder feedback.

IASB May 2025 Discussion

Project objectives

- B3. At its May 2025 meeting the IASB tentatively decided the objectives of the project are to:
- a) improve the usefulness of information entities provide about intangible items in their financial statements; and
 - b) update IAS 38 *Intangible Assets*, in particular to make it more suitable for newer types of intangible items and new ways of using them.
- B4. This incorporates some minor changes to the objectives proposed at the IASB's March 2025 meeting, including replacing the term "modernise" with "update"

IASB Board observations during the meeting

- B5. During the discussion IASB members comments included:
- a) It will be important for the IASB to determine how this project will meet users' needs given the increasing importance of intangibles.

- b) The project must consider the recognition and measurement of intangibles.
- c) The objective to improve the usefulness of information entities provide about intangible items should be limited to intangible items in the financial statements.
- d) Connectivity with the work being done by the International Sustainability Standards Board (ISSB) must be considered. The IASB Chair highlighted the importance of clarifying areas of separate responsibility for the two boards.

Project direction—Prioritisation of broad groups of topics

- B6. The IASB tentatively decided to begin work on the Intangible Assets project by:
- a) performing an assessment of user needs for information about recognised and unrecognised intangible assets, including expenditure associated with them; and
 - b) exploring whether to update the definition of an intangible asset, associated guidance and some aspects of the recognition criteria. This will be undertaken initially using, as test cases, application issues related to newer types of intangible assets and new ways of using them.
- B7. Only after this work is done will the IASB move on to:
- a) accounting for intangible assets held for investment, based on the intended use or purpose of holding an asset and using test cases that could include some carbon credits and cryptocurrencies;
 - b) broader aspects of the recognition requirements in IAS 38; and
 - c) improving disclosure requirements about recognised and unrecognised intangible assets and expenditure associated with them.
- B8. Measurement of intangible assets will not be considered as a separate topic. Instead, it will be addressed when relevant throughout the project.
- B9. The project will not explore:
- a) accounting for intangible assets covered by other IFRS Accounting Standards; or
 - b) consistency of labels for intangible items.

IASB Board observations during the meeting

- B10. IASB board members supported the using test cases but emphasised that:

26 June 2025
Agenda Paper 8: Appendix B

- a) The test cases are not a substitute for a standalone project and that the IASB will not be undertaking a separate project on carbon credits or cryptocurrencies.
- b) They will not be used to solve application issues. Instead, the test cases will be used to help the board better understand intangible items.

B11. There were mixed views as to whether goodwill should be considered as part of the intangibles project.

Next steps

B12. At its June 2025 meeting the IASB will discuss its project plan for the initial streams of work. An update of this discussion will be shared with the UKEB at its July 2025 meeting.

Questions for the Board

3. Does the Board have any questions or comments on the feedback from the IASB's May 2025 discussion?