

Asset Procedure - Intangible Assets Accounting

Section 1 - Background and Purpose

(1) This Procedure is applied in the preparation and the presentation of the consolidated financial statements of the group of entities under the control of the University. The financial statements include separate financial statements for the University as an individual entity and the consolidated entity (the "Group") consisting of the University and its controlled entities.

Section 2 - Scope

(2) Refer to the [Accounting \(Financial\) Policy](#).

Section 3 - Policy Statement

(3) Refer to the [Accounting \(Financial\) Policy](#).

Section 4 - Procedures

Part A - Recognition

(4) An item is recognised as an intangible if it meets the definition of an intangible asset, it is probable that future economic benefits will flow to the University and the cost of the asset can be reliably measured.

Part B - Measurement

Goodwill

(5) Goodwill represents the excess of the cost of an acquisition over the fair value of the University's share of the net identifiable assets of the acquired controlled entity/associate at the date of acquisition. Goodwill on acquisitions of controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

(6) After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Licences

(7) Licences that have a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives. Licences that have an indefinite useful life are not amortised and are assessed for impairment annually.

Computer Software

(8) Computer software is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the assets' estimated useful life of 5 years.

(9) Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software. Costs capitalised include external direct costs of materials, services, direct payroll and payroll related costs of employees' time spent on the project. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Research and Development - Patents

(10) Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate allocation of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its estimate useful life, usually 20 years.

Part C - Impairment

(11) The Impairment of Assets Accounting Policy explains when and how the University reviews the carrying amount of its assets, how it determines the recoverable amount of an asset and when it recognises or reverses an impairment loss.

Section 5 - Definitions

(12) For the purpose of this Procedure:

- a. An intangible asset: is an identifiable non-monetary asset without physical substance.
- b. The University: means La Trobe University.

Status and Details

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