PDF - ACCOUNTING FOR INTANGIBLE ASSET, THE WAY OUT (A CASE STUDY OF GUINNESS NIGERIA PLC SAPELE BRANCH DELTA STATE) - researchcub.info**ABSTRACT**

This project is a comprehensive study and examines the "Accounting treatment of intangible assets the way out, (A case study of Guinness Nigeria Plc Sapele branch Delta state. This project is aimed at determining the impact of the current accounting range of thinking relative to intangible assets and how such resources should be valued, recognized and presented in the financial Reporting of companies. Data were collected through primary and secondary sources. The finding revealed that the impact of goodwill as intangible assets plays vital role on the organization adequate skilled personnel in measuring and evaluating accounting for intangible assets. Therefore, the impact of accounting for intangible assets cannot be over emphasized hence it depends on the conferment of a given organizational setting. Form the conclusion of the study: it can be observed that there will be serious potentials for misunderstanding and suspicious resulting from information based on mix of conflicting accounting policies. It is therefore recommended that policy maker should promote education business training initiative with a view to building broad capacities in intangible management.

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CHAPTER ONE

1.0 INTROUDCTION

1.1 BACKGROUND OF THE STUDY

Accounting for intangible asset has gained prominence in the past few decades due to changes in the way the business world operates. Intangible assets are either acquired in a business combination on developed internally. In case of acquisition in a business combination such assets are recorded at their air value, while in case of internally generated intangible assets the assets are recognized at the cost incurred in development phrase. In relation to the development of internally generated intangible assets there are two phrases research phases and development phase. Research phase includes all activities and cost incurred before the intangible assets is commercially feasible, while the development phase include all activities and costs incurred after the asset is established to be commercially feasible. All costs in research phase are expensed in the period incurred while costs incurred in development phase are capitalized. Intangible assets are typically expensed according to their respective life expectancy. Intangible assets have either an identifiable or indefinite useful life. Intangible assets with identifiable useful lives are amortized on a straight line basis over their economic or legal life, which ever is shorter. Examples of intangible assets with identifiable useful like include copyrights and patents intangible assets with indefinite useful lives are reassessed each year for impairment. If an impairment has occurred, then a loss in determined by subtracting the assets fair value from the asset's book / carrying value. Trademarks and goodwill are examples of intangible assets with indefinite useful lives. Goodwill has to be tested for impairment rather than amortized if impaired, goodwill is reduced and loss is recognized in income statement.

According to International Accounting standards Board Standard 38 (IAS 38) defines an intangible asset as: “an identifiable non-monetary asset without physical substance. This definition is in addition to the standard definition of an asset which requires a past event that has given rise to resource that the entity controls and from which future economic benefits an expected to flow. Thus, the extra requirement for an intangible asset under IAS 38 is identifiable. This criterion refines that an intangible asset is separable from the entity or that it arises from a contractual or right.

According to financial accounting standards Board (FASB) Accounting standard codification 350 (ASC 350) defines a intangible asset as an asset, other than financial asset that lacks physical substance. The lack f physical would therefore seen to be a define characteristic of an intangible asset. Both the (IASB) and (FASB) definition specifically preclude monetary assets in their definition of in intangible asset.

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