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Accounting for Intangible Assets, a Study

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Abstract: Intangible investments have happened now seminal supply chain for multifold fraternities and economic locales. However, these investments are rarely recognized as assets by accounting standards. In such scenario, pragmatic goodness of an enterprise cannot be reflected in reported financials despite accounting is to equip effective details for its users. In cutting-edge economy, substantiveness of intangible assets initiates considerations towards its reception in accounts. Intangible assets are perceptible non-monetary non-physical potentiality of value bred by novelty, unparalleled organizational setup or experience capital review. In the era of knowledge economy, intangible assets like tangible assets are worthwhile as collateral for loans also. This paper bottomed on secondary data contemplates several perspectives of intangible assets like importance, accounting treatment beside dimensions concerning measurement, problems and suggestions inherent in its accounting, etc. Accounting relevance of intangible assets and its' management are identified as major issues. The study extrapolates that disclosure can be reckoned as unfolding to the blowbacks of nowheresville of intangibles in financial statements.

Keywords: Intangible Assets, Value-Relevance, Capitalization, Knowledge Assets, Disclosure.

Research Paper

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1. INTRODUCTION

Intangible assets acclimate defining factors of realization in organisation and accompanying with tangible assets substantiate persuasive in its supply chain. These assets lead in various segments of industry. According to the Organisation for Economic Cooperation and Development (OECD, 2007) investments in intangible capital are competitive with tangible capital in some countries. At micro-economic level, Stewart (1997) and Zéghal (2000) revealed that intangible assets snatch substantial part in company's capital and verily, metamorphose mucho than tangible assets. This refashioning in investment skeleton expresses transition of industrial economy towards knowledge-based economy. Economic institutions like OECD (2007) and UK Department of Trade and Industry (2004) contemplated intangible assets as overarching doer of value creation in new economy. Since market values of tangible assets are available, their accounting is laconic and conclusive. It is unfactual respecting intangible assets as their valuation revolves around its origin, usage and impact on market demand. Basic objective behind accounting intangible assets is to prescribe their unidentified accounting treatment in enterprises. Besides, its' valuation within the accounting framework elevates manifold complications about identification, measurement and control. These complications implicit that traditional accounting model bottomed on tangible assets, historical costs and accounting conservatism is ineffective for perfectly appraising the new-economy companies (Lev & Zarowin, 1999 *et al.*). Organizations are now concentrating more on accounting and reporting of intangible assets. Acknowledging snowballing momentousness of intangible assets in producing benefits for organisation, there is desideratum for accounting these assets which, again, stipulates management of the assets. Cogitating major challenge, the author is motivated to undertake venture for studying different aspects of accounting of intangible assets accompanying their problems and suggestions.

2. Intangible Assets-Concept

Intangible assets characterize unperceivable, impalpable or unfathomable non-monetary assets and are created through time and efforts as separate assets. Indian Accounting Standards (Ind AS) 26, describes intangible asset as identifiable and insubstantial non-monetary asset held for use in production or supply of goods or services, for rental to others, or for administrative purposes. Ind AS 38 defines intangible asset as paradigmatic without any physical substance.

Typically, intangible asset is a claim to future benefit having no physical or financial concretization (Lev, 2001). Put simply, intangible asset lacks visible traits but plays crucial role in company's worth and reputation. Intangible asset as capital asset has no physical existence and is dependent on rights; owner gets possession (Kohler, 1957). Hendrickson (1965) explicated intangible assets as capital assets and non-current. They benefit firm beyond current operating cycle and capital represented by assets is available for reinvestment over several years. Thus, intangibles have no volume like tangibles but have right to future benefits. However, all assets lacking physical substance are not esteemed as intangible assets e.g. accounts receivable or short-term pre-payment, is of insubstantial characteristic and is classified as current asset not as intangible. Intangible assets are non-current and non-physical (Meigs, W.B. *et al*., 1975). Investors manage tangible assets agonizingly. But these materialize monstrous by inconsistency in accounting treatment of internally generated intangible assets. Intangible assets incorporate brands, technical know-how, copyrights, patents, trademarks, computer software, formulae, models, designs, goodwill, etc. Appropriate method of disclosure for intangible assets varies based on corporate actions and/or external factors. Corporate usually acquire these through: (i) internal generation; (ii) research & development; (iii) purchase; (iii) merger with another entity; (iv) license or franchise; (v) goodwill, etc. Intangible assets usually have few common characteristics like: i) suitable for law execution and deed; ii) competent to yielding revenues; iii) efficient for fabricating added recourse; iv) typically distinguishable from the underlying business; v) reckoned as capital asset rather carryover of current outgo. From accounting perspective, intangible asset does not ostensibly claim to be owned by entity. Instead, IAS 38 requires that expected future economic benefits accreditable to asset will spring to entity. Enterprises oft consume or sustain debts on acquisition, improvement or maintenance of intangible resources.

3. Objectives

i. To abstract the importance of accounting for intangible assets;
ii. To demonstrate the accounting treatment for intangible assets in practice;
iii. To contemplate the valuation and disclosures of intangible assets for accounting;
iv. To investigate the pitfalls of accounting for intangible assets;
v. To offer suggestions to improve the situation.

4. MATERIALS AND METHODS

Literature spoon-feeds methodology to researchers to cogitate problem and unveils unmapped substantiations and outgrowths. The study is descriptive in nature and conducted by variety literatures. Descriptive study has been culled for blossoming excelling sapience of knowledge. Thus, this study essentially endorses secondary data collection stratagem, and calibrates plateful of secondary sources gleaned through Internet and academic databases viz. literature reviews, website, books, journals, etc. Editing, classification and tabulation of data have been succeeded following requirements of the study. Aiming to appraising the promising of accounting for intangible assets, the researcher has tailed his own skills and experience. The oeuvre of this paper is restricted to corroborate, at the outset, illustriousness of intangible assets. What's more, an appraisal on the noble mission striving the essence of accounting for intangible assets in financials has been delineated. The researcher has beguiled accounting for intangible assets as this character is elongating and meliorating the silhouette of financials. Mechanism of analysis is earthshaking for brooding financial fors and againsts of intangible assets. The study does not cultivate new model or new theory; rather to beseech to literary review on this subject, epitomizes, assays and succors in the perception of these concerns, ceding exigent and sweeping observation on them to catechize unique hypothetic perspectives.

5. Importance

Intangible assets are embellishing crescively in corporate total asset portfolio with the commercial realities of digital age. Dzinkowsk (2000) revealed that apropos corporate investment, importance of investment in tangible assets has decayed from 50% to 10% while intangible assets have soared from 50% to 90%. They are challenging to numerate and trace; still, these have indelible worth for business. Ying *et al*. (2019) claimed that intellectual capital fosters managers' competences to encounter core resources for company. These assets cultivate groundwork of day-to-day pursuit across diverse sectors but explicit focus on knowledge industry has spawned its' essentialness into massive emphasis. Intangible assets are salient to company's future desirability distinctly in knowledge-based firms like manufacturing, communication and banks (Visconti & Weis, 2020). Intangibles are admitted to be pressing to decision making and spasmodically key to success of business. Many large corporate eye intangible assets relevance in competitive advantage. According to Seo and Kim (2020), corporate performance is primarily dependent on intangible assets like customer-supplier relationship, staff performance, brand quality, etc. Intangible asset is irreplaceable for firm's long-term competitive-edge. Intangibles bolster in evolving in-depth knowledge and booming credentials for business. Approaching artificial intelligence era, high-tech industry has consecrated intangible assets as one of company's core competitiveness and substance of the assets has been inexpressible. Intangible assets besides shaping value also expedite corporate future cash flow. Perez and Famá (2006) found positive relationship between intangible assets and financial variables, and activated that investment in intangible assets boosts revenue and company value. Few key reasons for its momentous are: i) create marketplace edge; ii) boost brand recognition and reputation; iii) build customer relationship; iv) utilize modern technology; v) sweeten room for contracts and licenses; vi) rear business; vii) uplift revenue; viii) offer security; ix) contribute more cohesion; x) cogitate international recognition, etc.

6. Literature Review

Numerous research papers have addressed the question of accounting for intangibles adopting both empirical and normative perspectives. There is hardly any paper found explaining different aspects of intangible assets accounting in a lucid manner and thereby works on a solution outside an intangibles framing. Value of intangibles is found to be positively associated with equity values, albeit with valuation coefficients suggesting greater uncertainty than tangibles and evidence of mispricing (Linnainmaa and Roberts, 2018), misinformation from opaque income statement presentation (Banker *et al*., 2019). Intangible assets support allocation of cutthroat and, challenge to clone and outplace other assets. Long-term bettering depends on firm's internal resources, especially intangible assets, adeptness and evolving status of their ambient context (Teece, 2018). Intangible assets being nonphysical subscribe appreciably to profitability and ongoing sustainability of enterprises, integrate knowledge, information, intellectual property and experience (Durand, & Milberg, 2020). Intangible assets are crucial to company's future profitability particularly in knowledge-based firms like manufacturing company, communication and banks (Visconti, & Weis.,2020). Pereira *et al*., (2021) argue that task of intangible assets is in breeding business worth, ameliorating corporate earnings, appropriating cutthroat and clinching long-term resilience. Hamid (2018) claimed that intangible assets accompanying data from financial statements elucidate efficaciously firm's value, competitive-edge and sustainability. The study advocate competence of intangible assets to significantly impact their determination, achievement and viability. Haseeb *et al*., (2019) unearthed no significant relationship between company intangible assets and organizational performance, competitive advantage or sustainability. Fernando *et al*., (2019) found no link between intangible assistance and corporate business performance. Weqar, *et al*., (2020) applying Value-Added Intellectual Coefficient to estimate intangible asset and commercial performance in Africa inferred insignificant association between profitability, productivity and valuation. Felix *et al*., (2020) while consummating studies on impression of goodwill and computer software on banking sector performance observed statistically significant effect of intangible assets and suggested to make intangible assets more productive. Paracha and Siddiqui, (2019) examined basic role of intangible assets and liabilities in steering manufacturing companies in Pakistan outsmarting, achievement and feasibility. Xu and Wang (2019) opined that intellectual capital has positive effect on profitability performance of Korean manufacturing firms, and reasoned that advertising invigorates research and development (R&D) by embellishing stature of firms extant deliverables. Mukherjee and Sen (2019) discovered that intellectual capital has significant impact on corporate long-term growth. Ying *et al*., (2019) claimed that intellectual capital has indirect impact on firm sustainability. Lim *et al*., (2020) in their studies showed that impact of perceptible intangible assets on capital structure is close to tangible assets in various respects. Duan *et al*., (2019) evidenced that intangible assets assist to acquire funds as financing mortgage debt and also generate future cash flow for company. Almeida and Jordão (2017) evaluated casualty of intellectual capital and organizational profitability in the selected 255 Brazilian public companies from 2010 to 2014.They evinced more the intangible-intensive companies, higher the profitability indicators. Haji and Ghazali (2018) researched the degree of intangible assets and liabilities of large Malaysian companies. Their findings corroborate expressive close correlation between intangible assets (price-to-book ratio) and financial benchmark of firm (ROA, ROE, net income and profit margin).

7. RESULTS AND DISCUSSIONS

7.i. Accounting Treatment

Issue of intangible assets and acknowledging such are choppily straight forward like accounting for fixed assets. Accounting treatment of intangible assets has always been polemic to evaluate in academic research and standard setting (Douglas, 2008 *et al*.,). With more investing in intangible assets now, its proper accounting is indeed at the hub and meticulously on the schedules of accounting standards boards. Some commentators advocate that internally generated intangible assets should be retained on balance sheet like tangible assets. Accounting for intangible assets are as follows:

a) Identifying Source of Intangible Assets:

Accounting for intangible assets needs identification about their acquisition. Intangible assets can be either purchased from external parties or internally developed by organization's own efforts. Purchased intangible assets externally are usually recognized at fair value on the date of acquisition while internally developed intangible assets are only recognized if they meet certain criteria of discernment and future economic supports. However, costs of incurring intangible assets are expenditure.

b) Applying Relevant Accounting Standards:

This requires applying relevant accounting standards to intangible assets resting on its dominion. In the US, the Financial Accounting Standards Board (FASB) issues the Accounting Standards Codification (ASC) Topic 350 which embraces accounting for goodwill and other intangible assets. In the International Financial Reporting Standards (IFRS), the International Accounting Standards Board (IASB) circulates the International Accounting Standard (IAS)38 that reckons accounting for intangible assets. These standards administer its measurement, amortization and appraisal for impairment.

c) Measuring Intangible Assets:

This necessitates measuring intangible assets at their basic recognition and following reporting dates. Usually, intangible assets are measured at cost. However, few intangible assets are measured at fair value or evaluated to replicate fluctuation in market trend. Under IFRS, intangible assets with operating markets can be evaluated to fair value on every reporting date while under US GAAP, intangible assets are mostly not assessed unless they are embraced in business combination.

d) Amortizing Intangible Assets:

The fourth step is to amortize intangible assets normally over their useful lives using straight-line method unless they have indeterminate lives. Amortization method shows pattern of allocating cost of intangible asset to the periods less any residual value to which it brings economic benefits. Amortization expense needs reporting in income statement. Based on regulations, certain intangible assets are restricted and given limited life spans while others are infinite in their economic lives and not amortized. Useful life bespeaks the time period over which asset is expected to bring future cash flows. Combination of different intangible assets operated as single asset needs impairment testing. This treatment is probably inappropriate if they individually beget cash flows.

e) Testing Impairment of Intangible Assets:

This test materializes when carrying amount of intangible asset exceeds its recoverable amount. In that instance, impairment loss should be recognized in income statement and intangible asset should be written down to its recoverable amount. Recoverable amount is higher of fair value less costs of disposal and its present value of expected future cash flows. Impairment test is performed whensoever there is an evidence of impairment for intangible assets with indefinite lives or goodwill.

f) Disclosing Intangible Assets:

The final step is to disclose intangible assets in financial statements and notes. Disclosure should provide information about nature, amount and changes of intangible assets as also assumptions, methods and estimates followed in accounting. It should also encompass reasons for revaluation, impairment or change in useful life, and impact on financial performance to enable the users of financial statements to apprehend relevance and risks of intangible assets. The following should not also lose sight of the fact:

i. ***Residual Value*:**

Residual value requires subtraction from carrying amount of intangible asset for calculating amortization if it remains following its useful life. Residual value will be zero unless they are acquired at the end of useful life via commitment. Value can be ascertained apropos transactions in market subject to assets existence when useful life of asset halts.

ii. ***Useful Life*:**

An intangible asset having indefinite useful life is better not to initially amortize but review it at regular intervals to determine useful life. On should test asset for impairment and begin amortizing. All intangible assets are to appraise periodically during their remaining useful lives for adjustment if circumstances warrant reviews.

iii. ***Life Extensions*:**

Lives of few intangible assets may be extended based on contract. Estimation of useful lives is required based on full duration of expected useful life extensions. These presumed extensions may result in asset having indefinite useful life that avoids amortization.

iv. ***Straight-Line Amortization*:**

Straight-line basis of amortization is employed to lessen carrying amount of intangible asset unless pattern of benefit exertion correlated with asset suggests distinct amortization.

v. ***Research and Development Assets*:**

Intangible assets procured through business combination for R&D activities should be primarily treated as featuring indefinite useful lives and regularly tested for impairment. After relinquishment of activities, they are booked to expense.

7. ii. Valuation

Valuation of intangible assets is pick-and-shovel. Appropriate assessment needs to cognize their intrinsic value and disclosure on financials. However, value of bulk does not appear on financials because of obliquity or lacking criterion to assess them (Rajan & Zingales, 1995). Assessors require vast knowledge for their assessment and also contribution to entity. Oft, contribution of intangible assets becomes higher than tangible assets in overall total assets of a company. Besides traditional methods like net present value (NPV), internal rate of return (IRR), and discounted cash flow (DCF), there have been several new tools recently developed e.g. The 25% tool, Monte Carlo analysis, and derivative revenue model adding in the valuation of intellectual property. However, the following are three key approaches to measure the value of intangible assets:

A. **Cost Approach**

This approach based on economic principles of substitution states that willing buyer would pay noway for intangible asset than cost of production. Cost approach is employed by estimating amount of money required to replace asset. This approach customarily concerns two types of costs, i.e. reproduction cost and replacement cost. Reproduction cost is as for the cost to actually reproduce duplicate of intangible asset notwithstanding changes over time affecting cost. Replacement cost refers examination of what it would take to create asset using current ken. However, this requires adjustment for physical deterioration, functional obsolescence, technical obsolescence, external obsolescence, etc. to estimate value. Essentially, this is a difficult approach particularly in circumstances where costs are unspecified or intangible asset has been produced.

B. **Income Approach**

Income approach or DCF approach contemplates present value of future income stream. Discount rates and times are key parameters. Income approach transfigures expected monetary benefits to a sum that is recorded on balance sheet. Earnings derivable from intangible asset through adjustment of market trends, competitive dynamics, nature of intangible assets, consumers relationships, etc. are estimated over its useful life and discounted to NPV. The approach comprises two methods i.e., direct capitalization method and yield capitalization method. Direct capitalization method is exercised when intangible asset is supposed to concoct normal income at constant rate over time. Rather, yield capitalization method is practiced when intangible asset is envisioned to breed uneven income over distinct period of time. But certain issues e.g. true useful life, discount rate, risks, future cash flows, business combination, etc. require esteem before applying the approach.

C. Market Approach

In market approach or transactional method, data extirpating from market place are examined to consummate cash equivalent prices for intangible sales or licenses. Market approach insinuating fairly value asset takes participation in current dealings within nomadic market. There may be difficulties in finding such market to price specific intangible asset. Details of sales are barely divulged.

All the approaches have some crucial discongruity and application of different approaches envisions to which industry intangible asset belongs. There is degree of perspicacity in employing varied approaches. It is meticulously dubious that actuaries can insert value to accounting of intangible asset. However, intangible asset should be shown in balance sheet at cost if cost is experienced to attain it. Accounting for intangible asset having no physical substance is onerous because value as also its' useful life becomes debatable. Because of this, basis of valuation adopted is cost. The AICPA (1961) well articulated in Accounting Research Bulletin, No. 43 that the baseline value imputed to all types of intangibles should be cost. As to non-cash acquisitions, cost may be counted as either fair value of the review given or fair value of the property or right acquired, whichever is more distinct. Spouse and Monitz (1962) also advocated that intangibles should be valued at cost howbeit they prefer valuation of other assets at current values.

7. *iii.* Problems/Pitfalls

Unique nature of intangible assets begets circumstances whereupon evaluators face hefty rigors in estimating their values. A major problem in measuring intangibles relates to synergism between different intangible assets, and between investing in different intangibles. Intangible assets are susceptible to their own drawbacks. Dilemma may befall in the following loci:

a) Infringement:

Infringement is significant of consternation for managing intangible assets. Unauthorized individuals, often competitors in marketplace, attempt to ingress intangible assets. When theft thrives despite legal defense or when suit is appealed after damage, corporate suffer loss and cost to pursue legal remedy for damages both time and money.

b) Counterfeiting:

Counterfeiting is another foreboding especially for popular brands. Counterfeit products hurt sales and reputation of brand, and consumer trust. Strict supply chain controls, anti-counterfeiting strategies like holograms or disparate product tags and client education are mechanisms business can withstand counterfeiting.

c) Obsolete Technology:

Businesses reckoning on discrete technology risk become obsolete. Value and drive of once-innovative assets suffer for newest-technology and market shifts. Corporate should stay up-to-date on breakthrough and make R&D investments. Restoring adroitness to ameliorate their intangible assets is also salient.

d) Undetermined or Fluctuating Value:

Determining estimation of intangible assets like brand equity or client association is challenging without fair values. Such valuation utilizes intricate methodologies and judgment-based assessments. Corporate must apply tried-and-true evaluation techniques, hire qualified appraisers, and weigh matching deliverables to corroborate authentic appraisal.

e) Identifying Intangible Assets:

This involves difficulties in separating intangible assets or determining benefits from intangible assets. Professional guidance (e.g., criteria provided by IAS 38), lessen such difficulties.

f) Determining Valuation Method:

Valuing identical intangible asset using different valuation methods causes different results. IAS38 provides useful guidance between choosing cost model or revaluation model. Verification by auditor reduces risk of unjustified valuation. Also, comparison with identical asset in market can be used as a sense check although it becomes difficult to find another assets for like-to-like comparison.

g) Determining Key Parameters:

DCF method, cash flows, discount rate, length of time, inflation rate, etc. are far from intent to fix. However, choices of risk-free interest rate and risk premium have great clout. Paragraph 88 in IAS38 provides constructive cue. Different methodologies elicit stark contrast in valuing. Thus, assessors command differently in rating alike intangible asset. Sensitivity test with professional guidance is imperative by changing key parameters.

h) Risk of Fluctuation:

Evaluation of intangible assets at regular intervals is necessary wherein values fluctuate considerably. Incongruously, shareholders and bondholders may have insufficient information to take the best decision. It enkindles significant reputational damage and even intervention, and fines from accounting regulators. Risk of over-estimation and its subsequent write-off maybe condign.

i) Key Experience and Qualifications:

Intangible assets having cross-disciplinary features like legal rights, licensing agreements, non-disclosure agreements, commercialization rights and contractual obligations, practitioners should possess sufficient knowledge of valuation principles as well as adept to analyse data, apply appropriate valuation approaches and to exercise professional view. They should be cognizant on the accounting standards like specific IFRSs or GAAPs of the relevant geographical region.

j) **Balance of in-House Evaluators Vs. External Consultancies:**

There should be balance between in-house evaluators and external consultancies. Actually, practitioners are poor in the domain of intangible assets. Maximum preparers of accounting for intangible assets are either employees or auditors of acquirer or potential acquirer (Discussion paper published by the AASB).

Valuation of intangibles is multi-faceted and convoluted creation, and requires tectonic impulsive judgment. Lacking industry standard, valuation of intangibles leans on complexity, expertise, client size and projected offshoot. Francis and Simon (1987) evinced that client size is a significant issue towards overall estimated fee model. However, scope of valuation project, ubiquitous cross-disciplinary specialist knowledge and potential outgrowth simulate greatlier while estimating value. There is choppier for auditors to estimate value erroneously. Swanson (2008) opined that intangible assets have significant positive effect on audit fees for large banks in the United States. Therefore, auditors would subsume margin to compensate risk. Moreover, it is extortionate for them to evaluate intangible assets expressively.

7. iv. Disclosure

Accounting primarily discloses true picture of assets in financials. Indian corporate under IFRS usually disclose discount rate, amortization method, impairment testing, intangible assets with indefinite life, R&D expenditure, goodwill allocation, gain or loss on disposal, etc. As to this, corporate must disclose about intangible assets like its useful life, amortization method, valuation method, software costs, foreign exchange, impairment losses, fair value adjustments, specific disclosures via government grants, etc. But accounting practice communicates poor cognizance of intangible assets and absence of exemplar for disclosure or income statement presentation (Wyatt, 2008). Under Indian AS26, disclosures are moderately low and corporate usually incorporate valuation method, amortization period, treatment of R&D expenditure and gain or loss on disposal. TCS Ltd. discloses intangible assets geographical wise. Value of intangible assets as per disclosures is not correlated to market capitalization. Neither IFRS nor Indian AS prescribes valuation method of brands and its incorporation in financials. Cash flow statement exhibits purchase of intangible assets as separate item. Infosys Ltd. allocates goodwill to its segments of operations and provides exhaustive table on changes in intangible asset value. On global benchmark, total intangible asset value disclosed on corporate balance sheet is US$16.2 trillion representing nearly one-third of the estimated total intangible value internationally. This has been dwindling because more intangible asset value created by corporate is not certainly weighed by financial reporting (Brown, 2021). Big nations flunk to disclose their intangible assets data which, in turn, endangers to authentic accounting standards. For example, China and the United States have the largest absolute decline in intangibles value at -US$7.26 trillion and -US$4.96 trillion respectively while India has the largest rise in absolute intangibles, boosting US$1.38 trillion from 2021-22(GIFT,2022). Undisclosed feature of intangible value causes mismanagement and underinvestment in crucial assets beyond customer relationships and brand management. International financial reporting standards enounce that largely, home-grown intangibles oughtn't've recorded on balance sheets.

8. CONCLUSION

Intangible assets are typically correlated with corporate capital structure. Business entity entails to pay out for acquisition, development, maintenance, etc. of intangible assets. As for this, corporations must record, measure and disclose true value of intangible assets in financials. With the emergence of artificial intelligence (AI) era, high-tech industry has consecrated intangible assets as corporate basic competence. The paper highlights few main issues about accounting treatment of intangible assets related aspects. Intangible assets' exceptional measurement and recognition characteristics exasperate to develop comprehensive accounting standard. Besides, this paper explicates different valuation methods. Intangible assets have no physical substance and future economic benefits but mammoth for business. Moreover, intangible assets can be practiced as a mechanism for corporations financing decisions. Therefore, intangible assets not merely enrich value but also cause future cash flow for corporations.

9. Suggestions

i. Accounting Standards require look-see apropos of changing environment of accounting of intangible assets.
ii. Financial reporting should be keyed consummately to market and economic factors. Reporting standards will be defaced if there is vacillation between recognizing acquired intangibles value vs. unessential disclosures concerning internally generated intangibles.
iii. Valuation-cum-accounting methods prescribed by Accounting Standards need overhaul following market capitalization.
iv. Company Secretaries, Cost Accountants and Chartered Accountants should play vital role in accounting, valuations, etc. of intangible assets.
v. Ministry of Corporate Affairs may seek stance on the acceptance and accounting methods of intangible assets.
vi. Entrepreneurs must admit impact of intangible assets on enterprise value.
vii. Investors cognizance must be more on impact of intangible assets for their better investment decisions and should not be deposed on crucial facts producing information nothingness to estimate undisclosed intangible value.
viii. Clients should be convinced of preferred mode of amortization.
ix. More positiveness should be built on carrying intangible asset values during challenging economic slowdown.
x. Impairment reviews should be mandatory.
xi. Intangible assets should be segment of any measure esteeming success of corporate and global innovation ecosystems.
xii. Philosophy of extant acceptance benchmarks is that for any identified asset value, there needs counter figure elsewhere in financials.
xiii. Distinguishing key intangibles of entire business should be emblem of sound corporate governance.
xiv. Strong management teams should realize footings that trigger value of intangibles for corporate.
xv. Management should perceive value of intangibles to accurately manage risks. Independent experts are befitting to assist management in valuations.
xvi. More salutary reporting of all group intangibles will better cerebrate performance of integrated acquisitions to investors instead of absolutely discrete intangibles acquired.

10. Comment

There are multiple hiatuses in accounting of intangible assets in financials. Governance provisioned by Accounting Standards are insufficient; they disavow macro economic conditions, government policies and time factor. These impact corporate value adversely and hence market value of shares also troubled. Corporate may not divulge accurate value. There is big gap in conventional accounting and financial reporting. Metamorphosis in the characteristics of world economy and ineluctable multiplication in sundry intangibles based enterprises need better reporting. In the novel age of accounting to disregard reporting for brands and other intangibles intelligibly epitomizes these issues drifting into difficult box.

11. Future Research

Further research may be glimpsed excogitating comparative study and also critical study of valuation models of intangible assets. Future study may be also be methodized concerning categories of intangible assets with their relevant valuation model. There is overall growth potential in all standards. However, management and measurement are difficult tasks because these assets being insubstantial are difficult to ascertain their appropriate value. Notwithstanding these predicaments, there is sweeping to measure, manage and disclose credible information about intangible assets through cognitive accounting practices and doable strategic foresight especially empirical one may be stewarded in this stretch.

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