

Intangible assets – woolworths limited essay



**ASSIGN
BUSTER**

Intangible Assets:

An intangible plus, despite not holding a physical signifier to it, has great value to a company and is to be disclosed in the financial statements. Some companies merely unwrap the trade name and good will as their lone intangible assets, while others include more such as patents and the company trademarks (Loftus et al. 2012). The Accounting Standard AASB 138 advises concerns on the accounting intervention of these intangible assets, but merely if the particular standards have been met for an plus to be recognized as intangible. An intangible plus must embrace three features:

Identifiable: An plus has to run into one of the following in order to be considered identifiable. It has to be dissociable, so that it is recognizable to be different than good will. This means it is capable of being sold, licensed, rented, transferred or exchanged, ensuing with separation from the concern. Or it has to originate from contractual or other legal rights, whether it is dissociable or non (AASB 2010) .

Non-monetary in nature: The plus has to be non-monetary. This characteristic is required so that receivables are not considered as an intangible plus by concerns merely because the money has been recognized but not received yet (Loftus et al. 2012) .

Lack of physical substance: This is required so that touchable assets of belongings, works and equipment are not being recognized as an intangible plus (Loftus et al. 2012) .

Besides, an intangible asset is recognized as intangible if it meets both of the following in the acknowledgment standards:

(a) It is likely that the expected future economic benefits that are attributable to the intangible asset will flow to the entity ; and (B) The cost of the intangible asset can be measured faithfully (AASB 2010)

Classes of intangible assets:
A category is a group of intangible assets that are of similar nature. Some illustrations of categories include Brand names, Computer software or Licenses and Franchises, merely to call a few. Conformity with Accounting Standards:

There is a set of unwrapping regulations that has been set out for Frank winfield woolworths to use to their coverage of intangible assets. It is stated in AASB 138 that for each category of intangible assets, the undermentioned shall be disclosed by a concern:

If the useful lives of the intangible asset is either indefinite or finite and the amortisation rates if it is finite ;

Frank winfield woolworths have clearly stated in their one-year study a description on whether the useful life of each category is indefinite or finite. 4 out of 5 categories (excepting good will as it was reported individually from the other intangibles) were stated as assets with an indefinite useful life, so no amortisation was charged (Woolworths Limited 2012) .

The method used for amortisation on intangible assets with finite useful lives ;

The research and development category of intangible assets for Woolworths had stated that any disbursement on development activities where their research consequences are applied to a development for a new or improved merchandise is to be capitalized if the program is deemed to be commercially possible, and the concern has sufficient resources to finish it. It is explained that this capitalized outgo is expressed as cost less accrued amortisation and damage losings (Woolworths Limited 2012) . nevertheless no specific amortisation rates were defined.

The gross carrying sum and any accrued amortisation and impairment losings at the beginning and terminal of the period ; The line point (s) of the statement of comprehensive income in which any amortisation of intangible assets is included ; A rapprochement of the transporting sum at the beginning and terminal of the period (AASB 138) ; Woolworths Limited provided a rapprochement of motions in Intangibles (Appendix 1) from 2011 to 2012 in their 2012 fiscal study to stockholders (Woolworths Limited 2012) .

The study was presented with each category of intangible plus separated into their ain headers with their ain sums written under it before the entire sum of intangibles. This made the sums of amortisation and damage more recognizable from where it had arisen. This rapprochement provided a carrying sum at the beginning and terminal of the period as requested by the Standards. Besides included were the add-ons originating from acquisition of concerns, other acquisitions and disposals that were required to be shown in the rapprochement.

2011 (\$ M)2012 (\$ M)Transporting sum at terminal of period\$ 5236. 6\$
5282. 0(Woolworths Limited 2012)

Frank winfield woolworths had applied the relevant Accounting Standards. AASB 138. towards the intervention of their intangible assets and revelation of them really good. Their intangible assets presented in the studies were dissociable. non pecuniary in nature and didn't have physical substance. Frank winfield woolworths could hold explained the amortisation rates used for their intangible assets. but that was the merely limited information provided by Woolworths limited. The revelation regulations were applied into their fiscal studies. demoing that Woolworths Limited's intervention on their intangible assets conformed to the relevant accounting criterions.

Recommendations:

The guidelines in the AASB 138 seem to already do companies size up their intangible assets intensely and uncover every spot of it in their fiscal studies. An betterment could be to province in the guidelines which type of study and where in the study that this information should be disclosed so users can hold entree to all the information in one spell without holding to seek through many files to happen certain information about a company's intangible assets.

AASB 2010. AASB 138 - Intangible Assets. Available on: hypertext transfer protocol: //www. aasb. gov. au/admin/file/content102/c3/AASB138_07-04_ERDRjun10_07-09. pdf [25 September 2013]

Loftus. J. Leo. K. Picker. R. Wise. V. Clark. K 2012. Understanding Australian Accounting Standards. Wiley. QLD

Frank winfield woolworths Limited 2012. 2012 Financial Report for Shareholders
hypertext transfer protocol: //www. woolworthslimited. com. au/annualreport/2012/pdf/WW_AR12_FinReport. pdf

Appendixs

Appendix 1: