Accountable Now

GLOBAL STANDARDS LOCAL TRUST

Intangible Assets Policy

1. **Introduction**

The purpose of this policy and procedure is to guide capitalisation and amortisation of intangible assets transactions of Accountable Now. This policy and procedure apply to relevant transactions of Accountable Now.

2. **Policy Statement**

An intangible asset can be defined as an identifiable non-monetary asset without physical substance.

An intangible asset is identifiable when it:

- is separable (i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged wither individually or together with a relate contract, asset or liability), or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations

Examples of **intangible assets** include goodwill, brand recognition, copyrights, patents, trademarks, trade names, and customer lists. One can divide **intangible assets** into two categories: intellectual property and goodwill.

3. **Recognition criteria**

An intangible asset is only recognised if:

- it is probable that the future economic benefits associated with the item will flow to the entity, with the probability of future economic benefits representing management's best estimates of the economic conditions that will exist over the useful life of the asset using reasonable and supportable assumptions, and
- the cost of the asset can be measured reliably.

4. **Amortisation**

<u>Useful life</u>

Accountable Now will assess whether the useful life of an intangible asset is finite or indefinite. An intangible asset has an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

An intangible asset with a finite useful life will be amortised over its useful life. The amortisation method should reflect the pattern in which the asset's future economic benefits are expected to be consumed. If that pattern cannot be determined reliably, the straight-line method is to be used.

Amortisation will be charged in relation to the asset from the first day it is put into use and to cease at the earlier of the date that the asset is classified.

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The residual value of an intangible asset with a finite useful life will be zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life to the organisation, or
- there is an active market for the asset, residual value can be determined by reference to that market and it is probable that such a market will exist at the end of the asset's useful life.

Intangible assets with indefinite useful lives

Intangible assets with an indefinite useful life will not be amortised.

Accountable Now is required to test an intangible asset with an indefinite useful life for impairment annually, and whenever there is an indication that the intangible asset may be impaired.

At each period, Accountable Now will assess whether events and circumstances continue to support an indefinite useful life assessment for that asset.

5. **Websites**

A website that is developed by Accountable Now for its own use or of any of the projects is an internally generated intangible asset, and therefore subject to the same recognition and measurement requirements.

All expenditure on developing a website solely or primarily for promoting Accountable Now´s work is required to be recognised as an expense when incurred, these typically all cost except cost involved to develop or acquire software, database software, code, graphics as well as hardware.

Should the expenditure generate probable future economic benefits (e.g. a website is capable of generating revenues including direct revenues), it is unlikely that the component relating to revenue generation is separable, hence the full cost will need to be expensed.

Expenditure on websites in existence (which were previously expensed in prior financial statements) cannot later be recognised as part of the cost of an intangible asset at a later date.

6. **Logos**

Logo's can be capitalized under a Trademarks account under Intangible Assets – if the amount paid for it indicates it has value as per clause 2 above.

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