

PBE IPSAS 31 Intangible Assets – Differences to NZ IFRS (PBE)

	NZ IAS 38 (PBE)	PBE IPSAS 31	Difference
1	<p>NZ IAS 38 (PBE) requires that all intangible assets shall be initially measured at cost. However NZ IAS 38 does not specify any requirements for intangibles acquired through non-exchange transactions (e.g. acquired through a donation or purchased at a subsidy).</p> <p>NZ IAS 38.24</p>	<p>If an intangible asset is acquired through a non-exchange transaction such as a donation, the PBE standard requires that the asset's initial cost is measured as the fair value of the asset at the date of acquisition.</p> <p>PBE IPSAS 31.31</p>	<p>PBE IPSAS 31 specifies that intangibles acquired through non-exchange transactions must be initially recognised at fair value.</p> <p>This is expected to have some impact because the Crowns accounting policy states:</p> <p><i>“Where an intangible asset is acquired for nil or nominal consideration it is initially carried at cost, which by definition is nil/nominal”</i> (Refer Treasury Instructions 3.5.12).</p>
2	<p>NZ IAS 38 (PBE) is silent on accounting for intangible heritage assets.</p>	<p>PBE IPSAS 31 specifically considers intangible heritage assets.</p> <p>Examples of intangible heritage assets include recordings of significant historical events and rights to use the likeness of a significant public person on, for example, postage stamps or collectable coins.</p> <p>Some intangible heritage assets have future economic benefits or service potential other than their heritage value, for example, royalties paid to the entity for use of an historical recording. In these cases, an intangible heritage asset may be recognised and measured on the same basis as other items of cash-generating intangible assets. For other intangible heritage assets, future economic benefits or service potential is limited to their heritage characteristics.</p> <p>Consequently the existence of both future economic benefits and service potential can affect the choice of measurement base.</p> <p>PBE IPSAS 31.12-14</p>	<p>Any impact on transition will depend on an entity's previous accounting policy for recognising intangible heritage assets.</p>