# 9 Lecture - MGT401

## Important Subjective

1. **What is an intangible asset, and how is it different from a tangible asset?**
   Answer: An intangible asset is an asset that lacks physical substance, such as patents or trademarks, while a tangible asset has physical substance, such as machinery or buildings.

2. **Under IAS 38, what are the criteria for recognizing an intangible asset?**
   Answer: The criteria for recognizing an intangible asset include that it is probable that future economic benefits will flow to the company and the cost of the asset can be reliably measured.

3. **How should internally generated intangible assets be accounted for under IAS 38?**
   Answer: Internally generated intangible assets should only be recognized if certain criteria are met, including that the cost can be reliably measured and the future economic benefits are probable.

4. **How is goodwill accounted for under IAS 38?**
   Answer: Goodwill is recognized as an intangible asset and amortized over its useful life, which is generally no longer than 10 years.

5. **What is an investment in associates, and how is it accounted for under IAS 28?**
   Answer: An investment in associates is an equity investment in a company in which the investor has significant influence but not control. It is accounted for using the equity method.

6. **How is the investor's share of the associate's profits or losses accounted for under the equity method?**
   Answer: The investor's share of the associate's profits or losses is recorded as a single line item on the investor's income statement.

7. **Can goodwill arise from an investment in an associate?**
   Answer: Yes, goodwill can arise from an investment in an associate if the investor pays more than the share of the associate's net assets it acquires.

8. **What is impairment, and how is it determined for intangible assets and investments in associates?**
   Answer: Impairment is the reduction in the value of an asset due to a decline in its future economic benefits. It is determined by comparing the asset's carrying value to its recoverable amount.

9. **What is the difference between the cost model and the revaluation model for intangible assets?**
   Answer: The cost model records intangible assets at cost less any accumulated amortization or impairment losses, while the revaluation model records intangible assets at fair value less any accumulated amortization or impairment losses.

10. **How should an intangible asset with an indefinite useful life be accounted for under IAS 38?**
    Answer: An intangible asset with an indefinite useful life should not be amortized but should be

tested for impairment annually.