**Abstract**

The discussion examines whether adjustments to intangible asset recognition in accounting standards are needed. Proponents argue that expensing internally generated intangibles under IAS 38 creates a gap between book and market values, reducing financial statement relevance and comparability. They claim recognition enhances transparency, resource allocation, and reflects true economic value (Zeghal & Maaloul, 2011; Deloitte IAS Plus, 2024). Opponents highlight risks of subjective valuation, high compliance costs, and manipulation, advocating enhanced disclosure as a simpler alternative (Ho et al., 2023). This paper summarizes key seminar arguments, questions posed, and insights gained.

**Summary**

**Key Arguments Presented by My Group:** Our team contended that IAS 38 does not accurately represent the worth of internally created intangible assets, like research and development and brand names, leading to a notable disparity between the book and market values, especially for companies with a high amount of intangible assets (Zeghal & Maaloul, 2011). The identification of these assets would boost the importance of financial statements, offer dependable data to investors, and enhance performance indicators through the alignment of costs and revenues. It would also guarantee more equitable assessments of companies that grow naturally versus those obtaining intangible assets through M&A, in line with the knowledge-based economy where intangibles are crucial for value creation (Deloitte IAS Plus, 2024).

**Key Arguments Presented by the Opposing Group:** The opposing group highlighted the challenges of reliably measuring internally generated intangibles, noting that subjective valuations could increase the risk of financial statement manipulation, especially by firms in distress (Ho et al., 2023). They also emphasized that valuation and auditing costs could outweigh the benefits, particularly for smaller firms. Instead, they proposed enhanced transparency through disclosures as a more practical and cost-effective alternative to recognition, providing investors with necessary information without introducing unnecessary complexities (Ho et al., 2023).

**Question Posed to the Opposing Group:** Our group asked: "How would enhance disclosure alone address the undervaluation of intangible-heavy firms without causing greater information asymmetry?"

**Answer from the Other Side:** The opposing side argued that disclosure could involve both qualitative and quantitative stories that explain intangible investments without requiring full acknowledgment. They proposed that by making such revelations, investors could evaluate the company's intangible worth without having to depend on possibly inaccurate figures in the balance sheet. Nevertheless, they acknowledged that the lack of official acknowledgment could still restrict the ability to compare companies with a high level of intangible assets.

**Conclusion**

The discussion highlighted the difficulties in identifying intangible assets that are created within an organization. Supporters highlighted the advantages of narrowing the discrepancy between book and market values through acknowledgment, while detractors underlined the difficulties in terms of reliability and cost linked to subjective valuation. Both parties agreed that transparency was necessary, but they differed in their approaches, with one side supporting acknowledgment and the other preferring enhanced disclosure. The conversation addresses larger problems in harmonizing accounting regulations with a knowledge-based economy, indicating that a balanced strategy incorporating both transparency and limited acknowledgment may be the best path.

**Reference**

Zeghal, D., & Maaloul, A. (2011). The accounting treatment of intangibles – A critical review of the literature. *Accounting Forum*, 35(3), 262–274.

Deloitte IAS Plus (2024). IFRS Interpretations Committee meeting notes - Intangible Assets. Published June 11, 2024. Available from: <https://www.iasplus.com/en/meeting-notes/ifrs-ic/2024/june/intangible-assets>. Accessed on:24/11/2024

Ho, S., Sidhu, B. K., & Yang, F. (2023). The response of Australian firms to AASB 138 disallowing the recognition of internally generated identifiable intangibles. *Accounting & Finance*, 63(3), 3609–3641.