



10 Shelley Street  
Sydney NSW 2000

P O Box H67  
Australia Square 1213  
Australia

ABN: 51 194 660 183  
Telephone: +61 2 9335 7000  
Facsimile: +61 2 9335 7001  
DX: 1056 Sydney  
www.kpmg.com.au

Mr Ian Mackintosh  
Chairman  
National Standard Setters Group  
5th floor, Aldwych House  
71-91 Aldwych  
London WC2B 4HN  
United Kingdom

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14 May 2009

Dear Mr Mackintosh

### **Discussion Paper Initial Accounting for Internally Generated Intangible Assets**

We are pleased to have the opportunity to comment on the Discussion Paper *Internally Generated Intangible Assets*.

KPMG believes that the research undertaken as part of preparing the Discussion Paper will be a valuable resource for the IASB and the FASB should an active project on intangible assets be added to their agendas in the future.

We note that the current research project, also being undertaken by representatives of the National Standard Setters, on Extractive Activities could have implications for the accounting for intangible assets in the form of mineral rights. Any decisions relating to accounting for mineral rights which are included in the IASB's Discussion Paper on this topic could impact future considerations of overall accounting for intangibles assets.

Also given that the IASB and the FASB are currently undertaking an active project on the Conceptual Framework underlying the body of authoritative accounting literature we believe that it is appropriate that the boards delay further consideration of accounting for intangible assets until decisions on the conceptual framework have been determined. For example:

- Phase B of the current Conceptual Framework project will include the definition of an asset. In order for a determination to be made on the accounting for the recognition of internally generated intangible assets the definition of an asset itself will need to be clearly articulated and understood as part of the accounting conceptual framework. Once this definition is finalised the debate as to whether or not internally generated intangible assets should be recognised can be determined by considering whether or not the entity's efforts have met the defined concept of an asset.

- Phase C of the current Conceptual Framework project will deal with measurement bases to be used in financial statements as a whole. Until such time as this underlying conceptual issue has been determined any decisions on the initial measurement of intangible assets could not be made without the risk that they would need to be revised if not consistent with measurement bases permitted by the Conceptual Framework project.

We would be pleased to discuss our comments with members of the AASB, the National Standard Setters Group or their staff. If you wish to do so, please contact me on +61 2 9335 7108 or Tracey Driver on +61 2 9335 7710.

Yours sincerely



Chris Hall  
Partner