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Australian Accounting Standards Board

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Auditing and Assurance Standards Board

AASB-AUASB RESEARCH REPORT

Australian Listed Entities: Recognised intangible assets and key audit matters

May 2023

Authors of this research report

Professor Matthew Pinnuck, The University of Melbourne
Dr Mark Wallis, The University of Queensland
Dr Ao Li, AASB
Dr Eric Lee, AASB
Anne Waters, AUASB
Rebecca Mattocks, AUASB

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Enquiries

Australian Accounting Standards Board
PO Box 204
Collins Street West,
Victoria, 8007
Australia

Tel: +61 3 9617 7600
Email: standard@aasb.gov.au
Website: www.aasb.gov.au

Auditing and Assurance Standards Board
PO Box 204
Collins Street West,
Victoria, 8007
Australia

Tel: +61 3 8080 7400
Email: enquiries@auasb.gov.au
Website: www.auasb.gov.au

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Preface

Echoing the International Accounting Standards Board (IASB) agenda consultation,[1] stakeholders commented that AASB 138 / IAS 38 *Intangible Assets* (AASB 138) is due for a comprehensive review. In particular, stakeholders highlighted that the standard has not adequately considered the effects of emerging technologies and evolving business models, which have resulted in the existence of many types of intangible resources or items that are pivotal for business growth in recent years.[2]

Stakeholders suggested that the Australian Accounting Standards Board (AASB) conduct outreach and research on intangible assets to assess the need for potential improvements to the Standard. This would involve providing rigorous evidence and recommendations to the IASB and other national standard-setters.[3]

In response to stakeholder feedback, the Board added intangible assets to the research work program in the June 2022 (M188) meeting.[4]

Acknowledging that a comprehensive review of AASB 138 would be large and complex, the AASB decided to implement the intangibles research project in stages with a 24-month projection:[5]

(a) stage 1 will focus on disclosures by extending the work in AASB Staff Paper *Intangible Assets: Reducing the Financial Statements Information Gap through Improved Disclosure* released in March 2022; and

(b) pending stakeholder feedback from Stage 1, later stages will explore issues and challenges in applying AASB 138 and reporting intangible assets, which will result in various research topics and projects that are most relevant to stakeholders' concerns.

This report aims to gain a comprehensive understanding of the significance of recognised intangible assets on the balance sheets of Australian-listed entities. This includes examining the various descriptions and categorisations of intangible assets used in financial reporting, which would provide insights into the different types and nature of intangible assets that are recognised by these entities. In addition, the frequency of key audit matters (KAMs) related to intangible assets in auditor's reports is also investigated to provide insights into the areas that auditors are focusing on, possibly due to the complexity of the accounting requirements.

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1 At its April 2022 meeting, the IASB decided to add a project on intangible assets to its research project pipeline to review the accounting requirements comprehensively. See IASB Third Agenda Consultation Feedback Statement for details.

2 ITC 46 *AASB Agenda Consultation 2022–2026.*

3 See May 2022 (M187) Agenda Paper 3.2, *Summary of feedback received*.

4 See Minutes of the 188th meeting of the AASB and Feedback Statement AASB Agenda Consultation 2022-2026.

5 This approach adheres to the IASB's tentative considerations. See paragraph 41 of the IASB April 2022 meeting Agenda Paper 24A *Projects to add to the work program*.

Contents

1. Introduction

This Report explores the frequency, magnitude and nature of intangible assets recognised by Australian Securities Exchange (ASX) listed entities on their balance sheets. This Report also identifies the frequency of key audit matters (KAMs) related to intangible assets in auditor's reports to provide insights into the areas that auditors are focusing on, possibly due to the complexity of the accounting requirements.

Specifically, through a review of the financial statements from 2010 to 2021, this Report finds that:

- with the exception of micro-mining entities, the majority of Australian entities recognised some intangible assets on their balance sheets;
- the level of investment in intangibles for the majority of entities, as a percentage of total assets, is relatively low. However, there are some entities that recognised a significant level of intangibles as a percentage of total assets;
- there is a wide variety of category descriptions used to present intangible assets, possibly impeding both comparability and a precise understanding of the nature of the intangible asset; and
- intangibles are the most frequent KAM subject matter, suggesting a substantial fraction of auditors' resources are required to assure such information, despite the relatively low level of recognised intangibles.

The remainder of this Report is structured as follows:

- Section 2: Methodology
- Section 3: Recognition of intangible assets (excluding goodwill)
- Section 4: Recognition of goodwill
- Section 5: Categorisation and description of the nature of intangible assets
- Section 6: Potential insights into the complexity of accounting for intangibles and goodwill as reflected in key audit matters
- Section 7: Conclusion

2. Methodology

Research findings are based on the recognised intangible assets on balance sheets in accordance with AASB 138. The research focuses on publicly traded Australian entities listed on the ASX, ranging from 2010 to 2021.

The data were obtained from the Standard and Poor's Compustat database ('Compustat'), which is a comprehensive market and corporate financial database, covering thousands of entities worldwide. Firms in the financial sector (Global Industry Classification Standard (GICS) Sector 40) and real estate investment trusts (REITs, GICS Sector 60) are excluded from the sample because of the uniqueness of both the business models and the accounting in these sectors. In total, the final sample comprises 2,428 Australian listed firms and 19,086 firm-year observations across the 2010 to 2021 period.

The research also provides some analysis by comparing the trends of intangible asset recognition on the balance sheet in Australia with other jurisdictions (the "Rest of the World"). The "Rest of the World" (RoW) is defined as those jurisdictions with more than 100 listed stocks, which include the following jurisdictions: Bangladesh, Brazil, Chile, China, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, Indonesia, India, Israel, Italy, Japan, Korea, Malaysia, Netherlands, Norway, New Zealand, Pakistan, Philippines, Poland, Saudi Arabia, Singapore, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Turkey, the United Kingdom and Vietnam.

These jurisdictions adopt IFRS Accounting Standards and apply IAS 38.[6] The final RoW sample comprises 32,525 firms and 310,404 firm-year observations.

3. Recognition of intangible assets (excluding goodwill)

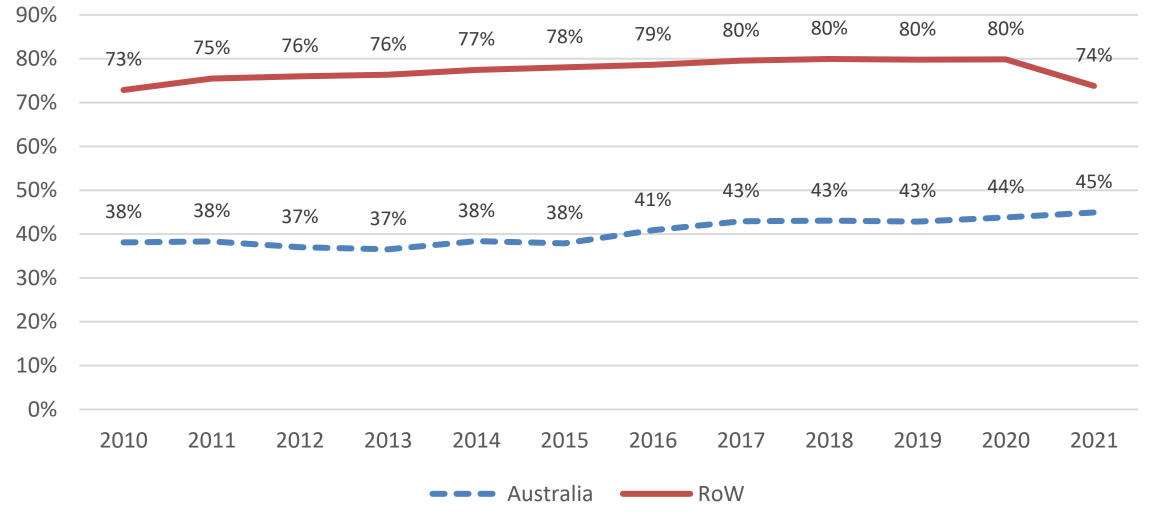
The sample firms used in this research yielded illuminating insights into the trends and magnitude of recognised intangible assets (excluding goodwill) found on Australian listed and RoW entities' balance sheets. This section focuses on the analysis of intangible assets (excluding goodwill). Section 4 provides the analysis on the recognition of goodwill.

3.1 Percentage of Australian listed entities

This section provides findings of the percentages of Australian listed entities and RoW entities that recognised some form of intangible assets. Figure 1 demonstrates that the percentage of Australian listed entities that recognised intangible assets (excluding goodwill) on the balance sheet has increased in the last decade from 38% in 2010 to 45% in 2021.

Figure 1 shows that in 2021, 45% of Australian entities and 74% of RoW entities recognised some form of intangible asset (excluding goodwill) on the balance sheet. Based on this analysis, there is a lower percentage of such recognition on the balance sheets of entities listed in Australia compared to the RoW. This is primarily due to minimal recognition of intangibles by small and micro mining entities in Australia.[7]

Figure 1: Percentage of Australian listed entities recognising intangible assets (excluding goodwill)



6 IAS 38 may have been modified in some jurisdictions. For example, only the cost model is permitted for intangible assets in China, and the revaluation model is not allowed for intangible assets in Brazil. However, the aggregate data may still provide some level of insight.

7 Only 14% of mining entities recognise intangibles (excluding goodwill, exploration, and evaluation).

3.2 Size

Entities were sorted into size categories using breakpoints based on a rank order of total assets as of December each year.[8] The largest quartile represents the large entities. The second largest quartile represents medium-sized entities, and the third largest represents small entities. The smallest size quartile represents the micro entities.

Figure 2 below summarises the percentage of Australian listed entities in 2021 that recognised at least some types of intangible assets, classified by size.

Figure 2: Percentage of Australian listed entities in 2021 recognising intangible assets (excluding goodwill) by company size

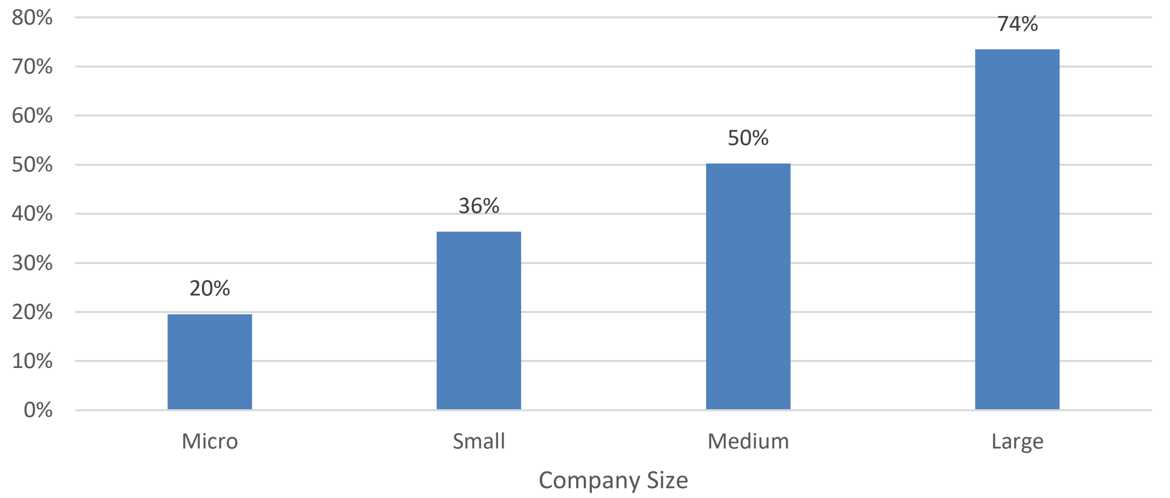
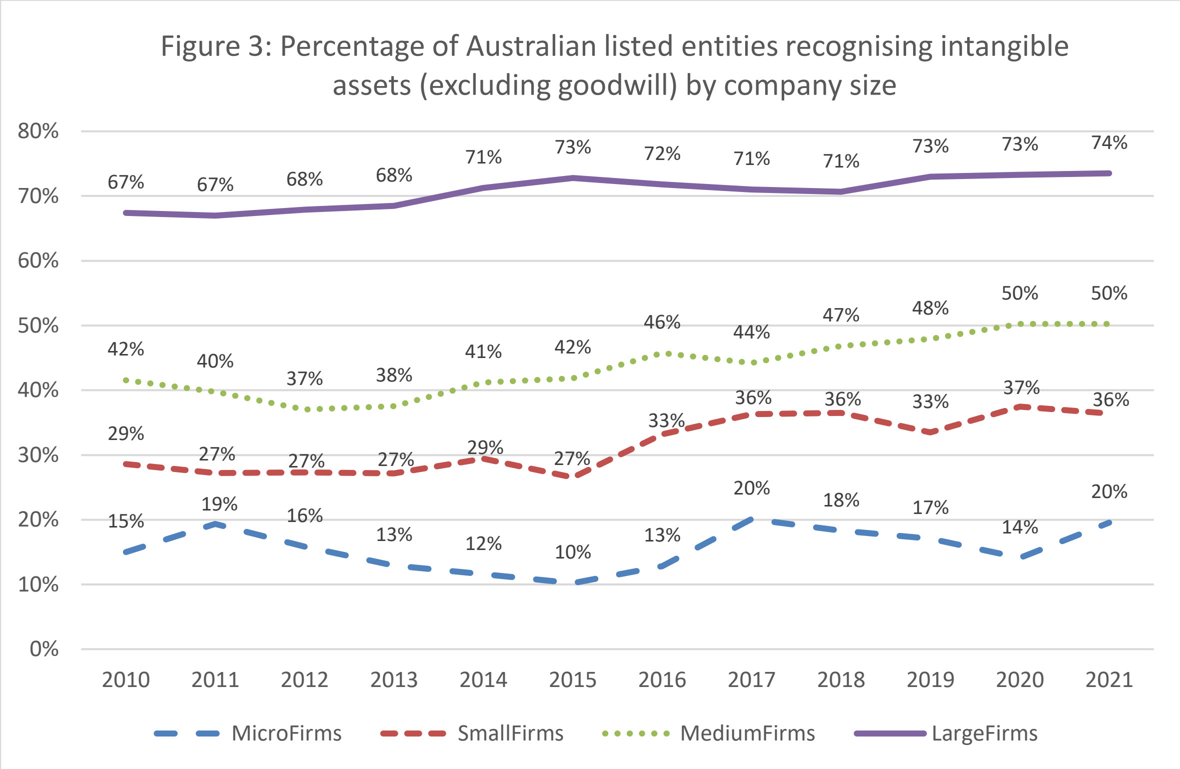


Figure 2 shows that the percentage of Australian entities that recognise intangible assets varies significantly as a function of size, ranging from 20% for micro entities to 74% for large entities. In other words, 74% of large entities recognised some form of intangible asset (excluding goodwill) on their balance sheets (see Appendix A1).

By looking at the trends of recognising intangible assets (excluding goodwill) by company size in the last decade, Figure 3 shows that the percentages for all sizes of entities have increased in recognising intangible assets (excluding goodwill) on the balance sheet.

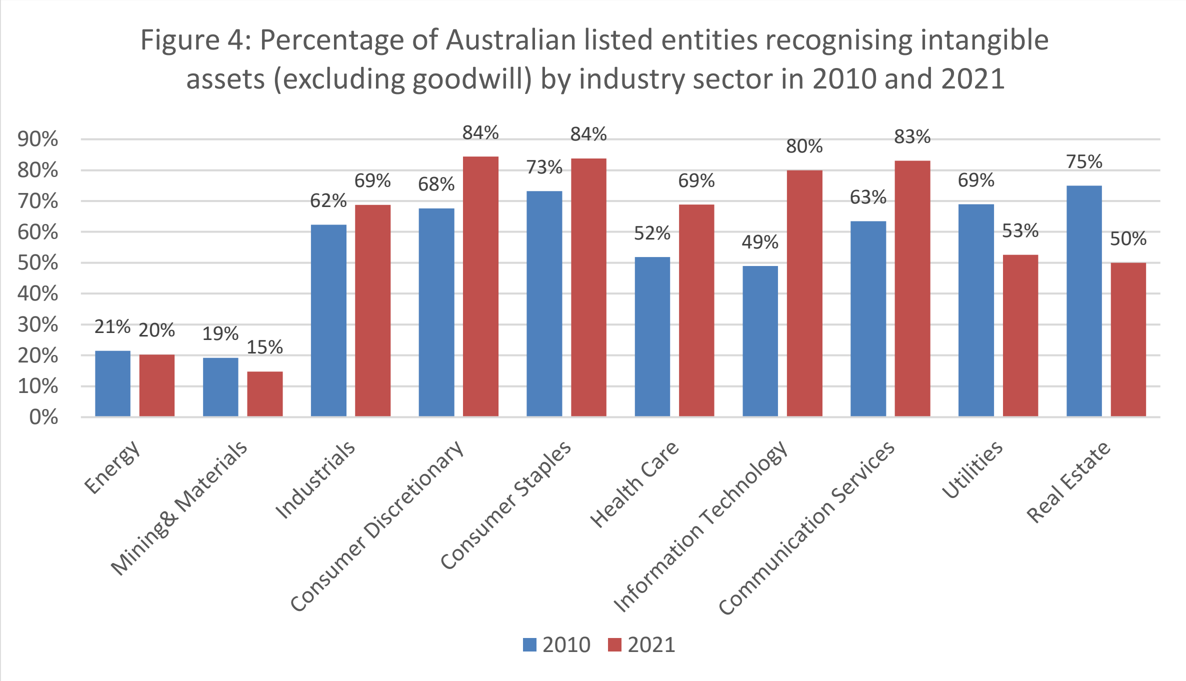
8 The sampled listed entities were divided into four-size portfolios from smallest to largest based on the rank order of reported total assets. The total asset breakpoints between size portfolios from smallest to largest portfolio are AUD 13.28m, AUD 37.51m and AUD 190.66m. Therefore, as an example, the smallest (largest) portfolio is all those entities with total assets less (greater) than AUD 13.28m (AUD 190.66m).



3.3 Industry

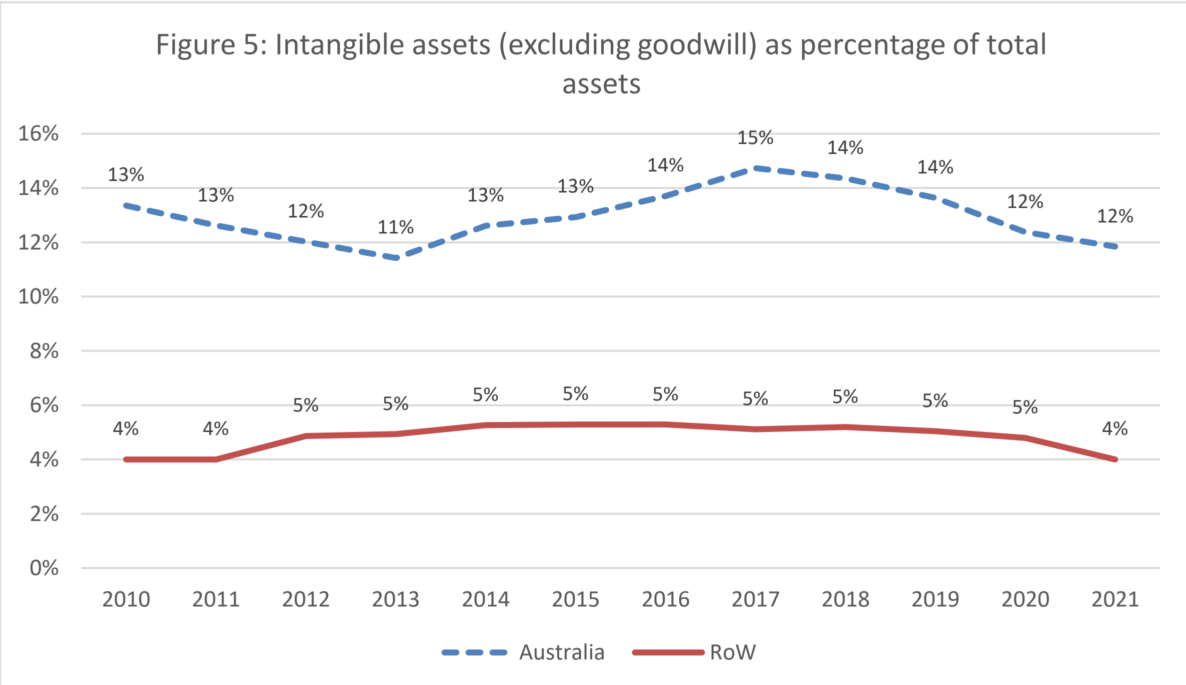
Figure 4 summarises the percentage of Australian entities in 2010 and 2021 that recognise intangible assets classified by industry. There appears to be significant variation across industry sectors in the percentage of firms recognising intangible assets (excluding goodwill).

Figure 4 shows that the Energy and Mining & Materials sectors have a low percentage of entities that recognise some form of intangible assets (<25% in 2010 and 2021). Recognition of intangible assets (excluding goodwill) has declined for some sectors, such as Utilities and Real Estate. However, some entities have had significant increases in intangible asset recognition, such as the Consumer Discretionary, Health Care, Information Technology and Communication Services sectors.



3.4 The magnitude of intangible assets recognised

Figure 5 shows the level of intangible assets recognised (excluding goodwill) as a percentage of total assets. Interestingly, Figure 5 shows that, although there is a lower percentage of Australian listed entities recognising intangible assets (excluding goodwill) in comparison to RoW (see Figure 2), the percentage of intangible assets recognised (excluding goodwill) of total assets is significantly higher than RoW. This is consistent with a recent report by KPMG/HSBC which documented that Australia is the country with the third highest number of technology start-ups in the Asia-Pacific Region.[9]



9 KPMG and HSBC (2022), *Emerging Giants in Asia Pacific*.

Figure 6 reports the amount of intangible assets recognised as a percentage of total assets by industry sector. Communication Services, Utilities and Real Estate are the sectors with the highest percentage.

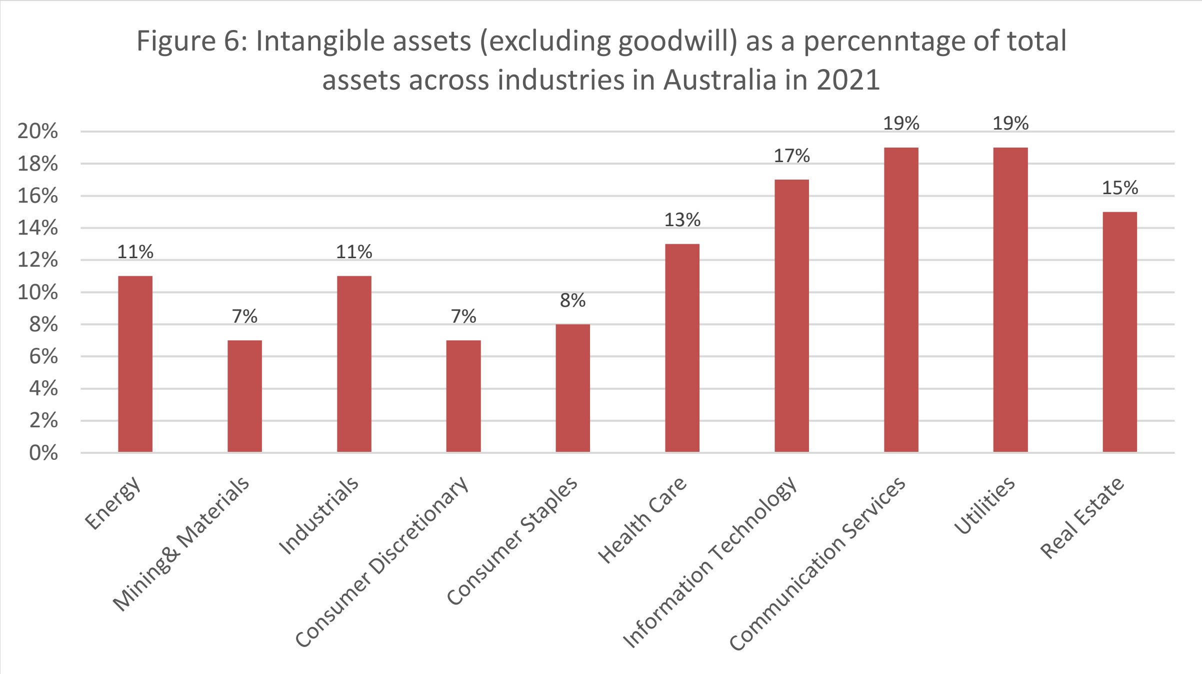


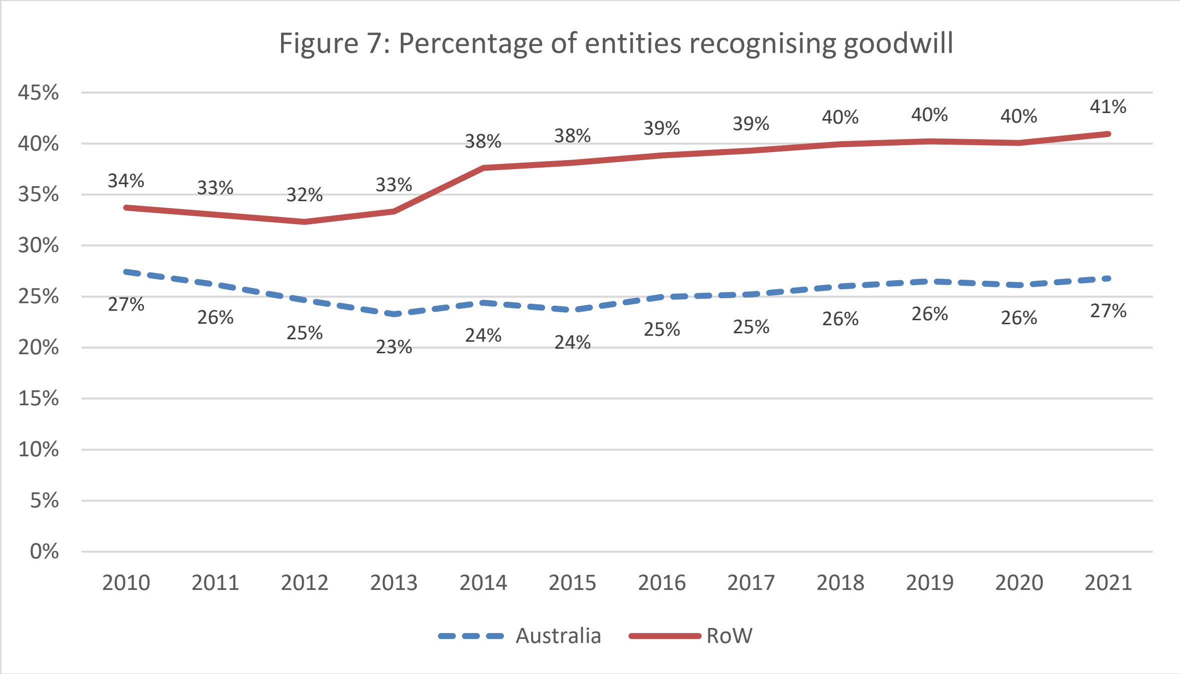
Table A4 in the Appendix reports the 20 Australian entities with the largest intangible value recognised in their financial statements.

4. Recognition of goodwill

This section provides some summary observations regarding the frequency and magnitude of the recognition of goodwill on the balance sheet.

4.1 Percentage of Australian listed entities

Figure 7 demonstrates that the percentage of Australian listed entities recognising goodwill on the balance sheet has been relatively stable between 2010 and 2021 at around 27%, with a slight drop to 23% in 2013. Compared to RoW entities, in 2021, 27% of Australian entities and 41% of RoW entities recognised goodwill on the balance sheet.



4.2 Size

Figure 8 shows that the percentage of Australian entities that recognise goodwill varies significantly as a function of company size ranging from 3% for micro entities to 65% for large entities. 65% of large entities recognised some form of goodwill on their balance sheets.

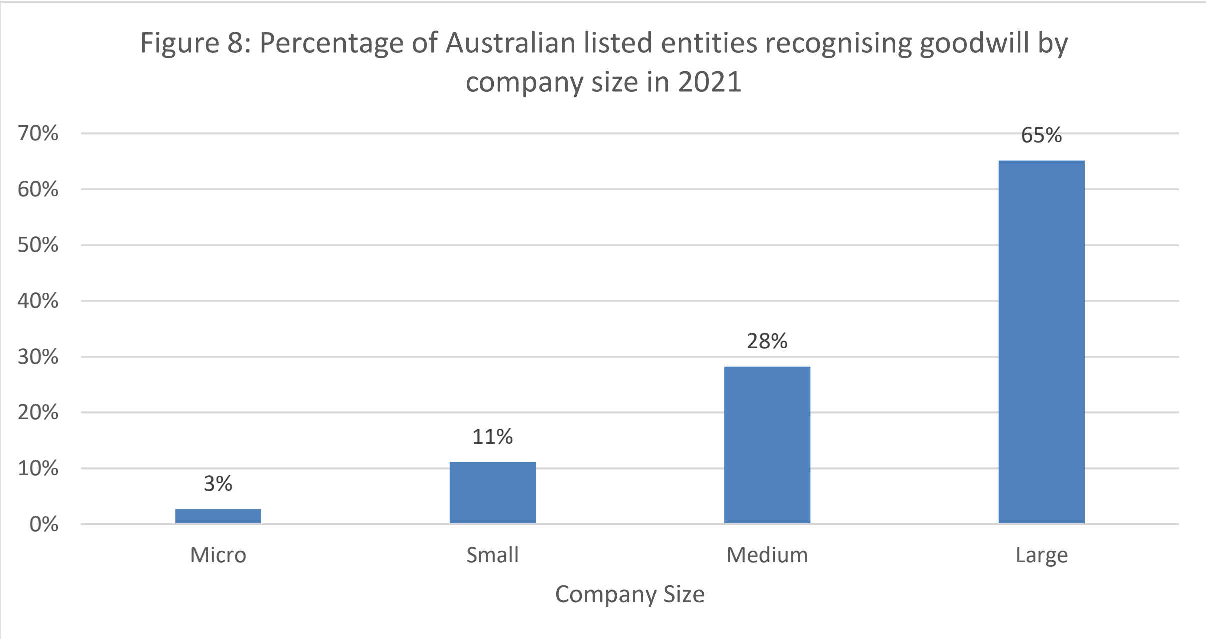


Figure 9 shows the trends of recognising goodwill by company size in the last decade.

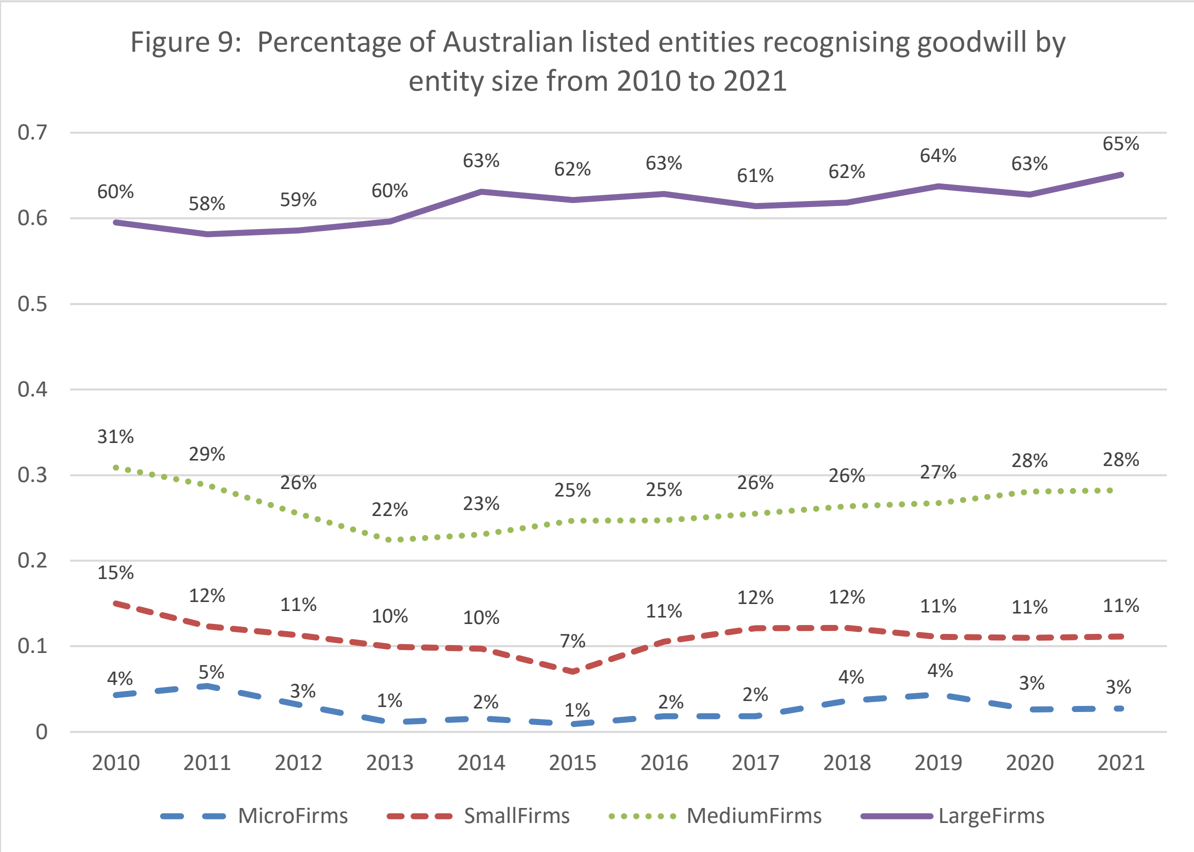


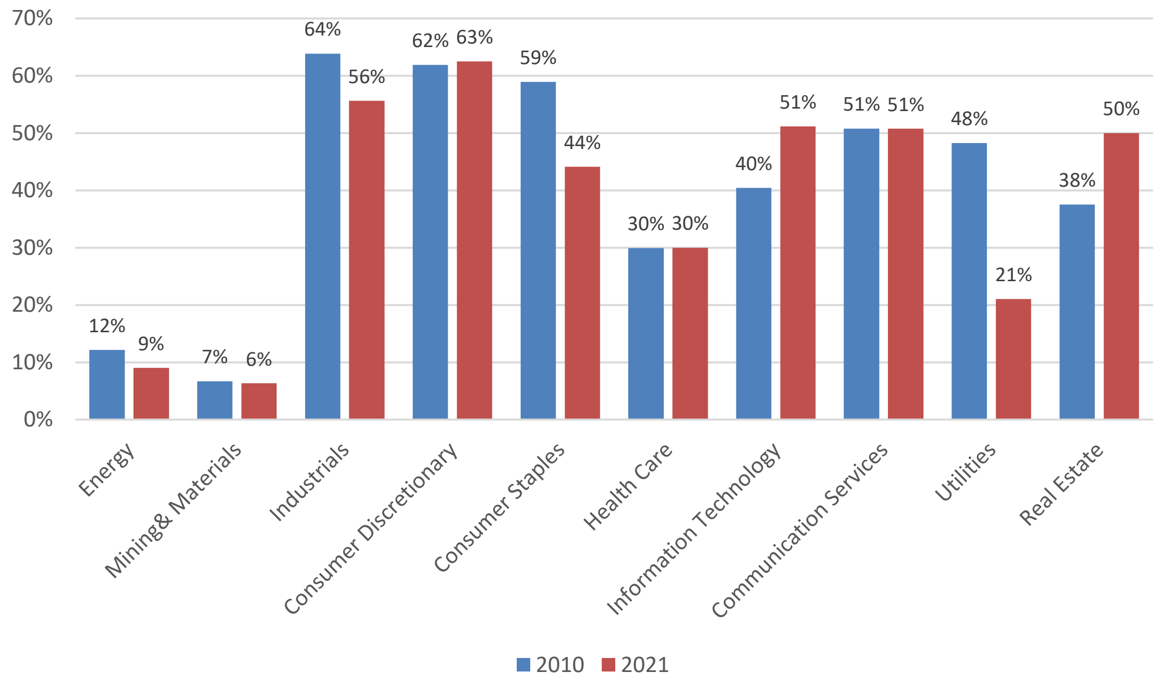
Figure 9 shows that the trend for all sizes of entities in recognising goodwill on the balance sheet is relatively stable in comparison to the recognition of other intangible assets, as illustrated in Figure 3:

- **Micro**: The percentage of micro entities recognising goodwill in their balance sheet remained relatively low and stable from 2010 to 2021, fluctuating between 1% to 4%. A possible explanation could be that micro-entities may not engage in significant business combinations that result in the recognition of goodwill.
- **Small**: The percentage of small entities recognising goodwill in their balance sheet ranges from 7% to 15% between 2010 and 2016. From 2016 to 2021, the percentage of small entities recognising goodwill increased and remained stable between 11% to 12%.
- **Medium**: The percentage of medium entities recognising goodwill in their balance sheet increased steadily from 22% in 2015 to 28% in 2021, suggesting that medium entities engage in a moderate number of business combinations that result in recognition of goodwill.
- **Large**: The percentage of large entities recognising goodwill in their financial statements was consistently high over the period 2010–2021, ranging from 58% to 65%, which indicates that the recognition of goodwill is more common among larger entities, which may reflect their greater capacity to engage in mergers and acquisitions.

4.3 Industry

Figure 10 summarises the percentage of Australian listed entities in 2010 and 2021 that recognised goodwill, classified by industry.

Figure 10: Percentage of Australian listed entities recognising goodwill by industry sector in 2010 and 2021

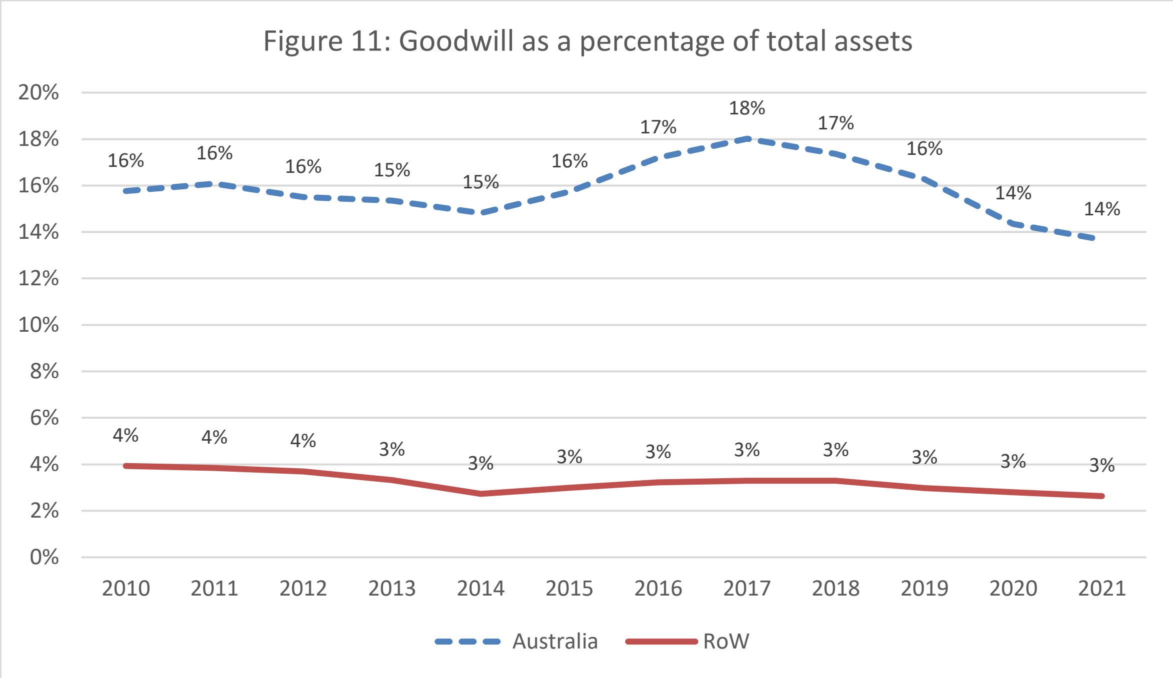


Overall, there was a slight increase in the percentage of entities recognising goodwill from 2010 to 2021, with a high degree of variation in goodwill recognition across different industries:

- the Industrials and Consumer Discretionary sectors had the highest percentage of entities recognising goodwill in 2010 and 2021. The Industrials sector experienced a significant increase in recognition from 56% in 2020 to 64% in 2021;
- the Consumer Staples and Health Care sectors had a moderate percentage of entities recognising goodwill in both years compared with all the other sectors. The Consumer Staples sector significantly increased from 44% in 2010 to 59% in 2021;
- similar to the recognition of other intangible assets, the Energy and Mining & Materials sectors had the lowest percentage of entities recognising goodwill in both years. While the Energy sector experienced a slight increase from 9% in 2010 to 12% in 2021, the Mining & Materials sector remained relatively stable, with a slight increase from 6% in 2010 to 7% in 2021; and
- the Information Technology, Communication Services, Utilities, and Real Estate sectors had relatively moderate percentages of entities recognising goodwill, with percentages ranging from 21% to 51%.

4.4 The magnitude of goodwill recognised

Figure 11 graphs the level of goodwill recognised as a percentage of total assets.



Similar to the recognition of other intangible assets, although there is a lower percentage of Australian listed entities recognising goodwill compared to RoW, the percentage of recognised goodwill of total assets is significantly higher than RoW.

5. Categorisation and description of the nature of intangible assets

This section provides some insights into categorisation and description of the classes of recognised intangible assets in the intangible asset note to the financial statements. We reviewed the intangibles asset note for a sample of 150 Australian entities in the 2021 financial year. The results are reported in Table 1.

Table 1
Categorisation and description of intangible assets

Category	**Count**	**Percentage**
Customer Contracts & Relationships	64	15.02%
Software	54	12.68%
Brand Name	48	11.27%
Development Costs	40	9.39%
Other	37	8.69%
Intellectual Property	33	7.75%
Licences	31	7.28%
Patents	23	5.40%
Software Development	22	5.16%
Technology	21	4.93%
Contract Costs	7	1.64%
Website development	5	1.17%
Domain Name	4	0.94%
Exploration & Other	4	0.94%
Distributor Relationship	3	0.70%
Leasehold	3	0.70%
Rights	3	0.70%
Broadcasting Rights	2	0.47%
Commercial Agreements	2	0.47%
Data files	2	0.47%
Formula	2	0.47%
Franchise	2	0.47%
Service Agreements	2	0.47%
Supplier Relationships	2	0.47%
Capitalised Other	1	0.23%
Concession assets	1	0.23%
Content Repository	1	0.23%
Current marketed products	1	0.23%
Distribution Systems	1	0.23%
Formation	1	0.23%
Information systems	1	0.23%
Mobile	1	0.23%
Proprietary Information	1	0.23%
Work-in-progress	1	0.23%
Total	426	100%

The findings show that:

- There is a wide variety of descriptions of the classes being used to categorise and present intangible assets, possibly impeding both comparability and a precise understanding of the nature of the intangible asset. Specifically, from a sample of only 150 entities, there were at least 50 different types of descriptions for categories of intangible assets. While some of these descriptions vary at a superficial level, it remains difficult to compare. The variation is likely due to AASB 138 providing little guidance on categorising into classes and disclosing the nature of intangible assets.
- A list of the reported broad categories of intangible assets used in financial reports is in Table 1. A number of these broad categories include sub-categories of variation in descriptions.
- The most frequent intangibles asset categories are Customer Contracts & Relationships (15%); Software (13%), Brand Name (11%), Development Costs (9%); Intellectual Property (8%), Licences (7%) and Patents (5%).
- As an example of the variation in the description of categories of intangible assets:
    - the class 'Customer Contracts & Relationships 'could be described in financial statements as 'Customer Lists', 'Customer Contracts' or 'Customer Relationships';
    - some intangible assets are described by product name, such as 'HER-Vaxx' or 'CF-33' with no categorisation provided;
    - a number of intangible assets are described as 'Other'; and
    - a number of intangible assets are simply described as 'Technology'.

  In summary, there is a substantial lack of uniformity in the classification of intangible assets.

The categories which give rise to the greatest level of investment as a percentage of total assets are Development Costs (18%), Intellectual Property (17%) and Licenses (12%). See Table A6 in the Appendix for further descriptive statistics on the level of recognition by category of intangible asset.

6. Potential insights into the complexity of accounting for intangibles and goodwill as reflected in key audit matters

The Australian Auditing Standards require auditors of listed entities to report KAMs[10]. KAMs are those matters which are, in the auditor's professional judgement, the most significant in the audit. KAMs often relate to areas with significant judgement, or areas with a high degree of estimation uncertainty, as they often require significant auditor attention to gather audit evidence.

To provide insight into the degree of audit attention attributed to accounting for intangibles, this section discusses the main statistical facts regarding the frequency and nature of the reporting of KAMs related to intangibles.

This research sampled the full population of Australian listed entities with reporting periods ending from 31 December 2020 to 30 September 2021. The sample excludes entities whose financial reports could not be obtained for reasons such as late filing, suspension, and delisting. The final sample comprises 1,400 entities.

Reported KAMs are classified into subject matter categories based on the following three broad decision rules:

10 ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*.

- subject matters relating to a specific primary financial statement account (e.g. intangibles, revenue, receivables, inventory, provisions);
- subject matters relating to impairments, exploration and evaluation, and business combinations except for goodwill and intangibles; and
- subject matters relevant to the audit that may not directly affect a specific financial statement account (e.g. information technology, implementation of enterprise resource systems).

Overall, 54 distinct KAM subject matters have been identified, which implies a broad range of topic areas of most significance in audits of financial reports. Table A5 in the Appendix provides a breakdown of the subject matter classifications.

Intangibles and goodwill are the most common KAM topic area accounting for 21% of all reported KAMs. This is likely the result of the high level of estimation uncertainty associated with the valuation of intangibles. The next most frequent were exploration assets (18%), revenue (12%), share-based payments (7%), business combinations (5%), inventory (4%) and impairments (4%).

This research examined the main reasons driving the reporting of KAMs on intangibles and goodwill, which are presented in Table 2. These KAMs were partitioned into two groups those that referred to goodwill only (24%) and the remaining KAMs, which referred to either intangibles in isolation or both intangibles and goodwill (i.e. the intangibles group) (76%).

Table 2

Categorisation of the reasons for key auditor matters on intangibles and goodwill

Goodwill Only	**Count**	**Percentage**
Business Combinations/Acquisition	22	17%
Impairment	109	83%
Total	131	100%
Intangibles		
Business Combinations: Intangibles Only[11]	29	7%
Business Combinations: Intangibles and Goodwill	38	9%
Impairment of Goodwill & Intangibles	170	43%
Impairment of Intangibles Only	105	26%
Capitalisation[12]	58	14%
Amortisation	4	1%
Total	404	100%

The main findings in regard to the intangibles group are as follows.

- KAMs relating to intangibles are driven by issues pertaining to: Impairment testing (68%), acquisition accounting on a business combination (17%) and capitalisation (14%).
- KAMs relating to both impairment and acquisition accounting are driven by the high degree of uncertainty associated with estimating the valuation of intangibles. A research report is

11 The categories of intangibles acquired as business combinations reflect those in Table 1 and are mostly customer contracts, brand names and software.

12 Most of these relate to the capitalisation of software development costs.

currently being prepared which will provide some quantitative insight into the magnitude of the uncertainty associated with valuations.
- KAMs relating to the capitalisation of intangibles are driven by the degree of subjectivity of management judgement associated with determining whether development costs should be capitalised.

Notably, the impairment of non-financial assets (including intangibles) is consistently an area of significant findings by the Australian Securities & Investments Commission (ASIC) in its annual audit inspection program.[13] This is also an indicator of auditors' challenges in obtaining sufficient appropriate audit evidence in an area of significant judgement and uncertainty, and the lack of evidentiary requirements for preparers of financial statements.

7. Conclusion

This research explored the frequency, magnitude and nature of intangible assets recognised by Australian listed entities on their balance sheets, and the most significant issues associated with accounting for intangible assets as reflected in these entities' KAMs. The main findings are as follows:

- With the exception of micro-mining entities, the majority of entities recognise some form of intangible assets on the balance sheet.
  The level of investment in intangibles for the majority of entities as a percentage of total assets is relatively low.
- There are a minority of entities that recognise a large number of intangibles as a percentage of total assets.
- Intangibles are the most commonly reported KAM, suggesting that intangibles consume a substantial fraction of audit resources. This is notwithstanding that the level of recognised intangibles is relatively low.
- A wide variety of category descriptions are used to classify intangible assets, which may impede both comparability and a precise understanding of the nature of the intangible assets.

13 For example, ASIC highlighted impairment of non-financial assets, including goodwill and intangibles, as a focus area for its review of the financial reports of selected larger listed entities and other public interest entities as at 30 June 2022. See https://asic.gov.au/about-asic/news-centre/find-a-media-release/2022-releases/22-124mr-asic-highlights-focus-areas-for-30-june-2022-reporting/ for detail.

Appendix

Table A1
Percentage of firms that recognise intangible assets or goodwill in 2021

		Intangible assets[14]		Goodwill	
	Observations	Aus	Rest of the World (RoW)	Aus	RoW
All Firms					
	1616	44.93%	73.77%	26.80%	40.94%
By Size Category[15]					
Micro	404	19.55%	62.14%	2.72%	22.93%
Small	404	36.39%	69.28%	11.14%	32.70%
Medium	404	50.25%	77.23%	28.22%	44.49%
Large	404	73.52%	86.39%	65.10%	63.62%

14 Excluding goodwill.

15 Sampled entities were divided into four-size portfolios from smallest to largest based on the rank order of reported total assets. The total asset breakpoints between size portfolios from smallest to the largest portfolio are AUD 13.28m, AUD 37.51m and AUD 190.66m. Therefore as an example, the smallest (largest) portfolio is all those entities with total assets less (greater) than AUD 13.28m (AUD 190.66m).

Table A2

Intangible assets and goodwill as a percentage of total assets

		Australia		RoW*	
Panel A Intangible assets	**Observations**	**Median**	**Mean**	**Median**	**Mean**
All Firms	726	4%	12%	2%	5%
By Size Portfolios					
Micro	79	5%	17%	2%	5%
Small	147	8%	16%	1%	4%
Medium	203	4%	11%	1%	4%
Large	297	4%	9%	2%	5%
Panel B Goodwill					
All Firms	433	14%	19%	3%	8%
By Size Portfolios					
Micro	11	18%	20%	4%	9%
Small	45	19%	21%	3%	8%
Medium	114	15%	20%	3%	9%
Large	263	12%	19%	2%	7%
Panel C Goodwill and Intangible assets					
All Firms	764	14%	22%	2%	8%
By Size Portfolios					
Micro	82	7%	20%	2%	8%
Small	149	16%	22%	2%	8%
Medium	217	11%	21%	2%	8%
Large	316	17%	24%	3%	10%

*The RoW sample has 32,525 firms and 310,404 firm-year observations for the period between 2010 and 2021

Table A3

Percentage of entities that recognise intangible assets (excluding goodwill) by industry in 2021

		Percentage of entities		**Australia**		**RoW**	
Sector	**Observations**	**Aus**	**RoW**	**Median**	**Mean**	**Median**	**Mean**
Energy	133	20%	62.05%	1%	11%	2%	11%
Mining& Materials	696	15%	69.07%	0%	7%	1%	4%
Industrials	160	69%	72.76%	3%	11%	1%	4%
Consumer Discretionary	128	84%	68.89%	4%	7%	1%	4%
Consumer Staples	68	84%	70.17%	3%	8%	1%	4%
Health Care	170	69%	79.73%	8%	13%	2%	7%
Information Technology	170	80%	84.65%	12%	17%	1%	5%
Communication Services	65	83%	80.87%	13%	19%	3%	10%
Utilities	19	53%	79.94%	12%	19%	2%	8%
Real Estate	4	50%	52.89%	15%	15%	0%	3%

Table A4

Top 20 Australian listed entities: Intangible asset recognition[16]

Company Name	Intangible assets ($AUD in million)	Total Assets ($AUD in million)	Intangible assets/ Total Assets
Transurban Group	21,507	35,671	60.29%
Sydney Airport	6,308	11,678	54.02%
Telstra Corp Ltd	6,079	42,525	14.30%
TPG Telecom Ltd	4,579	19,186	23.87%
Dalrymple Bay Infrastructure	3,122	3,527	88.54%
Tabcorp Holdings Ltd	3,059	11,869	25.77%
APA Group	2,481	14,743	16.83%
Endeavour Group Limited	2,147	10,764	19.95%
Atlas Arteria	2,101	5,219	40.26%
Woolworths Group Ltd	1,790	39,236	4.56%
AusNet Services	1,774	13,701	12.95%
Nine Entertainment Co Holdings	1,518	3,911	38.82%
CSL Ltd	1,482	18,157	8.16%
Crown Resorts Ltd	1,139	7,100	16.05%
Mayne Pharma Group Ltd	1,068	1,463	72.98%
Southern Cross Media Group	938	1,327	70.69%
Wesfarmers Ltd	935	26,214	3.57%
Treasury Wine Estates Ltd	878	6,284	13.97%
AGL Energy	862	15,450	5.58%
Worley Ltd	836	10,150	8.24%

16 Intangible assets are measured excluding goodwill.

Table A5
Frequency of key audit matters by subject matter (Australia)

Subject Matter	Number	Percentage
Intangibles & Goodwill	535	20.69%
Exploration Assets	457	17.67%
Revenue	310	11.99%
Share-Based Payments	171	6.61%
Business Combinations	122	4.72%
Inventory	107	4.14%
Impairments	93	3.60%
Provisions	81	3.13%
Going Concern	68	2.63%
Taxation	64	2.47%
Equity Investment	49	1.89%
Financial Liabilities	44	1.70%
Mining Properties	39	1.51%
Deferred Tax Assets	36	1.39%
Account Receivable	35	1.35%
Property Plant Equipment	28	1.08%
Discontinued Operation	24	0.93%
Loan Payables	22	0.85%
Financial Assets	21	0.81%
Lease	20	0.77%
Cash	19	0.73%
Asset Disposal	18	0.70%
Derivatives	18	0.70%
Intangibles	18	0.70%
Share Capital	17	0.66%
Funding & Liquidity	16	0.62%
Contingent Liabilities	15	0.58%
Asset Acquisition	13	0.50%
Joint Venture	13	0.50%
Information Technology	12	0.46%
Related Party Transactions	12	0.46%
Oil and Gas	11	0.43%
Biological Assets	8	0.31%
R&D	8	0.31%
Other Expenses	7	0.27%
Investment Property	6	0.23%
Land	5	0.19%
Property	5	0.19%
Fraud Risk	4	0.15%
Loan Receivables	4	0.15%
Presentation Currency	4	0.15%
Employment Cost	3	0.12%
Legal Risk	3	0.12%
Royal Liabilities	3	0.12%
Working Capital	3	0.12%

Table A5

Frequency of key audit matters by subject matter (Australia)

Subject Matter	Number	Percentage
Change Accounting	2	0.08%
Covid Impact	2	0.08%
Prior Errors	2	0.08%
Subsequent Events	2	0.08%
Trade Payables	2	0.08%
COGS	1	0.04%
Contingent Liabilities	1	0.04%
Deferred Tax Liabilities	1	0.04%
Grant	1	0.04%
Other Current Assets	1	0.04%
	2586	100.00%

Table A6

Categorisation and description of intangible assets[17]

	Category Frequency		**Investment as a Percentage of Total Assets**	
Category	Number	Percentage	Median	Mean
Customer Contracts & Relationships	64	15.02%	5%	10%
Software	54	12.68%	4%	10%
Brand Name	48	11.27%	3%	10%
Development Costs	40	9.39%	12%	18%
Other	37	8.69%	1%	7%
Intellectual Property	33	7.75%	13%	17%
Licences	31	7.28%	14%	12%
Patents	23	5.40%	0%	2%
Software Development	22	5.16%	7%	12%
Technology	21	4.93%	9%	15%
Contract Costs	7	1.64%	3%	13%
Website development	5	1.17%	1%	4%
Domain Name	4	0.94%	0%	0%
Exploration & Other	4	0.94%	63%	54%
Distributor Relationship	3	0.70%	2%	8%
Leasehold	3	0.70%	26%	22%
Rights	3	0.70%	0%	30%
Broadcasting Rights	2	0.47%	35%	35%
Commercial Agreements	2	0.47%	2%	2%
Data files	2	0.47%	49%	49%
Formula	2	0.47%	38%	38%
Franchise	2	0.47%	18%	18%
Service Agreements	2	0.47%	51%	51%
Supplier Relationships	2	0.47%	3%	3%
Capitalised Other	1	0.23%	2%	2%
Concession assets	1	0.23%	49%	49%
Content Repository	1	0.23%	11%	11%
Current marketed products	1	0.23%	2%	2%
Distribution Systems	1	0.23%	20%	20%
Formation	1	0.23%	0%	0%
Information systems	1	0.23%	0%	0%
Mobile	1	0.23%	0%	0%
Proprietary Information	1	0.23%	42%	42%
Work-in-progress	1	0.23%	0%	0%
Total	426	100.00%		

17 Based on financial reports from a sample of 150 entities which reported 426 individual intangible assets.