AARJSH VOLUME 3 ISSUE 3 (MARCH 2016) ISSN : 2278 – 859X

A Peer Reviewed International Journal of Asian Academic Research Associates

AARJSH

ASIAN ACADEMIC RESEARCH JOURNAL OF SOCIAL SCIENCE & HUMANITIES

TRUE AND FAIR VIEW PRESENTATION AND DISCLOSURE OF NON-CURRENT INTANGIBLE ASSETS: IAS38

DR.S.S.JEYARAJ[1]

[1]Assistant Professor in Accounting, Sino-British College, Business School
Guangxi University for Nationalities, Guangxi, Nanning, China

Abstract

The ‘true and fair view’ concept is one of two competing but not mutually exclusive legalstandards for financial reporting quality that have been subject to debate on their meaning, use and importance. The other is ‘present fairly in conformity with generally acceptedaccounting principles’ (GAAP). Non-current intangible assets are capitalized rather than expensed, meaning that the company allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. The present paper focuses on initial and subsequent measurement of intangible non-current assets, de-recognition and treatment of impairment losses and amortization in the financial statements of the reporting entity for making economic decision making to the investors.IAS 38 will enable users of financial statements to understand the extent of an entity’s investment in such assets and the movements therein.

Keywords: Accounting Regulation, Intangibles Non-Current Asset, Value Relevance, Financial Statements, Financial Reporting, Internally Generated Intangible Non-current Asset

References

- [1] The terms ‘practices’ and ‘principles’ although they have different literal meanings, have both beenused as part of the term ‘generally accepted accounting principles’ (GAAP). To avoid confusion theword ‘principles’ will be used. For a full discussion of the history of the term and its relationship to present ‘fairly’ see Zeff (1995) and McEnroe & Martens (1998).
- [2] For a comprehensive discussion of the history of ‘true and fair view’ see Chastney (1975).
- [3] Much of the literature has concentrated on the ‘audit expectation gap’. However the ‘gap’ also existsin other areas of accounting and financial reporting. For further information see Anderson, Lowe, Jordan & Reckers (1993); Epstein & Geiger (1994); Chenok (1994); Guy & Sullivan (1988); Hronsky (1998); Klein, (1994); and Porter (1993).
- [4] Hendiadys: the expression of an idea by two words connected with ‘and’, instead of one wordmodifying the other (Thompson, 1995, p.632).
- [5] See IASC (1996) and IASC (1998).
- [6] The IASC Framework identifies users as 1. Present and potential investors, 2.employees, 3.Lenders, 4.Suppliers and other trade creditors, 5.Governments and their agencies, and 6.The public(Cairns, 1988).
- [7] Henderson. S. (1985)“The impact of financial accounting standards on auditing”, TheAustralian Accountant, 55(3), pp. 50-53.
- [8] Cowan, T.K. (1965). Are truth and fairness generally acceptable? Accounting Review, 40.(4), pp. 788-794.
- [9] Chastney, J.G. (1975). True and fair view: a study of the history and meaning of true andfair and a consideration of the impact of the fourth directive. A report prepared forthe Research Committee of the Institute of Chartered Accountants in England andWales. Sheffield Polytechnic.
- [10] Hoffman, L. & Arden, M. (1983), “Legal opinion on True and fair”, Accountancy, 94 (1083) pp. 154-156.
- [11] Arden, M. (1993) The "true and fair requirement” in accounting standards, reprinted in R.Parker and C.W. Nobes, (Eds.). (1994). An international view of true and fairaccounting (pp. 148-152). London: Routledge.
- [12] Ashton, R.K. (1986). The Argyll Foods case: a legal analysis. Accounting and BusinessResearch, 17, pp. 3-12
- [13] McGee, A. (1991). The ‘true and fair’ debate: a study in the legal regulation of accounting.The Modern Law Review, 54 (60), pp. 874-888
- [14] Ross, M. (1998). “Negligence”, Chartered Accountants Journal of New Zealand, 77(1), pp. 76-77.
- [15] Lee, T.A. (1982). “The will-o'-the-wisp of 'true and fair'”, The Accountant, 187 (5601), pp. 16-18.
- [16] Nobes, C.W. & Parker, R.H. (1991) ‘True and fair: a survey of UK financial directors. Journalof Business Finance and Accounting, 18 (3), pp. 359-375.
- [17] Covaleski, M.A. &Dirsmith, M.W. (1990). Dialectic tension, double reflexivity and theeveryday accounting researcher: on using qualitative methods. Accounting,
- Organizations & Society, 15 (6), pp. 543-573.
- [18] Monti-Belkaoui, J &Riahi-Belkaoui, A. (1996).Fairness in Accounting. Westport: QuorumBooks

- [19] Mano, R.M., Anderson, M., Nycum, V., &McBeth, K. (1996). “Fairly presented, in accordancewith GAAP”: What does it really mean? Management Accounting, 78 (1), pp. 44-48.
- [20] Mathews, M.R., &Perera, M.H.B. (1996). “Accounting theory and development”, (3rd Ed.).Melbourne: Thomas Nelson Australia.
- [21] Cooper, K. (1996). “Exposing the myth of corporate regulation in Australia”, (On-Line).Available: http://les.man.ac.uk/cpa96/txt/k.cooper.txt
- [22] Meiland, J.W. &Krausz, M. (Eds.). (1982). Relativism: cognitive and moral. Indiana:University of Notre Dame Press.
- [23] Nobes, C.W. (1998).“International Accounting Standards and their effect on the financialreporting of UK and other European companies”, Management Accounting-London,76(7), p. 18.
- [24] Waller, D. (1996). International accounting standard wins recruits. Corporate Finance, (141),pp. 40-43.
- [25] Rahman, A.R., Perera, M.H.B. and Tower, G.D. (1994). Accounting harmonization betweenAustralia and New Zealand: towards a regulatory union. The International Journalof Accounting, 29, pp. 316-333.
- [26] Porter, B. (1995).“Principles of external auditing in New Zealand”, 2nd Ed. Palmerston North,New Zealand: The Dunmore Press.
- [27] Mathews, M.R., &Perera, M.H.B. (1996).“Accounting theory and development”, (3rd Ed.).Melbourne: Thomas Nelson Australia.
- [28] Higson, A., & Blake, J. (1993). The true and fair view concept – a formula for internationaldisharmony: some empirical evidence. International Journal of Accounting, 28 (2), 104-115.
- [29] Parker, R.H. (1989). Importing and exporting accounting: the British experience. In A.G.Hopwood (Ed), International Pressures for Accounting Change (pp.7-30). London: Prentice Hall International.
- [30] Parker, R H. (1994).“Debating the true and fair in Australia”,An exercise in deharmonisation.Journal of International Accounting, Auditing and Taxation.Reprinted in R.H.
- [31] Parker & C .W. Nobes (Eds.), An international view of true and fair accounting. London: Routledge.
- [32] Blake, J., Dowds, J. &Gowthorpe, C. (1998, April). The 'true and fair in New Zealand: Auditors' view. Paper presented at the annual conference of the British Accounting Association, Manchester, UK.
- [33] Parker, R.H, &Nobes, C.W. (1994). “An international view of true and fair accounting”, London: Routledge
- [34] Allen, D. (1991).“Coming out of the straits”, Management Accounting-London, 69(1), p. 29.
- [35]Porter, B.A. (1996). A research studies on financial reporting and auditing--bridging theexpectation gap. Accounting Horizons, 10(1), pp. 130-135
- [36] Lev, B., S. Radhakrishnan, and W. Zhang. 2009. Organization capital. Abacus, forthcoming.

.