Common Errors – Intangible Assets
17/08/2023

CCH Learning:

Hello everybody and welcome to today's webinar, Common Errors-Intangible Assets. I'm Susannah Gynther from Wolters Kluwer CCH Learning, and I'll be your moderator for today. A few quick pointers before we get started. In the handout section, you'll find the PowerPoint slides for today's presentation. If you are having sound problems, please check your settings, try to toggle between audio and phone. And just a reminder that within 24 to 48 hours, a notification for the e-learning recording will be emailed to you. You can ask questions at any point during the presentation by sending them through the questions box. I'll collect those questions and ask them at the Q and A towards the end of the presentation.

CCH Learning also offers a subscription service, which many people have termed Netflix for professionals. It provides members with access to our entire library of recordings as well as live webinars for a competitive flat fee. That's for over 500 hours of content. For CPD purposes, your viewing is logged automatically. Your presenter today is Dean Ardern, Director BDO Australia. Dean has been advising on IFRS and other financial reporting matters for over 15 years, having worked with a range of clients in both the for-profit and not-for-profit sectors. Dean understands the challenges preparers face. Dean's primary role is to identify practical and compliant reporting solutions for clients and assurance staff. To achieve this, Dean works at building constructive relationships with clients with the view to providing responsive, accurate, and outcome-focused technical advice and guidance. I will now pass you over to Dean to commence today's presentation.

Dean Ardern:

Thanks, Susannah.

CCH Learning:

Hold on. Sorry, small technical difficulties.

Dean Ardern:

There it is. Can you see my slides?

CCH Learning:

Yes, I can.

Dean Ardern:

Very good. Excellent. Excellent. Today, I know that the title of the presentation today is Common Errors of Intangible Assets, but I always think when I started preparing for this, I thought to myself, it's probably of not much use to anybody if I was to list all of the errors that I've ever seen entities do with regards to accounting for intangible assets. So rather than just list the errors, what I wanted to do is maybe look at those errors indirectly by looking at the pain points within IAS 38 and the points at which entities might find themselves have difficulty interpreting and applying the standard and consequence of that is that they might make errors going forward. So rather than list the common errors, I wanted to look at it more in a more holistic way and more looking at the actual requirements and the standard and how they might be misinterpreted or misapplied.

You can see the list of the topics today that we're going to cover today. It looks like I've broken the standard down into various parts based on definition, initial recognition, initial measurement, subsequent measurement, those sort of topics. And I sort of have, but I'll be looking at the kinds of areas where I've seen entities make errors and look and discuss some of the issues that they've faced and how they've dealt with it. At this stage, what I might do is I might turn my camera off just to avoid any connectivity issues going forward, and I'll come back at the end of the presentation.

So if we move on, as we always do, acknowledging the country. I always like to begin by acknowledging the traditional owners of the land on which we meet today and pay our respects to elders past, present, and emerging. And also extend that respect to Aboriginal and Torres Strait Islander peoples here today on the webinar. Now, the first point, and I normally talk about this in terms of intangible assets. The first point, and this is I think you can talk about this as more as a generic issue that entities often don't get correct and is often the source of errors is definitions. So we think about the way definitions work in all accounting standards. The way they work is that in terms of identifying which is the correct accounting standard for a thing that you're dealing with, you start with definitions. And so the definition actually prescribes the... It's the definitional criteria that the item must meet to then have that accounting standard apply to it.

So definitions are really, really important. But I wanted to dwell on this one for a minute just on the definition of an intangible asset for a minute too, because I think we probably pass over it a lot when we think of intangible assets and we always think about, oh, intangible assets are software or there's something that I can't touch. They don't have any physical substance. But actually what the truth is that all assets have an intangible feature to them, and that's been acknowledged recently with the updated conceptual framework. Now, I don't normally try and put great slabs of text on slides. I don't normally like to do that because it's hard to follow. But when I came to this topic, I thought this would be actually quite useful because I just wanted to highlight, and it goes back to something someone said to me years ago.

One of my teachers once said to me, "Dean, you realize all assets have an intangible feature about them." And when he said that to me, I just thought, that's really odd. Why is he talking to me like that? What does that mean? And what he was actually trying to say, which is actually highlighted here in the conceptual framework, and no, he didn't write the conceptual framework. I know that for a fact. But the commonality here is that issue that all assets have intangible features. So we think about land, for instance, now land, we think about it as a physical thing. Property is a physical thing, but it has an intangible feature in the sense that it is transferable. So it's legal title to land is an intangible asset. It's an intangible feature of that asset, the transferability, the ability to protect by virtue of the ownership of it.

So legal title to it is an intangible feature. Its liquidity might also be regarded as an intangible feature. The fact that we can sell it. So assets, lots of assets have both physical, tangible, and intangible qualities. And so we need to be careful what we're just thinking about here. Are we talking about everything that's got an intangible feature or are we just talking about things that are predominantly intangible? I'll direct your attention there just to the right to highlight what I've just mentioned there in the slide. So the quotes there from paragraph 4.12 of the conceptual framework. "In many cases, the set of rights arising from legal ownership of a physical object is accounted for as a single asset. But conceptually, the economic resources is the set of rights, not the physical object. So nevertheless, describing the set of rights as the physical object will often provide a faithful representation of those rights in the most concise and understandable way."

So we talk about land when we present land on a balance sheet, it's presented as land and we understand what that means. But underlying that statement, that definition of what it is or that moniker of what it is. Actually, there's other features that are perhaps not reflected but are inherent in our understanding of those things. And I suppose that's one of the aspects that I wanted to explore today is that idea of sometimes you get situations where tangible and intangible features are evident and you've got to make a decision about which ones are either more significant or whether or not those intangible features are separate on their own. And that can be a place where people start to make mistakes.

So let's go back to the start, and I do hope that you see the irony of my subtitle there. How would I know an intangible asset if I saw it where you wouldn't? Because an intangible asset is an identifiable non-monetary asset without physical substance. So if something doesn't have physical substance, presumably we can't see it. But leaving that aside, that definition does actually create some interesting characteristics that you have to look for. The number one being identifiable. Now, the concept of identifiable is actually defined in IAS 38 and it's got two features, and an intangible asset only needs to satisfy one of those features to be considered identifiable. So it's either got to be separable that is capable being separated or divided from the entity and sold, licensed, rented or exchanged, or it arises from contractual or other legal rights regardless of whether those rights are separable.

So identifiable is a feature of an intangible asset, but it could come in different forms. And I suppose that's the first place that often entities maybe can make mistakes when they're looking at intangible assets is that maybe they're focusing on the contractual and other legal rights and saying, "Oh, well, that's what we see in a lot of assets." Once you've got a legal right and an asset, oh yeah, that implies it's probably intangible. But an important feature of it if it doesn't have a contractual or legal right, so if we think about things that are self-created, if we think about anything that a business might create unless it's capable of being separated. Now that's also important to remember too. It's capable. It's not a case that it is or we can demonstrate that it has been in the past, it just must be capable being separated.

And I would make you think about, and perhaps just to dwell on that thought for a second, how do we make things capable of being separated or divided from an entity? Typically, they're going to have to have legal rights around them. We usually have to prescribe some kind of identification to the thing, and therefore that then becomes the basis on which it's transferred. So if any of you have ever looked at say like business combination, like a business or a sale of the business or business combination documents, often they'll talk about the assets of the business and then they'll list the assets of the business. And if they're not listed there, then presumably they stay with the vendors. So it's important that if you can't identify something, then you can't recognize it as an intangible asset because it doesn't actually meet the definitional criteria.

Non-monetary, not so difficult to meet. We are talking about literally just something that just is not denominated in a fixed or determinable amount of money. So it could be things like, I think I'll use the example later as non-compete agreements as it's non-monetary. There's no monetary amount specified in there. It's saying that I have a right to stop you from doing something and also non-physical, but you need to make the distinction that intangible items were often contained on or in physical substance. So it's either on media or some kind, so whether it be in a flash drive or on paper or something like that. But when we think about the physical, again, when we're thinking about intangibles, the intangible aspect is the most important part. It's where the value is. It's not the physical substance on which it's being conveyed through.

So now we've got those definitional features, how do they all fit together? And this is how they do. So you're starting out with the definition of intangible assets. You need to have identifiability, so it could be either separable or contractual. It has to be non-monetary. And now implicit within that non-monetary is that notion of control by the entity. So the idea that the entity has the power to obtain the future economic benefits and the resources, so it's not just an asset that's available to everybody, it's an asset that's only available to the entity, or at least the entity has the ability to determine whether other parties have access and gain benefits from that asset or not. And last but not least, without physical substance. Now on the right-hand side of the slide there, I provided some examples of intangible assets, so the likes of computer software, patents, copyrights, motion pictures, licenses, quotas and so on.

It's relevant to note that down the bottom of saying there that examples with that asterisk, the red asterisk against them, are unlikely to meet the IAS 38 definition of intangible on their own, but some might actually be recognized within goodwill in a business combination. So you might get them appearing, but they're not necessarily an intangible asset. So you think about what goodwill is and the logic that I've just spoken about before, the idea of the separability, if for example, either those things are not separable, things like market share is not separable from a business, it is just a business, it's a feature of the business, then it's not a feature of any particular asset or any feature on its own.

Then you would expect if an entity has significant market share that would be highlighted or evident in the goodwill number if it was acquired. And so you do get some of these assets appearing, but they don't necessarily always appear in all circumstances. So the way in which they're acquired by the entity will often be determinative of whether or not they're recognized in the first instance and then how much they're recognized for as well.

Maybe just dwell on this identifiability aspect for a minute because it's actually quite, again, it's an area that I find sometimes entities maybe jump over when they're looking at intangible assets. So they say, "Oh, I've got this software. Oh, it must be an intangible asset because all software is intangible." And then you start to ask them about it, "Okay, well tell me about your software. Is it separable? Could you separate it or divide it from the entity?" And they might say, "Well, actually it's just a software for all of the entity. It's sort of how we operate. It's a part of what we do." "Oh, okay, well could you license it?" "Yeah, possibly." Now if they can license it doesn't necessarily mean that they have to sell it, but if they could give it to somebody else in a form that they could use as well, and obviously software code is something that tends to be readily available and being able to be licensed or rented or exchanged, then it would meet that separability criteria.

The other feature there, the contractual one, it's important there too that separability is really focused on that idea of, and we'll come back to it in a little while, that IAS 38 dwells on this is their idea that there are some assets that entities have that aren't separable. They're not separable from the business, and more importantly, any money you spend on them is not separately identifiable from the business, and so therefore it's just a cost of the business, not necessarily an asset that you're acquiring.

With regards to contractual or other legal rights, again, the separability aspect is not so much an issue in the sense of saying, "Oh, well I don't necessarily have to demonstrate that this legal right is separable," and you think I used the example before of a non-competing agreement and then typically separable from the entity. Two parties have made an agreement, one said is not going to compete against the other one. That in itself can't be really sold out in the market and it doesn't have any value. But by virtue of the fact that it has the capacity to give benefits to the entity and the entity can control those benefits through the contractual features, that's what makes it identifiable. So it's not the case that they can necessarily sell it, that's fine, but the important part is that it gives them the power over those benefits that are ultimately coming from those legal rights.

Control is really important. Obviously it's a feature of all assets, but it's really important in terms of intangible assets because we often have with intangible assets, the question, well, how are you actually controlling this? I had a good example came up a couple of weeks ago where an entity was, and it's in a slightly different context, but was arguing about it has an indefinite life intangible asset. And the question was asked, "Well, how do you control that indefinite life? How do you stop competitors from competing against you?" And my question was, "Well, there's lots of bright software developers out there, what makes you think one of them can't come up with the same algorithm you've got?" And they've said, "Well, for various reasons," and we're able to sort of demonstrate it by virtue of the fact that, well, we've patented our algorithm, we've got it locked in, people can't access it.

It's not in a form necessarily in our products that you can access and have a look at the market. You can see that by evidence of the fact that nobody's actually competed against us for 10 years indicates that that algorithm maybe is reasonably well protected. So sometimes you can't point to something specifically to say control. You might have to come from the other direction and sort of say, "Well, is there evidence to suggest that they have lost control of it? And if not, maybe then we start to move into, well, how does this work?" So legal rights are one way of doing it, but yeah, again, the absence of those legal enforceable rights doesn't necessarily mean that there isn't control, but it's a more difficult argument to take. And so again, here's an area, a pressure point within IAS 38 that you need to be aware of.

When you're not dealing with something that's legally patented or that there's legal protections around, you need to be really, really clear about what the control entity has over the asset. How is it that they can stop other entities from using it or even just simply copying and replicating it? Significance of non-physical. It's really important in the sense that I suppose if you put it this way, definitional features, like I said to you before, the idea is that if something meets the definitional features, meets the criteria definition in a standard for the purpose of an application of a standard, then that standard applies. Now, if we were to look at something and say the most significant feature is the non-physical aspect, it's not the physical aspect. So let's talk about a computer. Oh, the software is more important than the physical hard drive.

Then you say, "Okay, well I'm dealing with an intangible asset. Not withstanding it's sitting within a physical asset, but if we looked at it the other way and we said, "Oh, actually the software, it's pretty basic. It's not particularly substantive, it's just an operating system and it's not particularly valuable to anything. Therefore, I'm looking at the computer." Then the accounting for that computer would be within the scope of perhaps IAS 16 or AASB 116 because we're talking about a physical asset. The reason being is it fails that criteria of non-physical. So it's important to understand that I don't see that as much as an issue going forward. We tend to see a lot of in terms of the question about physical versus non-physical. The way the economy has developed in the last 20, 30 years and the way businesses developed last 20, 30 years, it's usually self-evident that something is non-physical because a lot of assets now that entities use or rely on are not physical. We have a lot of our software in the cloud, we have a lot of our information systems in the cloud.

We have lots of stuff that we just don't either own or physically access or have a physical presence in our business. So as a consequence, this is still an issue. It's still definitional criteria that you have to meet, but it's not necessarily an area where we're seeing maybe entities having difficulty applying the standard, but it's important to keep remembering though. So challenges, what challenges do we find in applying the definition of an intangible asset? Straight off the bat for me is that, and maybe this has probably got to do a little bit with perhaps the age of the standard and maybe the kinds of things that the standard setters were thinking of when they wrote it, but now it probably incorporates a whole lot or catches a whole lot of assets that the standard setters would never have imagined. So never envisaged would be the case.

So there I've got the list of their cryptocurrencies, digital tokens, non-compete agreements, SaaS arrangements, I could add to that carbon credits, I could add to that renewable energy credits, lots of those things. So their rights which don't have necessarily a physical existence, but they give you either the ability to do something or the ability to prevent someone else from doing something, and in either case, they've got value to you. The challenges that having maybe cryptocurrencies and digital tokens in IAS 38 create are that it really puts pressure on the question around active market and whether or not revaluation is an appropriate methodology to apply. There's been a lot of discussions around that. Now on their own, cryptocurrencies probably don't pose too many issues for IAS 38 on their own, but the way that the cryptocurrencies and digital tokens markets are developing, they are potentially creating issues.

One of the things we're seeing going forward a bit is we're starting to see derivatives written around cryptocurrencies and digital tokens. So arrangements whereby one type of cryptocurrency might be swapped for another type of cryptocurrency subject to price movements. Now that's got all the hallmarks a derivative, but it's not a derivative in the sense that it's actually a financial instrument because the underlying is not a financial instrument. If cryptocurrencies is accounted for within IAS 38, they're not a financial instrument, therefore we've got the issue. How do we deal with this? And so you might say, "Well, what's the problem?" I mean, we just ignore it well. If you ignore it, then you're creating the issue of, well, I'm not communicating that to the users, the financial statements, I'm not communicating to them, oh, this is working. I'm not communicating to them in a meaningful way of what the potential risks are. And so as a consequence then your accounting is not really representative of what your true financial position perhaps is.

On the other side of the slide there, so if I can identify a preparer has incurred a cost as part of the larger transaction and no separate goods and services can be attributed to the cost, is that sufficient to conclude the entity has acquired an intangible asset? We have seen in the past situations where entities might enter into quite complex multi-layered type agreements with other parties that seemingly create... Well, there's a real divergence between what seemingly is being given by one party and what the value is being given by the other party and there's a consequence. Then the question is, well, if there's something I can't see here, is there an intangible asset? And then you have to work your way through the agreement to try and work out what actually is happening here? What is the vendor selling? What is the buyer buying? What are the rights?

Are there rights? Having a non-physical aspect can create problems and challenges to try and identify what's within agreements and what should I be accounting for. The other thing that the definition doesn't really help with is that unit of account issues. So that last thought point there and we see it with a lot of entities is that they're often creating new assets, doing research and development on new processes and procedures, adding to what they already know, creating new products, and then the question has to be asked, well, when does one product end and another one start?

So the money I'm spending on it, am I just maintaining that product at its marketable level or am I creating something new? And so the definition of an intangible doesn't help with that unit of account question. And you might say, "Well, what does that mean?" If you compare it to the criteria and say when we talk about financial instruments, we talk about a contract. So the contract is the focus, and so I can focus it by physically looking at, ah, here's the contract for the option, or here's the contract for the warrant. Intangible assets don't always have that benefit, and if you are developing it internally, you're not going to have a contract, you don't contract with yourself. And so trying to identify where the border of the item starts and ends can be really challenging.

Looking at scope now, scopes are again an area that we find that sometimes entities do struggle with. Basically the way scope work is the idea, and again, it's really important, intangible assets, and I think what I mentioned before was probably highlighted by the fact that the scope is quite long for this standard or for standards generally, and it goes to that fact that there is usually an intangible feature with lots of assets. And so to try and work out which standard applies, you have to say, okay, ICDA applies to all intangible assets except for those assets that are intangible and accounted for under another standard. And it sounds like an odd scenario, but this is the issue that we have intangibles across the board, they exist as assets throughout business in lots of different forms, and as a consequence, there's accounting standards that apply specifically to some specific intangible.

So for example, intangible assets held for sale and order cause of business. That's really an accounting standard dealing with, hey, how am I using this asset? Am I using it like a non-current asset or am I using it like an inventory? But if I'm using it like an inventory, which we often see with things like carbon credits, then you do see a bit of variation in the way that they're accounted for. Deferred tax assets similarly are a type of intangible asset, but they're actually scope within 12 and so on. I'm not going to go through in detail, but I hopefully just highlight that fact that the scope is really important.

If you get the scope wrong, if you say, "Look, I think that this is an intangible asset within the scope of 138," but in fact it's actually, for example, someone would say, "What's an asset arising from employee benefits?" An intangible asset might be something like a DB asset. So what is it? It's DB asset that, for example, the employer has that they can acquire, they can use to fund an employee liability. If that's the case, it's within 19. It's got a very, very different accounting than what it is within IAS 38. So scope is really important because once you're within a scope of the wrong standard, you're going to get the wrong accounting.

There's a couple more there. Interestingly, and I'll probably highlight this, and this probably more of a bugbear for me than anything else, but IAS 38 and IFRS 6 are probably some of the oldest standards that we have. They're from the original and in fact, IFRS 6 is one of the original standards. It was actually just adopted by the ISB when they first transitioned to international accounting standards. It was adopted as is and actually is still inconsistent with some parts of the conceptual framework. So there's actually scope exemptions in that standard that's saying that, by the way, if you're in the standard, you don't look at other standards because this one's arguably some of the requirements inconsistent with other standards and you just have to focus on that.

I don't think that fact that they're the two oldest and untouched standards is a coincidence. I think both these areas that they deal with, so intangible assets and exploration and evaluation, they're tough areas to standard set on because you're dealing with these high amounts of costs with little ability to make predictions about future benefits. So they're quite speculative areas, and as a consequence, the accounting standards are very conservative, I suppose you'd say, and it's understandable in the circumstances. For me, this appointment is the standard set, haven't come back to look at either of them. So no, that's for another day. What else is in and out of the scope? So standard applies to advertising, training, startup research and development activities, so things that could lead to intangible assets, but not quite yet there yet research and development activities resulting in an asset with a physical element, so actually creating something.

But again, the idea is that it's not withstanding, it's a physical thing. If the intangible component is the know-how is more important, then that's going to be within the scope of IAS 38, and this is an interesting one, so an entity can choose to apply IAS 38 or IFRS 16 to leases of intangible assets other than rights held by lessee under a license arrangement for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights, which are required to be accounted for under 16. So there's actually a policy choice with exception of those assets identified between IAS 38 and IFRS 16. The interesting thing was people go, "Well, why would you give a scope? Why would you give a scope choice for that?" It's because sometimes it's really hard to tell whether you're buying or leasing an intangible asset because if control necessarily doesn't pass and its life is limited, you effectively get very similar accounting outcomes under 38 or 16.

But rather than forcing them into one or the other, the standard set has sort of said, "Look, it's judgment whether you think you've bought the asset or whether you lease it," and in that case you need to apply that judgment to determine which standard you're in. That's probably not an area that we necessarily see a lot of errors in. It's more about recognition or not recognition as opposed to whether I'm in IAS 38 or 16, because effectively the accounting looks very similar. Often with the acquisition of intangibles that are accounted for as a lease, you've got a liability and asset as you would probably if you applied IAS 38. Initial recognition of measurement. This is probably where we do see a lot of issues. So assuming that the preparer has correctly identified an intangible asset, then the question is do we recognize it?

So this is not just a case of I found it, I can see it, it's a case of now do I recognize it? Do I book it on my accounts? So yes, the answer, let's just say for the sake of the argument, it meets the definition. The next questions are around recognition. So is it probable that the expected future benefits will be attributable the instant flow to the entity and can the cost be reliably measured? Now, if you can say yes to both those things, you can recognize, but if you can't, if you can say yes to one but no to the other, then you're in the world of saying, "Well, either I'm going to expense it or it's a part of another asset. It's a cost attributable to the creation of another asset." And this is probably where we do find much more mistakes are probably made in the sense. And I don't know about mistakes, I think maybe judgment is the issue and perhaps the lack of evidence to support the chosen judgment is probably a better way to articulate what's happening there.

So as I mentioned there, if it meets a definition, yep, it can be recognized, but only if it meets those criteria. Probable is not defined, usually its understanding is its general understanding, so it's more likely than not. But it's important to remember that if you decide that you've failed the recognition criteria and your expense, the standard actually says "No, you can't come back and reinstate." And that's sort of consistent. I'm not sure if it was written with this in mind, but it is consistent with the idea of, well, hang on, you made a judgment, this is what it is because there's a whole lot of judgments in here too. It's not just about measurement uncertainty, it's judgments as well. Now if you make a judgment that you're not going to recognize it, then you don't get a second go at it. We do see sometimes entities trying to restate and trying to bring assets back on the books, which we say, well, the standard's very clear, you can't do that.

And importantly it's not a policy choice. So initial measurement really differs depending on the circumstances under which the asset was acquired. So whether it was acquired separately as part of business combination, government grants, exchange of assets or generated internally. Again, we do sometimes see errors in the way that, for example, if an asset, for example, if an acquisition of a group of assets is incorrectly assessed as a business combination, then the accounting will look very much different than what it was if they've been separately acquired.

Similarly, with the government grant and internally generated as a whole different set of criteria. So it's always initially recognized at cost, whatever the cash equivalent is. Fair value of consideration, so if there's deferred consideration, then you have to apply a discount rate to that. That's another error that sometimes people make if there's deferred consideration. Sometimes you do see entities not discounting future consideration payable, and the only circumstance probably that might be appropriate is on a materiality basis, not necessarily on a conceptual basis or a requirement basis. If the nature of the considerations governed by another standard, the amount initially recognized in accordance with that standard.

So if you've got a share-based payment arrangement. I'll come back to those later. We do see quite a lot of those share-based payment arrangements around intangibles. The cost attributed to the asset can differ depending on the nature of the asset and the circumstances.

What kind of challenges do we see? Why is it so difficult? When you're acquiring intellectual property and other intangible assets using your own equity instruments, now, under AASB 2, the expectation is when you acquire an asset as opposed to employee services, when you acquire an asset, the asset's fair value can be reliably measured. Now, that's a rebuttable presumption within 2. So AASB 2 says if I've got a share-based payment arrangement for an intangible asset, I should be able to fair value the asset and that would be the basis on which the shares are valued. But if I can't, then I'll value it in accordance with the shares. Typically, we do see entities using the share value as a basis, so they do apply the rebuttable presumption by the saying especially early unproven intellectual property software that sort of assets. So assets that are not proven in any way, they're still under development, they're starting to research.

Then typically we see that the equity value is used as a basis for the asset, but I have seen situations where entities have tried to argue and have argued successfully that they can value the particular asset. It's very judgmental. It's asset by asset. Can it be difficult? Yeah, it is difficult. Can mistakes be made? Absolutely, and that's often where the mistakes are made is where it's judgmental. Do I see the cost? Do I see this fair value measurement of this asset? Do I think it's reliable? Well, it's a fair value measurement. Reliability is meant to be uncertain. Futures are meant to be incorporated into the value, so the value is meant to reflect that, but is it a case that we couldn't at any point in time say that we have a fair value? That's very judgmental and that's often a place where people do make mistakes.

Things like renewable energy credits, which are typically a by-product of another production process. They can be recognized as internally generated and there's typically a cost, but the difficult part is obviously working out what the cost is attributable to the credit as opposed to what the cost is for the saleable product that's coming out of it. That's another challenge. And again, in principle you might say, "Look, we could work at our costs." But again, the issue is how reliably can you measure it? What kind of challenges do you foresee for energy acquiring intellectual property by entering into royalty agreements? Lots of challenges. The IFRIC opined on this a couple of years ago and we're trying to get some guidance to help entities dealing with a situation where typically in a business combination, you might see contingent consideration paid because there's uncertainty about the future performance of the business.

You can have that also whereas a purchase of an individual asset, like a piece of intellectual property, and so you have these royalty agreements, then the question becomes, do I fair value the potential payments into the future as a basis for my cost of my asset or do I regard those royalty payments as simply usage payments? And so the idea that the vendor is simply structuring it in such a way as the payments, you'll be able to use the asset in the future and those payments are for that use in the future, not necessarily the part of the total cost. Now there in that situation then there is no clear guidance in the accounting standards around do I capitalize all this cost upfront or do I just treat it as a equally and proportionately unperformed contract and just recognize the obligations as and when the intellectual property performs, it's still open to debate.

One thing we've been seeing quite a bit of lately too is collaborative agreements, particularly around intellectual property and what those collaborative agreements provide. So often we look at them from the party who's got the IP and is receiving the cash to effectively demonstrate to another party that the assets can have certain performance criteria and can meet that. What we are not seeing so much of is perhaps on the other side, but on the other side, you'd have to ask yourself, "What is this investor buying?" It won't be equity in the entity, what they're buying is the right to something in the future. And so the intangible asset that they're acquiring might not even be the intangible asset that's under consideration. It might be a right to do something else. And again, that's another area we find where people prepare us might find some challenges.

What's the actual intangible asset I'm dealing with here? Is it actually the underlying IP or is it some right? Do I have some other right contractually to do something? Either case, obviously when there's dollars change hand and it's easier to identify a cost, but with the collaborative agreements too, you tend to find that there's going to be a speculative aspect to it. There might be other goods and services involved, so the cost that the investor might incur might not be entirely for anything particular. And what we've also seen is that with collaborative agreements, sometimes there's no great thinking behind the number, it's just how much money do you need to get this off the ground? And so there's not really anything we can tie that number to. There's no assets underlying it that we can tie it to. Internally generated intangible assets, again, this is probably an area where particularly entity struggle with. Absolutely to make it clear upfront, IAS 38 says no internally generated goodwill.

You can't sell yourself something and make goodwill. It doesn't work. You can also not recognize and prohibited from recognizing any internally generated brands, mastheads, publishing titles, customer list, items similar in substance, and trained workforce. Again, these things are regarded as being linked to the business and therefore you can't treat them separately from the business. They're not separable. And typically if they're internally generated, there's not going to be any necessarily. I mean the patent itself for any of these things, some of the legal rights around them, you can actually capitalize, but you're not capitalizing the cost associated with building these things. Usually they're not separable initially. The other thing is about reliably measuring them. Often it's really difficult to determine what are the costs of the last 20 years you've spent building a brand. Can you actually identify them separately from the other costs?

The interesting part about, and again, I think it reflects the age of the standard, but there's a wording there, so looking there, there's various aspects of this diagram that sort of reflect the dated aspects of the standard. But one is this idea that we can split intangible assets into a research phase and a development phase. That to me, it's like this old... When I look at those, I think of a scientist in a laboratory somewhere mixing up chemicals and something explodes and he has a eureka moment and therefore I've worked out, I'm no longer in research. I've found something. It just doesn't happen like that anymore. I mean entities are very focused on what they do. They know things are achievable. It's just a question of what's going to be the absolute result? Is it going to be good, great or fantastic?

And so a lot of the work that entities do around intangible assets, when you think about software development, they know how to develop the software. It's just a case of trying to work out how's the best way it's going to work? Is it going to have glitches? Is it going to work successfully? Is it going to be able to integrate with other things? And so a lot of stuff that entities do these days, it skips that research phase. We tend to think the research phase is now you're looking at it more from perspective of going its problem identification. How are we going to solve this problem? How are we going to bring together the resources to do and so on and so forth. So some of that preliminary stuff is now probably the research. It doesn't have that research type feel. It's more of a case of problem articulation work and the money that's spent around that, that's usually expensed.

The other interesting part about the standard and its dated aspects is that it doesn't require you if you have... I suppose to put it on its head. The way the standard works, it says if you can demonstrate all those following features, so technical feasibility, intention, probable future economic benefits, resource to complete, reliably measurable, if you can demonstrate those, then you can capitalize. Now underlying that is this assumption that entities wouldn't always want to capitalize. And so if you are always going to want to capitalize, you are going to have to meet these criteria to capitalize. Now, I've seen situations where entities have actually read this part of the standard very strictly and say, "Well, I don't know if I can demonstrate. Notwithstanding, I think I probably do." Or alternatively they go, "Actually, I don't want to demonstrate. I've just decided I couldn't be bothered doing it or for some other reason, I don't want to capitalize these costs."

I had a good example years ago from a client who, I won't say the industry, but they're having an argument with their auditor at the time because the auditor was saying, "I think you can demonstrate all these things with regards to the IP that you put in your product." And their response was, "Well, actually, we know that the product, when it rolls off the conveyor belt, the first 5, 10, 15 versions of it are bought by our competitors and they pull our product apart and they know all of our IP immediately. So we don't think that the IP has any benefit because the moment the product hits the market, it's lost."

And they had quite a strong argument. They ended up going to the chair of IFRIC at the time and asking him what did he think about the wording. And he actually came back and said, "I think it actually says if these things exist, you shall capitalize." So there's very different perceptions about, iteratively, how do you read these words? Because they're not written with standards, not necessarily written in the same way as other standards. Like I said, the ISB inherited it from previous standard citizens. So it's not in the format of you and in the wording which you expect to see through IFRS's.

The mistakes usually made around what's research and what's development. Usually it's pretty clear what research is. At the moment these days, it's more about problem articulation. How are we going to do this work? Who are we going to get to do it? And it's all about choosing vendors and that sort of stuff. That's a research phase now typically. We don't see a lot of real research, research. You'll see it in pharmaceuticals, you see it in other really research-based entities, but in the broader community of entities, you don't see that research phase in that same form these days.

The development phase is that phase where you're going, "Okay, I've got something. I know what the problem is, I'm working towards the solution." And so it's the cost that I incurred in relation to that. And I'll give you examples there. And again, the standard's pretty dated. So the idea of designing construction of a pilot plan, design, pre-production prototypes, so on and so forth. What I do find, and this is probably the real problems that entities have applying research and development phases in accounting these days, is that if they don't have already in place strong project management phases that you can rely on to identify what is pre-work and what is actual work.

So when I say pre-work, I mean let's articulate the problem, let's see if we can find some vendors that can help, is this thing of benefit? So unless they have good project management methodology and phases in place, often it's very... First it's really, really hard to work at where research costs end and development costs start, but it also is really challenging to then be able for the process to trigger the corporate finance people to start capitalizing.

We find the information part is the real part. There's not a person that sort of straddles both the research and the corporate finance. You tend to find the researchers are in their silo and they're talking about what they're doing. Corporate finance people are looking in and saying, "Have you done anything yet? Have you done anything yet? Have you've done anything yet?" And they can' tell, they don't understand accounting language. They don't understand what the criteria they're meant to be doing. If you've got a really good strong project management methodology in place, that's where I'd start to look for that trigger from research phase to development phase. Start to look at, well, when does problem articulation planning stop and actual doing start?

I mentioned them before. There's certain criteria. All of them are challenging. If you look at them actually on their own, all of them are challenging. So we talk about, for example, technical feasibility. Well, I tend to think, look, it depends on what the nature of the contract the project is. I mean if an entity is undertaken it, I suppose you have to ask the actual people involved in it, "Do you think this is likely to get up or is this just an exploration?" Now if it's likely to get up, well the technical feasibility is probably there, but if it's exploratory and they're just saying, "Well, look, we're trying a few things. The project has limited life. There's no expectations beyond X in the sense of unless we can sort of demonstrate this, it's not going to go any further." Then you're probably in that research phase.

Alternatively, if you've got that and you've said, "Yep, well, we found this, it works, now we're going to try and work out how are we going to use it," then you're possibly in that development phase. But again, it's very, very entity by entity, project by project type of judgments that you have have to make an assessment on. I might skip through because we're sort of focusing on that. I think the key one is costs. That is always where we see most of the errors. Not withstanding, there might be some issues around where the research ends and development starts, but when you get to development and costs have internally generated, you need to be able to directly attribute the costs to the development. And so we often see entities incorrectly including costs that aren't necessarily directed to the project or arising from actually work done around the project.

There might be really distant overheads, which we go, look, it's not directly attributable, it's not contributing to the benefits. You would've otherwise spent this money, it's just that you're having a project at the moment to capitalize it against. So you need to be very careful of that directly. Attributable costs. Cost and materials actually consumed in the process. Employee benefits for employees that are actually working on it. Fees to register legal right. Although they might actually represent a separate asset themselves, they might represent a patent or something like that. And then the more amortization of other assets that are used to push forward the project.

Examples of costs are not costs for internally generating tangible assets. And hopefully when you look at that list, you should be able to see, okay, there's not a great nexus between those things and probably what I'm doing. So advertising, if I'm doing development, I'm probably not advertising what I'm doing. Market research, again, if you're involved in a development project, you probably already know that the product, if there's going to be a product produced, you would expect that you would've done your research behind that first. So any research being conducted now is just really not going to be adding to the value of the asset.

Recruitment, again, notwithstanding the people might've actually been involved that have been recruited, the cost you incurred are for people who are going to be involved in the development process. That cost is not really going to assist the process. It's really just getting them on board. We often see CEO time or CFO or CIO time used on these things unless they're actually directly related and directly hands-on, no, you don't capitalize it. Sometimes you can, but again, the question around reliably measure it, how do we determine what portion of their salary is actually development costs in the project? Do we have time sheets? Do we have anything that can give us some support and other things? Lobbyists obviously are just not that directly related.

What's got to be so difficult? Well, the tipping point's really hard because the accounting standard has this really weird sort of concept around where is something going from research development? It's going to be very entity by entity and very project by project specific. And so you've got to make some judgements. But like I said, what I've found in the past is when I've got entities that have got good project management policies and procedures in place, and so particularly ones that have gated policies. So for example, they might have phases for their research project and the first two phases are gated by can you articulate the problem? Yes. Is it a problem we need to fix? Yes. And then you start going, "Oh, what are we going to do?" Project planning, putting together, yes, and then phase three. And it might not be until say phase four or five that you say, "Ah, okay, I can see you're in development phase there because I can see what you're doing matches up with the criteria in IAS 38 around development."

Now that's really helpful because then what you can do is then say to the corporate finance people that I can then use that as a basis to determine, okay, when do I expense and when do I capitalize? Because often they themselves don't understand the language around the research projects. They're just dealing with the costs and trying to get the researchers to engage on explain to them what it is often challenging. So those types of things I find well-articulated research methodologies and phased project planning really helps with that articulation. But again, it's judgmental. And again, it's probably a fairly sort of a rough rule of thumb. There's no signs behind it. Why do I assess the cost whether incurred to date and development costs are likely to generate future economic benefits? You've got to just keep looking at the project. Is it on track? Is it still something that's going to work in the market or work for you internally? Have other solutions appear that you could use that are cheaper?

Are you spending the money you thought you're going to spend or is this thing actually running off rails and perhaps you're going to have to stop the project sometime in the future? So again, you really have to sort of think holistic holistically around the project, but thinking about what are the kind of factors which would indicate they might stop the project because they don't think they're going to get the benefits ultimately out of it. The basis on which to determine whether costs encourage in the development phase are reliably measurable. Either the costs are directly related, so it might be inventories and other types of consumables might be used for it. They can be identified readily if the people are just involved in the project themselves and employees salary expenses, if there are other people who might be in part involved, then we're starting to look at things like time sheets and that sort of stuff to try and assess well how much of it.

I mentioned before about that linear process that IAS 38 assumes about going from research development, Agile software development methodologies. They can be accommodated in IAS 38, but you have to really use your judgment around what's expense. And for those of you're not aware of it, Agile software development methodologies are often around small projects that have very short-term objectives. They get them achieved, they look at that and say, "Do we want to keep going? We do it again and again and again." So it's not linear, it's very circular. And as a consequence, sometimes it's hard. You don't have that defining point between research and development, but it's possible to apply it.

But again, you're going to have to really work with the accounting policy and with the people involved in both the project management and the accountants to actually develop something that works within IAS 38. Interest costs can be capitalized, but obviously they have to be directly related to the development project. And can resources required to conduct a research project be initially capitalized or do they need to be expense? Again, accounting policy, you have to think about it. Sometimes these resources do have a third use, another use, and therefore you might capitalize them as an asset because you might ultimately actually sell them. But you might also for simply materiality or practicality reasons, might just expense them as you acquire them.

Subsequent measurement, there's always a little bit of issues around that. I mean probably the key bit is obviously the accumulated amortization. So more to the point the useful life of the asset, that's often a challenge to determine. The way often benchmark it is by simply looking at what other companies and other entities with similar assets are doing. That gives you an idea about perhaps where that number should be. But then again, it's a rule of thumb. There's no science behind it. And impairment losses, I'm not going to go into that today, but again, impairment losses can be quite challenging and often they're dealt with indirectly because often intangible assets are part of CGU and the impairment is then applied to the CGU as a whole. The revaluation model are one that a lot of entities try to get into. They like the idea that they can revalue particularly around certain assets.

We see the revaluation model sometimes people looking to use the revaluation model with things like auto licenses, for things like obviously cryptos and digital tokens. They're an area that people want to often use revaluation models for governance reasons if anything. Like the idea that they're sitting on something that's going up and down in value, not just down. So as a consequence, if they apply only IAS 38 and they're only under the cost model, they can only actually impair it downwards when in fact might be going up in value. That can be a challenge. So the revaluation model, there are very strict criteria that you have to meet to get into the revaluation model and there has to be an active market for the asset and it's a market which transactions for the asset or liability take place sufficient frequency and volume to provide pricing information on an ongoing basis.

Now the way intangible assets are created and often exist often prevent an active market in the sense that intangible assets are often one-offs. And unless there're homogenous asset, like for example, one that the accounting standard uses is a taxi license. Unless they're a taxi license for London or Melbourne or Sydney or somewhere else, there is unlikely to be an active market for them because they're unique. If they're unique, you're not going to get volumes of transactions in that asset. There's only one asset, so you might get transactions in similar assets, but they're not going to be necessarily the same asset. So it's a consequence. A lot of intangible assets really do fail revaluation model simply because there isn't an active market for them. So I mentioned there's a couple there that you tend to find. Taxi licenses I would argue are probably becoming less active in the sense that the market itself is becoming more fragmented.

I mean there's still taxi licenses sales and so on out there, but again, the market itself is moving. You couldn't expect there'd be active market for those types of things like brands, mastheads, music, because they're all very unique assets. Each one's a unique asset. There won't be a market with lots of transactions in it for the age letterhead, the Sydney Morning Herald letterhead, they don't exist and so as a consequence, you can't apply the revaluation model to them.

I might just skip over that because often that's not so much the problem. It is a challenge because I often have talked to people about it. If they make the mistake and assume it's an active market and therefore try to do revaluation, that's a problem. But often, and we are seeing, actually I'll take that back. In the cryptocurrency area, that is a real issue, is actually whether or not something is an active market. There are people out there debating at the moment about particular markets, and this is the other problem it with crypto markets is they might be active from time to time, but maybe not all the time. As a consequence, again, how do we interpret the standard in this context? Because again, the standard was never written with crypto in mind. As a consequence, no one's ever thought about how that revaluation model that works. Again, there's lots of issues with the subsequent accounting.

They tend to focus around particularly for the cost model, ow do I determine the cost and therefore how do I determine the useful life and how do I determine what should be the carrying amount at any point in time? Useful life can be driven by all sorts of things like do I think about replacement period or do I think about actual usage? Am I just talking about actual cashflow? Do I factor the possibility to dispose the asset? What if I'm going to possibly dispose of the asset before it's useful life ends? Do I shorten this life on that basis? Do I only think about the time in which it's going to generate cash directly? There might be some indirect cash flows. Again, going back to that idea of often entities build their IP on other IP. And so you might find that IP has a use even when it's not being used in the market because it's actually a basis on which you're going to be developing further IP or further intangible assets.

When's it actually available for use? Obviously when it's starting to generate stuff that can be sold, yes, definitely available for use, but sometimes there's a question around testing and always understanding exactly when testing ends and actual life begins. Indefinite life useful assets, we don't useful life assets, we don't see a lot of those, but there is expectation around judgment there as well exactly, because typically the reason they've got an indefinite useful life is because they're going to be there for a while. They're going to be used a lot, but we don't know what's going to happen in the future. So the questions have been around, well, how does this asset protect or how does the company protect the useful life of this asset? What do they have to do? Do they have to keep pouring lots of money into it? If so, can they do that?

Because if the asset had a useful life, an indefinite useful life, but only if they literally invested the carrying amount of an asset into its life for the rest of its life, does that actually indicate it's got an indefinite useful life or you're just replacing the asset? These are the kind of questions you have to have. Sometimes they're judgmental and sometimes you're going to struggle to even find evidence to support it. So for example, the barriers to output markets. Just because nobody's selling in your market, does that mean there's a barrier or it's just nobody's found it or that just nobody's interested? Is there someone around the corner who could actually enter into that market tomorrow? And so without that information, it's often very judgmental.

I'm not going to touch too much on software as a service, but I just wanted to highlight it as an area because it's out there and we see it. Again, I put it in the category of those areas that are caught within the scope of IAS 38, but the standard just didn't anticipate and therefore the standard set weren't prepared to be able to respond to. IFRIC dealt with it as an interpretive matter, but I mean the interesting thing is they had to go off and use other accounting standards to get an answer to how do you deal with SaaS costs?

And that to me indicates maybe the accounting standard is very outdated and the fact is I'd be disappointed if the IFRIC had to keep doing this, if they had to keep looking for other standards to fix problems in IAS 38. I think that's a good indicator that IAS 38 needs a bit of a review, but it is an issue that people are still dealing with SaaS implementation costs, making that distinction between what is the asset I own? Do I own an asset or do I control assets? The configuration costs and customization costs, what do they actually lead to? How am I going to get benefit from them?

Look, I'm not going to go in detail, I'll leave those slides with you. I think that might be the best way to think about that, but contextualize it by saying that it's again judgmental. If you'd asked me what are the problems that I've seen that entities have experienced with SaaS costs, one of them is being able to understand the projects, but being able to apply the accounting standards or level that you actually be able to properly do the accounting for. A couple of clients I've seen have looked at these things and gone at a project level.

We control it, therefore capitalize it, but going, actually no, when you dive down to the expenses, some of those expenses are not capitalizable and so you can't look at it from a project level and make that assessment about whether or not you've got a SaaS cost to capitalize or not. You actually have to go down to the level of the costs and if you haven't got the system in place to do that, that's when the problems arise because it's very hard to then dive back into the costs and actually sort them out and understand and what's expense. Susannah, I think that brings me to the end, hopefully, of that part of the presentation.

CCH Learning:

Not a problem, Dean. Thank you very much for that presentation. That was very interesting. We will be spending the next few minutes taking questions, so just a reminder to please type them into the questions pane. To give you some time to type up those questions, I will mention our upcoming webinars. So coming up we've got our tax technical update next week for July and August. We're looking at how to sell more to existing clients and the FBT opportunity knocks for tax agents and accountants in practice. We're also looking at new technology with ChatGPT with plugins and code interpreters. We're asking about incapacity planning and the role of a financial advisor and also at aged care forms fees and funding. If you are interested in any of these sessions, please head to our website at wolterskluwercchlearning.com.au. Please have a look, check, and see if they would be right for you. So let's have a little book at our questions. So I had a question from Cindy. Cindy was asking, if we don't owe the system, will we be able to record it as an intangible asset?

Dean Ardern:

Yeah, well, that's a good question. That's a SaaS question. So there's probably a couple of ways in which you could end up, I suppose when I say own, the question is can you book something in respect to the item? So I'd be exploring whether or not first you've got a lease and then... Actually no, I take that back. I think the first step would explore what kind license you've acquired. So if you've bought a system, what's your rights around it? Is there something that you get to keep at the end of the agreement or is there no end of the agreement? Does it just go on forever? In that case, then you've potentially got an asset to book. If it's a lease, then you potentially have that. You may actually be a lease, you might be able to apply for 16 to it or use the scope option within IAS 38 to decide what you're going to do with it.

If for example, you're in a situation where you literally have to keep paying month by month or period by period to be able to continue using that system, it is likely that it's going to be a service agreement. Therefore, you don't have an asset unless you prepaid for the service, in which case then you've got a prepayment. I hope what I'm saying to you probably conveys or hopefully conveys to you the complexity that you'll face when you're dealing with these situations and trying to understand what I've got. I think the best way to approach all problems is clear thinking, but clear thinking your way through to understand what am I acquiring?

Just asking basic questions like what am I acquiring? What do I get with this? Looking at the agreement and understanding exactly what your entitlements are. What we do see with some entities though to some customers that there'll be other expenditures that they make around the agreement which they could potentially capitalize that they don't necessarily identify. So if they're having to do some other work or get people to do work for them around integration and whether or not that's developing software that they could then themselves capitalize. So there might be some assets there. That's probably the key one as well.

Yeah, I think it's challenging and that's probably why IFRIC had so much difficulty trying to work their way through this issue, but I think the key part is to sort of understand what your rights are and what your rights are around particular things and that should be able to help you whether or not you can capitalize or expense things.

CCH Learning:

Thank you very much for that, Dean. A little complicated there, but I hope that does help you, Cindy. I think that goes on to our other question here from Michael. Michael was asking, are preparers still struggling with applying the IFRIC decisions on the SaaS costs. And if so, why?

Dean Ardern:

Short answer, yes. They're struggling, I think. Well, the ones that have embraced it, I mean, I've seen, and I can't speak for everything, but I've seen a range of responses. Some entities had to briefly deal with it when it was first introduced and so have maybe changed the way they deal with software expenditures going forward. Some entities have looked to try and upgrade their systems to be able to make good determinations around these things. So being able to provide their auditors with a clear information about what costs have incurred and how they've accounted for them. And some entities have just not dealt with it like they've muddled through and managed to find a way to... As a consequence maybe because the expenditure wasn't material or that they wrote some of the costs off and kept some of them on the books and it seemed to be close to where they should be.

So there's been a broad range of responses, but I wouldn't say by any means everyone is completely on board and working well with IFRIC determinations. I think this is just going to be an issue going forward for a lot of people. Often there's probably a lot of things going on within entities around this question about whether I want to put money into processes to be able to capture this information purely for my auditor. Whether I just go, "Look, I'm just going to write everything off. I don't care, and they won't ask me about it." But yeah, the answer to the question is I don't think some entities have dealt with it pretty well, but I suspect a lot of entities are probably just muddling their way through still and not dealing with it directly.

CCH Learning:

Thank you for that, Dean. I do hope that helps you there, Michael. I also had a question from Jane. Jane was asking, what are the main challenges you see with applying IAS 38 or AASB 138 into the future?

Dean Ardern:

Oh, probably just the main points I raised today was the idea that it's an old standard to start with. It doesn't anticipate lots of things that we do now. Probably for sins in a past life, years ago when I started working at the AASB, I was working on a project to convince the ISB to look at IAS 38 again and review it and unfortunately we weren't very successful. The ISB were very, very accommodating and very polite about it, but said, "Yeah, look, we're not interested." We're still working on that. I know the AASB themselves are still working to it. And a shout-out to Rob Keys who's working on it there. This guy, I worked with him 30 years ago on it. He's still fighting the good fight on it, but my concern is that the way the standard's written, it's very dated and therefore doesn't anticipate any or all of the types of intangible assets that we've got now.

I mean digital tokens, cryptocurrency, non-compete agreements, most of the SaaS issues or none of it was anticipated by the standard. And if I can't see that problem being fixed in the short term in the sense that the standard set is going to address it, and I'm a bit concerned that obviously as our economy develops more and more around digital, that all of these assets are no longer going to be either on the books because they don't meet the criteria or they're going to be interpreted weirdly and there's going to be inconsistencies in the way people account for them.

CCH Learning:

Thank you very much for that, Dean. I hope that helps you there, Jane. Well, that does bring us to the end of our questions for today. So in terms of next steps, I would like to remind you all to please take a moment to provide your feedback when exiting. We have asked you a couple of questions about today's webinar, so it's really important for us to hear your opinions. It's also a reminder that within 24 to 48 hours, you will be enrolled into the e-learning recording, which can be watched multiple times and have access to the PowerPoint transcript, any other supporting documentation, and of course a CPD certificate. I would very much like to thank Dean for the session today and to you, the audience, for joining us. We do hope to see you back online for another CCH Learning webinar very soon. Please enjoy the rest of your day. Thank you very much.