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# Public Consultation on Proposed Intangibles Disclosure Framework

## Introduction

Intangible assets such as intellectual property and goodwill are important sources of competitive advantage and economic value for any business. However, companies may face challenges in the valuation and reporting of intangible assets, particularly in this digital economy. This is exacerbated by a lack of standardised reporting principles.

To address this issue, the Accounting and Corporate Regulatory Authority ("**ACRA**") and the Intellectual Property Office of Singapore ("**IPOS**") jointly issued a public consultation paper on 14 December 2022 proposing an Intangibles Disclosure Framework ("**Framework**") to help businesses disclose and communicate their intangibles.

The Framework is an initiative under the Singapore IP Strategy 2030 ("**SIPS 2030**"), a 10-year blueprint to strengthen Singapore's position as a global intangible assets and intellectual property hub. One long-term goal of SIPS 2030 is to build a credible and trusted intangible asset valuation and reporting ecosystem to support enterprises in managing and commercialising their intangible assets. In this regard, through the development of the Framework, SIPS 2030 seeks to establish Singapore's position as a frontrunner in the global community, as no jurisdiction has developed an intangible-specific disclosure or valuation framework.

The Framework outlines the key principles that an enterprise should follow when disclosing their intangibles in a report. It sets out the four pillars for disclosure, describes what each of the pillars entails, and provides guidance for enterprises on how they should disclose their intangibles under these principles.

The Framework will help businesses communicate the value of their intangibles and maximise their economic potential, which will also serve to enhance information transparency and facilitate the commercialisation of intangibles. Enterprises with intangible assets should thus be aware of the principles set out in the proposed Framework and submit any feedback they may have to ACRA or IPOS by 28 February 2023, the closing date of the consultation.

This Update provides a summary of the key features of the Framework.

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### Key Features of the Framework

The Framework seeks to provide stakeholders with standardised information about an enterprise's intangibles, allowing them to make more informed assessments of its business and financial prospects. An intangible, as defined in the Framework, is "a non-monetary resource that manifests itself by its economic properties; it does not have physical substance but grants rights and/or economic benefits to its owner".

The key principles in the Framework are built on four pillars: Strategy, Identification, Measurement, and Management. The table below summarises what each pillar entails and the recommended disclosures pursuant to each pillar.

	Strategy	Identification	Measurement	Management
<b>Description</b>	Disclose how intangibles contribute to business, strategy, and financial planning where such information is material.	Disclose the nature and characteristics of the intangibles that fit into the definition provided, and categorise them.	Disclose the performance metrics and drivers used to assess an enterprise's intangibles where such information is material.	Disclose how an enterprise identifies, assesses, and manages the risks and opportunities of its intangibles.
<b>Recommended Disclosures</b>	<ul style="list-style-type: none"> <li>• How intangibles are used to deliver corporate strategy</li> <li>• How intangibles are integrated into the business model</li> <li>• Areas of focus, investments made, and past track record in the creation and utilisation of intangibles</li> <li>• Progress made</li> </ul>	<ul style="list-style-type: none"> <li>• The nature and characteristics of the intangibles, such as a brief description and how it was acquired</li> <li>• Categorisation of intangibles:                             <ul style="list-style-type: none"> <li>• Marketing-related</li> <li>• Customer-related</li> <li>• Artistic-related</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Key Performance Indicators used to assess and analyse the financial health and performance of the intangibles</li> <li>• (Optional) Monetary value of intangibles:                             <ul style="list-style-type: none"> <li>• Purpose of the valuation</li> <li>• Definition of value</li> <li>• Date of</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Processes for identifying, assessing and managing intangibles-related risks and opportunities</li> <li>• Integration of the identification, assessment, and management of intangibles-related risks in an enterprise's overall risk management</li> </ul>

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	Strategy	Identification	Measurement	Management
	<p>towards achieving its long-term business objectives through intangibles</p> <ul style="list-style-type: none"> <li>The role intangibles have played to help gain or preserve competitive advantage in its market</li> </ul>	<ul style="list-style-type: none"> <li>Contract-related</li> <li>Technology-related</li> <li>Human capital-related</li> </ul>	<p>valuation</p> <ul style="list-style-type: none"> <li>Intangible being valued</li> <li>Valuation approach and method</li> <li>Material valuation assumptions and inputs</li> <li>Narrative of the valuation sensitivities to changes in unobservable inputs</li> <li>Valuation conclusion</li> <li>Credentials of the value</li> </ul>	<p>strategy</p>

## Concluding Words

The valuation and reporting of intangible assets is a key issue for businesses seeking to capitalise on the value of such assets. The Framework seeks to enable businesses to identify and disclose their intangibles, and to improve market transparency by providing stakeholders with standardised information about a company's intangibles. This will in turn facilitate the commercialisation of intangibles, increasing access to financing as businesses, investors and financial institutions are able to obtain clearer insights on a company's intangibles.

If you wish to provide a response to ACRA or IPOS on the proposed Framework, do feel free to contact our team below for advice and assistance.

Please see the following for more information.

- [Press release titled "Public Consultation for an Intangibles Disclosure Framework to Increase Transparency and Commercialisation of Intangibles"](#) (available on the ACRA website [www.acra.gov.sg](http://www.acra.gov.sg))
- [Proposed Intangibles Disclosure Framework](#)

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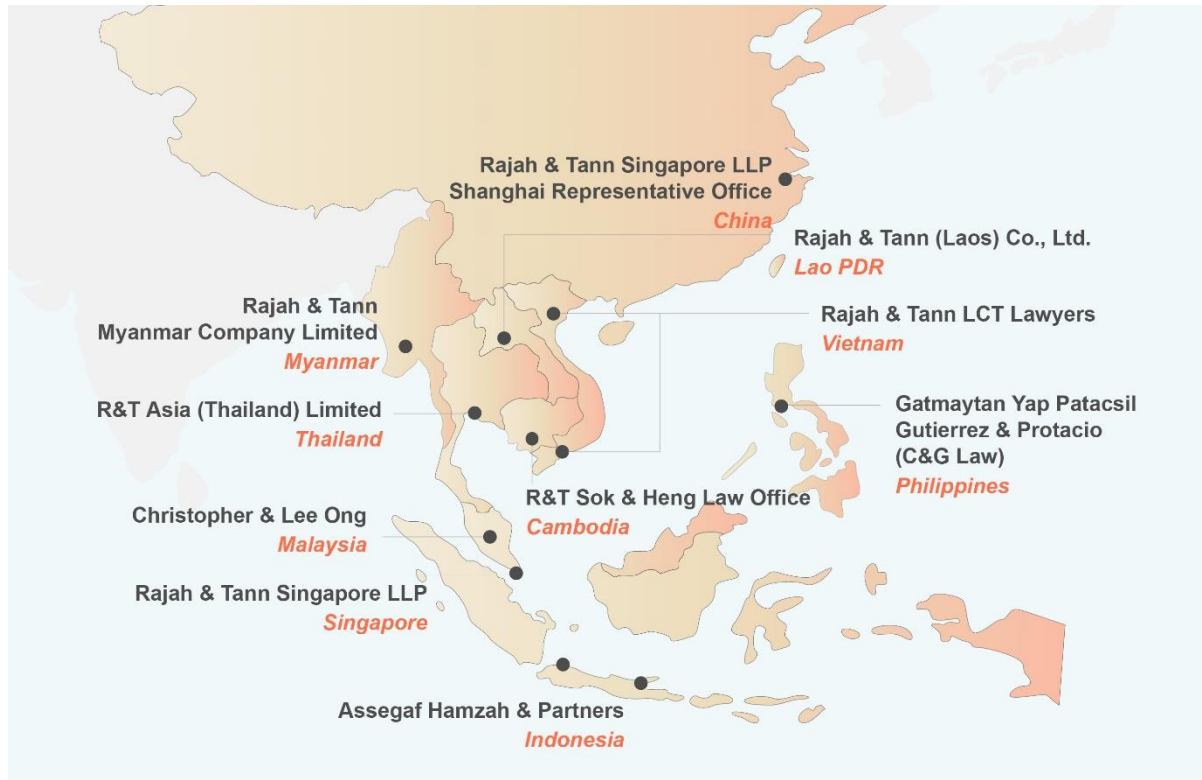
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