

## **Summary of Responses to Public Consultation on the Proposed Intangibles Disclosure Framework**

The Accounting and Corporate Regulatory Authority (ACRA) and the Intellectual Property Office of Singapore (IPOS) invited accounting professionals and entities, business and investment entities, and members of the public to provide feedback on the proposed Intangibles Disclosure Framework (Framework) from 14 December 2022 to 28 February 2023<sup>1</sup>.

The objective of the consultation was to ensure the proposed Framework helps enterprises in identifying and communicating their intangibles to support business activities, in particular intangible asset commercialisation, transactions, and financing.

In total, we received 50 responses from stakeholders ranging from enterprises to financial institutions and professional services providers.

ACRA and IPOS would like to thank all participants for their feedback. We have also provided our responses below.

### **A. Overview of feedback received**

Overall, the participants indicated that the Framework was well-structured and easy to understand. The four thematic pillars – Strategy, Identification, Measurement and Management (SIMM) – provide a suitable and sufficient basis for enterprises to provide consistent information on intangibles, thus allowing stakeholders to make more informed assessments of enterprises' business prospects.

The participants highlighted that the key benefits for enterprises in adopting the Framework include greater access to financing and better management of intangibles in both supporting business goals and/or mitigating risks. Other benefits of adopting the Framework include (i) better appreciation of intangible asset value, (ii) better communication of an enterprise's growth potential, and (iii) opportunities to attract investments or collaborations.

Overall, participants were supportive of the development of the Framework and responded positively to the approach of rolling it out for voluntary adoption.

### **B. Key revisions made to the Framework**

The Framework was revised to address feedback on both (i) technical matters and (ii) implementation matters, of the Framework as set out below.

#### **(i) Technical matters**

- 1) Distinctions between “intangibles” defined in the Framework and “intangible assets” defined in the accounting standards.

The Framework is intended to cover beyond “intangible assets” defined in the accounting standards. For instance, while human capital and internally generated intangibles cannot be recognised in the books under the accounting standards, they should be disclosed under the Framework to allow a more comprehensive view of the intangibles owned by enterprises. Accordingly, the working group decided to use the

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<sup>1</sup> Refer to the [Public Consultation on Proposed Intangibles Disclosure Framework](#)

term “intangibles” in the Framework, and clarified on how the term differs from “intangible assets” defined in the accounting standards.

2) Extent, order, depth and frequency of disclosures

To promote comprehensive disclosures, the working group added guidance for intangibles disclosures to cover all four pillars in the Framework. To enhance the usefulness of intangibles disclosures, the working group explained that the intangibles disclosures should be issued ideally together with financial statements.

3) Differentiation between short-term and long-term plans under the Strategy Pillar.

To guide enterprises in considering time horizons in their strategy disclosures, the Strategy Pillar was refined to include a short-term to long-term strategy for intangibles and value creation.

4) Disclosure of risk management and governance activities under the Management Pillar.

The Management Pillar was refined to guide risk and governance considerations by enterprises.

(ii) Implementation matters

Participants highlighted the importance of encouraging and incentivising for the use of the Framework, with numerous suggestions on possible initiatives to do so. The working group summarised these suggestions in the “Implementation Recommendations” section of the Framework, under three overarching strategies:

- 1) Showcasing practical applications of the Framework and its outcomes,
- 2) Complementing the use of the Framework with strong industry and government support, and
- 3) Building capabilities to use the Framework.

The working group acknowledged that a concerted and collaborative effort between the public and private sectors to work on these strategies and recommendations would be critical for the implementation of the Framework.

**C. Feedback to be considered in the future**

Some participants highlighted the importance of aligning and harmonising the disclosures with broader reporting requirements (e.g., financial, tax, sustainability, etc.) for consistency of information provided. There was also feedback on the need for assurance of the information disclosed.

While the working group appreciates the importance of harmonising the disclosures and building up assurance/valuation services, it would be more apt to consider these suggestions at a later stage after the Framework has been piloted and used more widely in the market.