

physical substance, controlled by an entity and from which future economic benefits are expected to flow to the entity [Accounting Act of September 29, 1994, art. 3.1.14]. Intangible assets may be internally generated, acquired as part of a business combination or acquired separately.

One of the most controversial problems in accounting, related to intangible assets, is their generation xxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx a very narrow extent. A broader view is presented in the International Financial Reporting Standards. The aim of this article is to compare the Polish and international regulations with regard to recognizing internally generated intangible assets.

1. Identification of xxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

The acquisition of an intangible asset through internal generation (or as part of a business combination) often requires long-lasting research, whose findings are later used in the development of new products or technologies. Thus the process of generating such assets is usually divided into the research [McConnell 1993] phase and the development phase. The research phase involves the discovery, analysis and development of knowledge, whereas during the development phase this knowledge finds a specific application.

The Accounting Act defines neither the notion nor the scope of research and development projects, therefore, in practice, the entities where research and development costs arise are advised to use the definitions provided by international regulations.

IAS 38 Intangible Assets defines **research** as original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. On the other hand, **development** is defined by the said standard as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or *services before commercial production or use*.

Moreover, the accounting standards (IAS/IFRS) supplement the above definitions with examples of xxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx. The examples are listed in Table 1.

