Q28

Consider the investments in the following assets: 1. Brand recognition 2. Inventory 3. Intellectual property 4. Mailing list of clients How many of the above are considered intangible investments? (a) Only one (b) Only two (c) Only three (d) All four Official key: C.

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Explanation

(a)

Only one. Three of the four are intangibles.

(b)

Only two. Brand, IP and client lists are all intangible.

(c) Official key

Only three. Brand, intellectual property and mailing lists. Inventory is a tangible current asset.

(d)

All four. Stock in the warehouse is physical.

Summary

Official key is (c) only three. Brand recognition, IP and a client mailing list are intangible. Inventory is goods on hand - tangible.

Related possible facts

These can be asked in a future Prelims paper.

Intangible asset
Non-physical: patents, brands, goodwill, software.

Inventory
Raw material, WIP, finished goods - current tangible assets.