

Chapter 4 Outline

Intangible Assets
 Organization Costs
 Goodwill
 Franchises
 Trademarks and Tradenames
 Patents
 Copyrights
 Preopening Expenses
 Liquor Licenses
Cash Value Intangible Assets
 Security Deposits
 Cash Surrender Value of Life Insurance

Competencies

1. Define intangible assets, and list common intangible assets discussed in this chapter. (pp. 105–107)
2. Define organization costs, and describe how they are amortized. (p. 107)
3. Explain the accounting term “goodwill,” and describe how goodwill is amortized. (pp. 107–108)
4. Explain franchise agreements, and describe how the costs of such agreements are amortized. (p. 108)
5. Define trademarks and tradenames, and describe how they are amortized. (p. 109)
6. Compare patents and copyrights, and describe how they are amortized. (pp. 109–110)
7. Define preopening expenses, and contrast them to organization costs. (pp. 110–111)
8. Describe the renewal and purchase of liquor licenses, and explain how their costs are amortized. (p. 111)
9. Define cash value intangible assets using security deposits as an example. (p. 112)
10. Describe the two basic kinds of life insurance, pointing out their similarities and differences. (pp. 112–113)