Note 10 – Intangible Assets

(NOK 1,000)	Software	Goodwill	Other intangible assets Indefinite life	Other intangible assets Definite life	Total
Acquisition costs 1 January 2012	264,318	94,157	26,036	69,574	454,085
Additions	55,901	0	0	0	55,901
Disposals	-3,867	0	0	0	-3,867
Acquisition costs 31 December 2012	**316,351**	**94,157**	**26,036**	**69,574**	**506,118**
Acquisition costs 1 January 2013	316,351	94,157	26,036	69,574	506,118
Additions	39,219	0	3,199	0	42,418
Disposals	0	0	0	0	0
Acquisition costs 31 December 2013	**355,570**	**94,157**	**29,235**	**69,574**	**548,536**
Accumulated amortization 1 January 2012	148,294	0	0	69,574	217,868
Amortization	53,062	0	0	0	53,062
Impairment	0	0	0	0	0
Amortization disposals	-2,585	0	0	0	-2,585
Accumulated amortization 31 December 2012	**198,771**	**0**	**0**	**69,574**	**268,345**
Accumulated amortization 1 January 2013	198,771	0	0	69,574	268,345
Amortization	54,921	0	0	0	54,921
Impairment	0	0	0	0	0
Amortization disposals	0	0	0	0	0
Accumulated amortization 31 December 2013	**253,692**	**0**	**0**	**69,574**	**323,266**
Book value at 31 December 2012	**117,581**	**94,157**	**26,036**	**0**	**237,773**
Book value at 31 December 2013	**101,878**	**94,157**	**29,235**	**0**	**225,270**
Useful life	3-5 years	Indefinite	Indefinite	See below	
Amortization plan	Straight-line	None	None	Straight-line	

Capitalized software is related to external consulting fees for the development of Norwegian's own systems for bookings and ticket-less travels, various sales portals, back office and maintenance system. These costs are amortized over their estimated useful lives (three to five years).

Other intangible assets and goodwill are related to the purchase of Norwegian Air Shuttle Sweden AB on 31 July 2007. Other intangible assets from business combinations consist of estimated fair value of Brand name, charter operations, slots and the Air Operating Certificate. Other intangible assets also consist of intellectual property rights that are related to purchases of internet domains. The Group has developed international web portals in major markets.

Goodwill, slots and intellectual property rights are determined to have indefinite useful lives, and are not amortized. Slots and intellectual property rights do not expire over time, as long as the management has the intention to continue using the assets.

Impairment testing of goodwill and intangible assets
The Group tests goodwill and assets with indefinite useful lives annually at year-end for impairment. Intangible assets with definite lives are tested for impairment if indicators of impairment are identified. No indications of impairment have been identified in 2013, or in 2012.

The method used to estimate the recoverable amount is value in use, based on discounted cash flow analysis. The analysis reflects the cash flow projections in the financial business plan covering the next year which is approved by the Board of Directors. The budget for the next 12 months is applied for cash flows within a planning horizon of 8 years, as the aircraft fleet is estimated for re-investment every eight years. Key assumptions used in the calculation are growth rates, operating costs, terminal value and discount rate. Cash flows beyond the eight year period are extrapolated with a long term growth rate. Estimated cash flows and discount rate are after tax.

Discount rate
The applied discount rate is 8.7% (2012: 7.9%) and based on the Weighted Average Cost of Capital (WACC). The cost of the Group's debt and equity capital, weighted accordingly to reflect its capital structure, gives the Group’s weighted average cost of capital. The WACC rates which are used to discount future cash flows are based on market risk free interest rates adjusted for inflation differentials and also include the debt premium, market risk premium, gearing corporate tax rate and asset beta. An increase of the discount rate of 5% will not result in impairment of goodwill and intangible assets.

Growth rates
The basis for calculating future growth rate is next year management approved budget. Except for growth assumptions from budgeted production increase, no growth is incorporated in the impairment test for 2013.

Operating costs
The operating costs are calculated based on the budget period. Committed operations efficiency programs for the next 12 months are taken into account. Changes in the outcome of these initiatives may affect future estimated operating costs. A permanent increase of 5% of total costs, with all other assumptions unchanged, will not result in impairment of assets.

Terminal value
A growth rate of 2% is used in calculating cash flow beyond the eight year period.

Sensitivity
At 31 December 2013, the Group’s value in use was significantly higher than the carrying amount of its goodwill and intangible assets. The impairment calculation is not particularly sensitive to changes in assumptions.