
The usefulness of disclosures on unaccounted
intangibles for CFOs and investors: An international
investigation

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- **Paper examines perceptions of usefulness of intangibles-related information**
 - Highly topical area
 - Data collection from preparers and users (survey and focus groups)
 - Different classes of intangibles (separable/not; marketable/not)
 - Technical, managerial, political challenges/opportunities of disclosure
 - Measures and disclosures on unreported intangibles that are useful for decision making; assessments by users of this information
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• Evidence for standard setters – unrecognised/internally gen IA

- Table 1 Responses Preparers 41, Users 42. Information missing from financial reporting (ref IAS 38)
 - *Who are the respondents? How much professional experience/which industries/IFRS experience?*
 - *Is the question broad or narrow (Financial reporting vs IAS 38)?*
 - Table 2 Information missing from financial reporting
 - *Considerable agreement between preparers and users about the important areas where information is missing*
 - Table 3 Will providing more information (unrecognised/internally generated intangibles) meet cost benefit test?
 - *I see preparers are more cautious than investors, investors are more positive re cost/benefit assessment*
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• Evidence for standard setters

- Table 4 asks re measurement choices for a range of intangibles.
 - *Numbers are hard to reconcile – more clarity needed for the reader (here and p.12).*
 - *I agree views often overlap (p.12). Preference for recognition relatively low. Some results don't surprise (training measured at cost); more support for recognising human capital than training. Some results are difficult to interpret – why do users want human capital at ViU but organisational capital at FV? How do preparers and users plan to determine FV on intangible-related reputational risk?*
 - Table 5 In which form should information be disclosed?
 - *Most (both groups) answer = combination (financial, narrative, KPIs). Sensible and similar.*
 - Table 6 Location of information
 - *Interesting that strongest preference (around half both groups) is for information in the notes (ie recognition OR disclosure in audited financial statements). Conflicts with T4 unless they want disclosure without recognition.*
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• Evidence for standard setters

- Table 7 Most relevant current frameworks
 - *Strong preference for IFRS frameworks (Standard, MC, IIRC) and among investors EU frameworks (69% respondents from EU)*
 - Table 8 Intangibles information outside financial statements.
 - *Many users and some preparers support standardisation and/or mandatory guidance (not the same thing). We don't know which one they prefer.*
 - Table 9 Need for audit of unrecognised intangibles
 - *More than half of both groups support audit. Does this question ask about 'intangibles' in general or 'unrecognised intangibles'. If latter, harder to audit.*
 - Table 10 Overlap of intangibles information and ESG
 - *Mixed views about extent of overlap – could reflect undefined terms (the new table format of confused me).*
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