Unrealised Earnings, Dividends and Reporting Aggressiveness: An Examination of Firms’ Behaviour in the Era of Fair Value Accounting
Dividend Distribution

• Higher Dividend payments from unrealised profits:
  – Definition of what is being considered as realised and unrealised
  – Regulatory considerations as the IASB does not set dividend distribution requirements
  – Asserts that such payments from unrealised profits leads to higher leverage
  – No unrealised gains or losses prior to adoption of IFRSs?
Earnings and Tax Management

• Leads to earnings and tax management:
  – Methodology used for measuring the level of tax management
    – BTD
    – ETRs
  – Methodology used for measuring the level of earnings management
    – PMDA

• Reasons for increase in such activities
Thank you