Discussion structure

• Relevance
• Areas for further discussion
• Possible areas to expand research
Main finding:

• Greater allocation of purchase price to qualifying identifiable assets (including previously unrecognised intangibles) associated with:
  • Higher value relevance
  • Lower information asymmetry
  • Lower cost of capital
Relevance

IASB research pipeline project: **Intangible Assets**:

This project will aim comprehensively to review the accounting requirements for intangible assets. Initial research will seek to identify the scope of the project and how best to stage work on this topic to deliver timely improvements to IFRS Accounting Standards.

- Evidence of the benefits of recognition of internally generated intangible assets in statement of financial position
- Evidence of benefits to users and companies
Areas for further discussion

Standard-setters need help understanding research studies based on econometrics (statistics)

- Convergent validity tests
  - Diligence of PPA and overpayment propensity?

- Comparison of acquiring and non-acquiring
  - ‘Acquiring’ cost of capital increases post-acquisition?
    - Consistency with OLS tests
    - Increased risk associated with M&A
  - Higher information asymmetry for ‘non-acquirers’ pre-acquisition?

- Are all measures of information asymmetry equal?
- Reasons for the influence of earnings management
Possible areas to expand research

- Disaggregate PPAIA → qualifying identifiable intangible assets previously expensed
- Persistence of results
- Extend to other country samples—consistent results?