

EFRAG CALLS FOR AN ACADEMIC LITERATURE REVIEW ON REPORTING ON INTANGIBLE ASSETS

4 December 2018

Background

EFRAG has added a Research project on *Better Information on Intangible Assets* to its research agenda following our public agenda consultation. The purpose of the project is to investigate possible ways to improve the information on intangible assets provided in the financial statements and how these contribute to the entities' creation of value and prospects for future cash flows.

Intangible resources are playing an increasing role in the modern economy. Traditional reporting may be unable to provide a comprehensive picture of this class of assets. Many intangible assets are not recognised or may even not be referenced at all in the financial statements.

More details on the EFRAG research project can be found at the [project page](#).

In the context of the project, EFRAG is interested in commissioning a review of existing conceptual and empirical academic studies related to the reporting of intangibles by entities, the existing gaps and ideas on how to improve this area of reporting.

The purpose of the literature review is to support EFRAG in its analysis and development of a Discussion Paper (or series of publications) that will expose proposals to improve different aspects of reporting on intangible assets. The EFRAG project could consider improvements in recognition, measurement, presentation and/or disclosure. To the extent that it would be useful for the purpose of the literature review, the review could accordingly be supplemented by literature other than academic papers on publicly-available information from external reporting (i.e. financial statements and annual reports).

Examples of literature that is of particular interest to EFRAG include, but are not limited to:

- Studies that have explored the relevance of the information on intangibles, such as R&D expenses, for stock prices;
- Studies that have reviewed the reporting practices on intangibles and assessed the quality of information available;
- Studies that focused on the narratives in the annual report with respect to intangibles;
- Studies that have proposed metrics or frameworks to report information on intangible assets both for external and internal reporting purposes.

The literature review should summarise the key findings of these studies and also briefly describe the different methods applied (such as observational pre-post study, a cross-sectional association or lab experiment).

It is expected that the literature review will cover studies conducted in a non-European context, however, the review should also cover studies conducted in Europe.

The debate on the increasing role of intangibles and on the limitations of the existing accounting requirements has been ongoing over the last decades and has resulted in a very large academic production. EFRAG encourages applicants to focus on the more recent production (last 10 years) and report on the key insights from earlier reviews.

How to apply

Applications are open to individuals or groups who are affiliated with an internationally-recognised university and have previously published research on accounting in high quality peer reviewed journals.

If you are interested to apply, please submit summary CVs and a brief proposal together to call.for.tender@efrag.org before 15 January 2019.

The proposal should include:

- university affiliation and previous research;
- a review plan outline;
- a brief review of some relevant research/literature;
- a summary of the key issues which you believe are likely to arise from the review; and
- the amount of the funding required along with a breakdown of the estimated costs.

Applicants will be advised of the decision by 31 January 2019.

EFRAG may finally decide to divide the review into separate parts and allocate them to different teams. In this case, the total funding will be allocated based on EFRAG's assessment.

Terms of agreement

A draft of the literature review and summary report in a form understandable for non-academics is to be submitted by 31 May 2019. The EFRAG project team will provide feedback and the final review should be submitted two months after the draft (31 July 2019). Authors may be required to make a short presentation of findings to the EFRAG Board and EFRAG TEG at one of their meetings.

EFRAG may also require the authors to present their findings at other meetings after publication by EFRAG of the literature review. EFRAG will incur the traveling expenses to attend the meetings after publication (until publication all expenses including travel expenses are to be included in the proposal).

Funding of up to 15.000 (including VAT if applicable)¹ euros is available to commission the literature review. The review and summary report will be made publicly available on EFRAG website. The authors will be allowed under specific conditions to use the findings for their own research and to publish them.

The Information Form and Draft Contract form part of the call for tenders.

¹The proposal should include VAT: EFRAG has no VAT status and should therefore be invoiced VAT included for all provision of services, including those received from abroad.