

INFORMATIONAL CONTENT OF GOODWILL DISCLOSURES: BELGIAN MARKET EVIDENCE

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Abstract:

Business combinations provide specific asymmetric information: they usually include acquisition's premiums, accounted for through the recognition of (1) various intangible assets emerging from the combination or (2) one intangible single asset, the goodwill. Receiving the consolidated financial statements, the market has to understand the signification, estimate the accuracy of the level of those premiums and imagine the future of this over-value. We analyse the data of a sample of Belgian listed companies and define individual disclosure's score. We conclude to a heterogeneous treatment by companies, to difficulties to find information when companies register various intangibles based on IAS 38 and to narrow adjustments of the disclosure's level after the recommendations of market's authorities.

Keywords: Business combinations, goodwill, intangibles, disclosures, impairment tests