Accounting for intangibles: Macro vs Micro?

The statistical (macro) view

John Verrinder (Eurostat)

"Macro vs micro"??

Different purposes of statistical (macro) data and (micro) financial reporting

- **Statistical data for broad/multi purposes**
- **User needs – policymakers, academics, business - include for analysis of economic activity, productivity, industrial structure, wealth…**

BUT - Macro data relies on micro data sources

What kinds of macro data and what standards?

National accounts, balance of payments, business statistics…quarterly and annual

National Accounts – "System of National Accounts" (SNA)

- **In Europe – European System of Accounts (ESA 2010)**

Balance of Payments – Balance of Payments Manual ver.6

Business Statistics – range of European legislation

Compiled by National Statistical Institutes and (in some cases, e.g. for BOP) by National Central Banks

Focus on national accounts

The "asset boundary" – a source of strong debate over many years

Trade-off between conceptual purity (definition of an asset) and practical measurement (data sources, globalisation distortions, etc)

Gradual expansion of the boundary over time:

- **Software, databases, artistic originals (1993)**
- **Research and development (2008)**

Intangibles in ESA 2010

Included as Intellectual property products (IPP):

- **Research and development**
- **Mineral exploration and evaluation**
- **Computer software and databases**
- **Entertainment, literary and artistic originals**

Not included:

Marketing assets (unless bought/sold at arm's length)

Human capital

Entrepreneurial capital, etc etc

Treatment of R&D

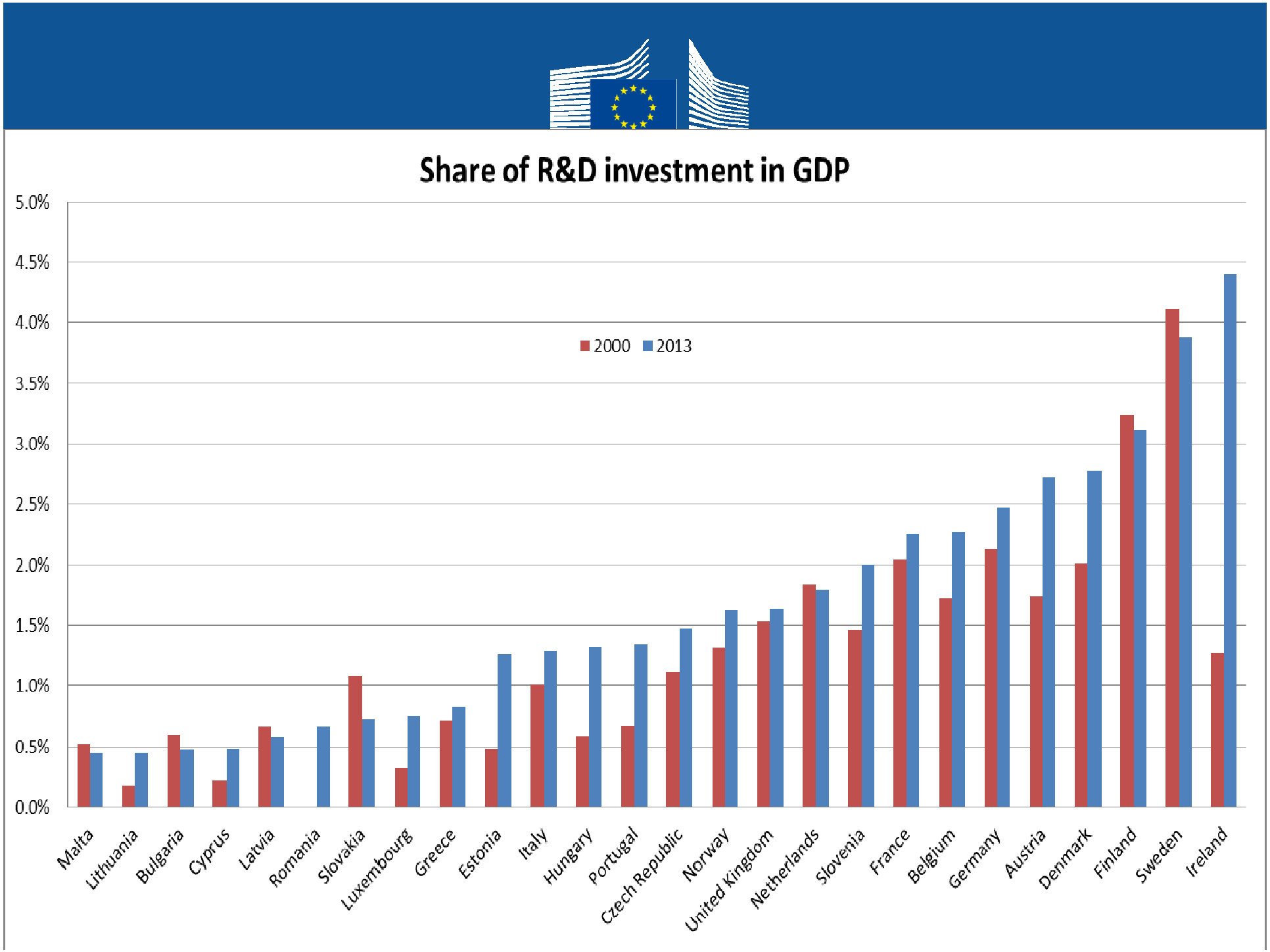
- *Commercial R&D: revenues from sales*
- *Own-account R&D by enterprises:*
  - **Similar market prices**
  - **Sum of costs with mark-up**
- *Own-account R&D by government, universities etc: sum of costs without mark-up*

Production of R&D leads to an asset (an "original") that can be used directly in subsequent production or licensed/sold to others.

Sources for R&D

Eurostat manual on measuring R&D in ESA 2010:

- **"Frascati manual" surveys**
- **Administrative data**
- **Balance of payments**
- **Business surveys**
- **Capital expenditure surveys**
- **Tax credit data**
- **Patents**


Share of R&D investment in GDP
5.0%
4.5%
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
2000
2013
Malta
Lithuania
Bulgaria
Cyprus
Latvia
Romania
Slovakia
Luxembourg
Greece
Estonia
Italy
Hungary
Portugal
Czech Republic
Norway
United Kingdom
Netherlands
Slovenia
France
Belgium
Germany
Austria
Denmark
Finland
Sweden
Ireland

Some micro/macro issues

User needs

- **GPFRs / macroeconomic data**

Coverage/Recognition

- **Entity level / economy-wide**
- **Treatment of research, brands, marketing…**
- **Statistical approach "front-loads" investment**

Measurement

- **Cost or revaluation model/ Current values**