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The Role of Intangible Assets in Enhancing Corporate Financial Transparency

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Abstract: *The incapacity and imprecision of financial and earnings projections are the focus of intangible assets, intellectual property, and estimating cash flow and rates of return. The primary source of information used by accountants, financial managers, and economic forecasters to project future cash flow and profitability (per share or overall) is financial reporting. However, expert estimates and their records have often resulted in poor performance. Prior research focused on producing proof that accrual accounting supports improved forecasting performance or on historical study of previous profits forecasting methodologies. There are a variety of ways to object to these fields of research. It is inappropriate to defend accrual accounting by claiming that it performs well when key elements influencing profit projections are not included in the used methodologies. Additionally, intangible asset financial reporting is often inaccurate or nonexistent. Economic forecasters are aware that one major source of forecasting mistake is the reporting of assets, which has a significant impact on cash flow and, therefore, earnings forecasts. Even though others have shown that using advanced models for forecasting with error corrections may increase prediction accuracy, examining intangible assets alone can still provide erroneous findings. We can solve this issue with the use of estimation theory, which will also encourage accountants to accurately report information regarding intellectual property rights and related assets.*

Keywords*:* Intangible Assets; Intellectual Property; Estimation Theory; M&A; Earnings Forecasts