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CPA-Canada Accounting and Governance Research Centre

DISTINGUISHED SPEAKER SERIES

Professor Paul André
ESSEC Business School, France

Dr. Paul André, PhD (U. of Waterloo, Canada) is professor of accounting and management control at ESSEC Business School since 2007. He is currently Associate Dean for Research. He is also a director of the ESSEC Financial Reporting Centre. Paul teaches financial reporting, financial statement analysis and business valuation in the MSc, MBA and various advanced Masters programs, EMS and executive education programs. His research focuses on the topics of financial reporting, earnings quality, corporate governance, ownership structures, auditing and mergers and acquisitions. Paul has published numerous articles on these topics in journals such as: *Contemporary Accounting Research*, *Journal of Business, Finance & Accounting and Corporate Governance*: *An International Review*, *European Accounting Review and Comptabilité Contrôle Audit*. Paul is Editor-in-Chief of *Accounting in Europe* and Associate Editor of the *Journal of Business, Finance & Accounting*. He is also on the editorial boards of *Contemporary Accounting Research*, *Comptabilité Contrôle Audit*, *Revue Française de Gouvernance d'Entreprise*, *Finance Contrôle Stratégie*, among others. He has been a professor at the University of Edinburgh, HEC Montreal, UQAM and University of Ottawa and a visiting scholar at Paris-Dauphine, Paris XII, Concordia University and Cass Business School, London. Paul is a past President of the Association Académique Internationale de Gouvernance. In addition to his academic work, he is a Canadian Chartered Professional Accountant (CPA, CA) and has worked for one of the Big Four auditing firms.

Topic: **«Goodwill related mandatory disclosure and the cost of equity capital».**

Abstract:

We examine whether goodwill related disclosure, as mandated by IFRS 3 and IAS 36, reduces implied cost of equity capital (ICC) for a sample of European firms for the period 2008 to 2011.

We focus on goodwill since it is a significant amount on a company's balance sheet and it conveys current and forward looking information relevant to a firm. Additionally, the goodwill impairment tests give rise to concerns about their implementation quality. Our results indicate a mean (median) compliance level of about 82% (83%) and a high variation among firms' disclosure levels. In depth analysis reveals that non-compliance relates mostly to proprietary information and information that reveals managers' judgment and expectations. Furthermore, we find a negative relationship between ICC and goodwill related mandatory disclosure levels. This relationship is not only statistically but also economically significant. Thus, companies exhibiting high compliance levels experience significantly reduced ICC. These findings add knowledge regarding the economic consequences of mandatory disclosures, should have an appeal to regulators and financial statement preparers, and reflect on the IASB's concerns to increase the guidance and principles on presentation and disclosure in the revised Conceptual Framework.

TIME: **10.00 -11.30, Wednesday, April 1, 2015**
PLACE: **Desmarais, Room 4165**

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