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Disclosure in view of companies' increasing intangibility: Book Value x Market Value

Abstract

Objective: To check if, as a result of companies' increasing "intangibility", Accounting has worked to develop ways to maintain the utility of accounting information for investment decision making.

Method: Exploratory study with a qualitative approach. The research is based on the list of the largest companies in terms of market capitalization, as published by Visual Capitalist in 2016. The evolution of the main stock markets in the North American market was analyzed for the past 15 years. It was verified that, between 2001 and 2016, the ranking of the largest companies by market capitalization changed from other economic sectors to the technology sector, where the five largest companies in the world, in 2016, were: Apple, Alphabet (holding of Google), Microsoft, Amazon and Facebook.

Results: The results disclose that the companies' equity is lower than their market value. The market considers that part of the difference is due to the fact that accounting does not recognize the companies' intangible assets, mainly in the new context of the digital economy.

Contributions: As the solution will not be achieved in the short term and Accounting needs to maintain its information characteristic, we argue in favor of the disclosure of its intangible items, even if in the Notes to the Financial Statements.

Key words: Intangibility, Disclosure, Market Capitalization.

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1. Introduction

The recognition of intangible assets in the financial statements has always been a polemic issue. In Technical Pronouncement CPC 04 (CPC, 2010), it is established that an intangible asset is an identifiable non-monetary asset without physical substance. Some intangible assets found regularly are: technology, brands, patents, client portfolios and intellectual capital. And new assets are emerging each day. Intangible assets gain increasing importance and affect the company value, but the majority is not recognized in the financial statements.

In the pronouncement, it is established that an entity should only recognize an intangible asset if certain criteria are attended to. Furthermore, specifications are provided on how to determine the book value of intangible assets, requiring specific disclosure in this respect.

Thus, Accounting, shaped for the industry and the trading of tangible goods, is facing the challenge of providing useful information in a market that increasingly values intangible assets and new corporate activity models, more based on ideas, technology and value added to the brand than on physical items valued at their production cost.

In that context, we intend to demonstrate that companies are increasingly becoming intangible and that Accounting plays a fundamental role in the disclosure of the information needed for better decision making.

Therefore, we analyzed the evolution in the past 15 years of the largest global companies in terms of market capitalization, represented by the stock price, which investors frequently use to estimate a company value that is considered fair at that moment. These companies' stocks are traded on the main North American stock exchanges.

The research is based on the disclosure by Visual Capitalist (Canadian company specialized in business and investment trends) of the largest companies in market value. As a result, it was verified that, between 2001 and 2016, the ranking of the largest companies in market value changed from other economic sectors (industry, trade, etc.) to the technology sector (New Economy), where the five largest companies in the world with stocks traded on the North American market in 2016, were: Apple, Alphabet (holding of Google), Microsoft, Amazon and Facebook.

And what do these five companies have in common? All of them are active in the technology sector and surpass companies that used to head the list of the highest market capitalization, such as Exxon, G&E, Total, Citibank, Petrochina, Shell, ICBC – Industrial and Commercial Bank of China and Walmart.

In view of the above, we raise the following research question: **Does the accounting information remain useful for investment decision making?**

Thus, the study objective is to check whether, as a result of companies' increasing intangibility, Accounting has worked to develop ways to preserve the utility of accounting information for investment decision making.

According to Beyer, Cohen, Lyz and Walther (2010), accounting information plays two important roles in market economies. First, it allows the capital providers (stockholders and creditors) to value the potential return of investment opportunities (the valuation role of accounting information). Second, the accounting information allows the capital providers to monitor the use of their capital after it has been committed (the stewardship role of accounting information).

It is through Accounting, as a business language, that the users expect to obtain useful and relevant information for decision making.

On the opposite, Lev (2016), an accountant and researcher with expertise on Intangible Assets, highlights that fundamental factors to determine the value of a company do not figure on the Balance Sheet and Income Statement and that this situation is not restricted to emerging technology companies as, in any competitive environment, even in traditional industries, innovation is necessary.

Nevertheless, Lev (2016) does not recommend the elimination of the financial statements, as "The financial reports will always be important as a historical record. You need some kind of historical perspective of the business". And he ends by considering that it is important to know the past, but this does not always provide linear information about what is going to happen in the future, which is why the author proposes changes in the way the information is presented.

Nevertheless, there was a significant change in the company valuation, with distancing between the economic value and the book value, arousing debate on the decreased importance of accounting information. That situation made researchers look for alternatives for the lack of identification of intangible assets in the balance sheet, as can be observed next. The continuation of this study is structured as follows: theoretical background, addressing disclosure and intangible asset; description of the method used; presentation of data on the largest companies by market capitalization and analysis of the results; and the final considerations.

2.Theoretical Background

2.1. Disclosure

According to Lopes (2004), Accounting is considered relevant only if it clearly influences its users' economic decisions. The role of accounting information in company valuation has been an active area of research in accounting.

In the New Economy, companies have more intangible assets that Accounting does not recognize than they had in the Old Economy. Companies are moving towards increasing intangibility. In this way, financial statement disclosure plays a fundamental role for a greater understanding and comparability of the information that is disclosed.

For Iudícibus (2004), the disclosure is an inalienable commitment of Accounting towards its users and its own objectives. The forms of the disclosure may vary, but the essence is always the same: to present quantitative and qualitative information in an orderly manner, leaving as little as possible to stay out of the formal statements, in order to provide a proper information base for the user.

The value of accounting transparency indisputably involves the disclosure of intangible assets. The future of Accounting is linked to a scenario of objectivity in the numbers presented to the information users.

The International Accounting Standards Board's (IASB) Conceptual Framework for Financial Reporting (2011) defines that the purpose of financial statements is to provide accounting and financial information of the entity that is useful to existing and potential investors, to loan creditors and other creditors when making a decision related to funding for the entity.

Disclosure has to follow the precepts of the Conceptual Framework that defines the fundamental qualitative characteristics of the Financial Statements: Relevance and Reliable Representation. Relevance depends on the nature and also materiality (size) of the item under discussion. Reliable Representation refers to three attributes: information has to be complete, neutral, and error-free. The information needs to be concomitantly relevant and accurately represent the reported reality in order to be useful.

In addition, in the information disclosure process, it needs to possess the qualitative characteristics to improve the usefulness of the information, which are Comparability, Verifiability, Timeliness, and Comprehensibility.

According to Core (2001), there is a consensus that the business reporting model needs to expand to meet the changing information needs of the market and provide the information needed for greater transparency and corporate accountability. Around the world, regulators see disclosure as the key to achieving the desired change in the quality of corporate reporting.

According to Iatridis (2011), who investigated the quality of companies' disclosure in England, companies that exhibit high-quality accounting disclosures are generally larger, more profitable and possess higher liquidity levels. Studies by Botosan (2006) demonstrate that the primary conclusion of existing theoretical and empirical research is that greater disclosure reduces the cost of capital.

Finally, the quality of corporate disclosure contributes to enhancing governance. Doige, Karolyi, and Stulz (2007) argue that better governance allows companies to access capital markets in better conditions, and that good governance practices should positively impact a firm's valuation and market performance.

2.2. Intangible Asset

Hendriksen and Van Breda (1999) indicate that intangible assets are one of the most complex areas of accounting theory, partly because of the definition difficulties, but mainly because of the uncertainties regarding the measurement of their values and estimation of their useful lives.

An intangible asset is an identifiable non-monetary asset without physical substance. Under the terms of CPC 04 (CPC, 2010), an entity shall recognize an intangible asset only if certain criteria specified in that standard are met, taking into account the need for such an asset to be identifiable and for the entity to control it, defining when it should be recognized and how to measure its value.

The standard defines that an asset is identifiable when it is separable, that is, it can be separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or in conjunction with a related contract, asset or liability, or results from contractual or other legal rights, whether those rights are transferable or are separable from the entity or other rights and obligations.

Recognition, in turn, should occur only when it is probable that the expected future economic benefits attributable to the asset will be generated in favor of the entity and when the cost of the asset can be reliably measured.

In Brazil, the recognition of intangible assets the company generated internally from projects or even brand development is prohibited, as CPC Pronouncement 04 (CPC, 2010) indicates that the goodwill generated internally should not be recognized as an asset. The Pronouncement further determines that no intangible asset should be recognized in the research phase, but recognition is possible when in the development phase, provided that a list of criteria is met.

The equivalent international standard, IAS 38 (IASB, 2004), however, provides for the possibility of recognition of internally generated intangible assets in specific cases and which result in few possibilities for recognition, but represent a greater possibility internationally when compared to the Brazilian standard.

Both the Brazilian and international standards indicate, however, that internally generated trademarks, publication titles, client lists, and similar items should not be recognized as intangible assets. Such a normative impossibility of recognizing these assets, however, especially when generated internally, does not prevent the business world from evolving and several companies from presenting more and more items with characteristics of intangibles, a situation demonstrated in a survey conducted by BrandZ (2016), a global platform that covers more than 100,000 brands in 45 countries and presented that, in the ranking of the 100 most valuable brands released in 2016, the five most valuable brands are in the technology segment: Google, Apple, Microsoft, AT & T, and Facebook. In the 2017 ranking (BrandZ, 2017), Amazon, classified under Retail, but intensive in technology and innovation, replaced AT & T in the same position.

In this sense, Szuster, N., Szuster, FR and Szuster, FR (2005) discussed the challenges of Accounting to reproduce the current reality and signaled that corporate wealth is no longer centered only on tangible assets, but on the intangible assets specific to each sector of the economy, pointing out the need for disclosure, even in the Notes to the Financial Statements.

Upton Jr. (2001) prepared the Financial Accounting Standards Board's (FASB) Special Report on "Business and Financial Reporting, Challenges of the New Economy". In the preface, the author highlighted a gap between the information provided in the financial statements and the information needs of investors and creditors, a situation some characterize as a gap between "new economy" companies and financial reports of the "old economy" and that the users demand greater disclosure of non-financial information, more prospective information and more information about intangible assets. He further emphasized that the improved financial statements of the "new economy" require attention to the recognition of internally generated intangible assets in financial statements and improved measures of these assets, expanded and systematic use of non-financial performance metrics and greater use of prospective information.

Castro (2015), in his research, highlighted that the accounting principles for measurement were developed in a primarily industrial economy scenario, focusing on tangible assets. In recent decades, however, the presence of intangible assets in companies has increased significantly, contrary to the accounting standards, which did not follow this evolution.

In a study by Perez and Famá (2006), a sample composed of 699 companies in the United States was analyzed for the period from 1997 to 2002. As a result, they concluded that intangible assets are relevant in the company's economic performance. It was clear that companies with a greater share of intangible assets generated more value for their shareholders. It could also be inferred that, based on the clarity of the results, in the period under review, the tangible assets provided the companies with only normal profits and that true value creation resulted from the intangible assets.

Other studies also relate intangible assets to market capitalization and/or company return, as well as to the loss of Accounting's information power, in accordance with Aboody and Lev (1998); Lev and Zarowin (1999); Lev and Radhakrishnan (2003); Oliveira, Rodrigues, and Craig (2010); Decker, Esslin, Queen, and Queen (2013); Basso, Oliveira, Kimura, and Braune (2015); Chehab, Liu, and Xiao (2016); and Clausen and Hirth (2016). The most recent studies present proposals for the better treatment of intangibles to enhance the information power of Accounting.

Lev (2016) pointed out that some people consider that only putting the capitalized value on the balance sheet is not enough and that the appropriate value should be estimated, a position he does not underwrite because it is difficult to estimate the appropriate real value. The main advantage of capitalizing intangibles would be to correct the income statements. Despite this, the author describes that there are major forces working against the change in relation to the measurement and disclosure of information about intangibles, especially in the light of the possibility of using R & D expenditures as a tool for manipulating results.

Thus, the author considers that the usefulness of the financial information has worsened, a situation that increases the risk of investors and, consequently, the companies' cost of capital, reducing their shared values.

On the other hand, although most of the studies that relate intangible assets and company value indicate the need for accounting records of intangible assets, presenting Penman's (2009) approach is due here. The author questions the need for accounting recognition, noting that the value of intangibles can be obtained from the Income Statement and the Balance Sheet. In his study, he demonstrates the possibility of approaching the book value to the company's market value, based on accounting information and the trade value of the share, considering two large companies in the information technology segment. In conclusion, he indicated that research on the accounting treatment of intangible assets should not be discouraged but put into perspective.

In the evolution of the concepts, in his book The End of Accounting and the Path Forward for Investors and Managers, in partnership with Gu Feng, Baruch Lev observes strategic assets in general. The authors developed a report focused on improving information disclosure, called Strategic Resources and Consequences Report. This report of one or a maximum of two pages would consider strategic items of the company, with the potential to generate value, concentrating on information that is lacking in the financial statements. These items are not suitable for accounting recognition but are strategic for company valuation, such as results of clinical trials of the biotechnology and pharmaceutical company, proven oil and gas reserves of energy companies, new clients in technology companies.

Kaufmann and Schneider (2004) synthesized research on intangibles and concluded that these studies were characterized by a wide array of viewpoints and interpretations, indicating that, until then, the dominant schools of thought had not yet developed. At present, however, in research, the importance of intangible assets for company value is confirmed, as well as several studies whose scope is to improve the Accounting treatment of intangible assets.

Thus, there is an international scenario of normative restriction for the recognition of intangible assets, with even more restrictions in Brazil, as opposed to the market's ability to value those items, influencing the companies' market capitalization, identified based on the stock price. In addition, there is intense academic debate seeking solutions for the greater representativeness of intangible assets by Accounting, either directly, in the Financial Statements, or even in the set of qualitative information the companies provide, in view of the users' demand for further information that indicates the company value or permits its estimation, in order to meet the expected level of disclosure.

3. Method

Regarding the objectives, this research is characterized as exploratory and has a qualitative approach. As for the technical procedures, it is characterized as bibliographical and documentary.

According to Gil (2007), exploratory research aims to enhance the familiarity with the problem, in order to make it more explicit or to construct hypotheses. This research intends to make the reader more familiar with the issue of companies' progressive intangibility and the commitment of Accounting to improve the disclosure of information to its users.

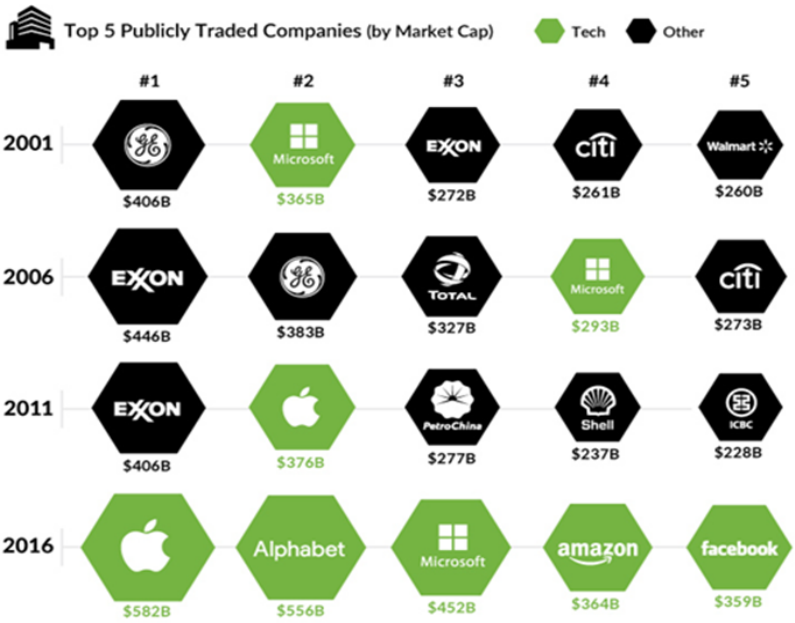
As for the qualitative approach, according to Soares (2003), qualitative research mainly aims to describe the complexity of a certain hypothesis or problem; to analyze the interaction between variables; to understand and classify dynamic processes experienced by social groups; to permit the interpretation of the particularities in individuals' behaviors or attitudes; and to interpret data, facts, theory, and hypotheses. This research has a qualitative approach, as it seeks to explore the management of intangible assets in companies in further depth.

As for the technical procedures, according to Marconi and Lakatos (2003), both bibliographic and documentary research are dichotomous due to the origin of their sources: the bibliographical, secondary sources, that is, what has already been published, through magazines, research and others; and the documentary, primary sources such as public documents, private archives, and statistical sources. The use of these techniques is intended not only to present a repetition of the content, but an approach not yet explored. This research uses printed and electronic books and scientific articles as sources on the research topic.

4. Largest Companies in Market Value and Results Analysis

Figure 1 shows the changed scenario from the old economy (with few intangibles) to the new economy (intensely intangible) over 15 years, from 2001 till 2016.

In the following figure, the world's five largest publicly-traded companies by mark capitalization are displayed, ranked in the sectors of "Technology" in green and "Other" in black. It can be noticed that, in 2001, there was only one company from the Technology sector, which was Microsoft. In 2006, the scenario continues only with Microsoft and, in 2011, Apple is ranked second with a market capitalization of about $ 376 billion.



Source: Visual Capitalist (2016).

Figure 1. The Largest Companies by Market Capitalization

Confirming the aspect of companies' increasing intangibility, in 2016, the five largest global publicly-traded companies according to market capitalization were as follows:

Table 1

Classification of the five largest publicly-traded companies by market capitalization in 2016

Cap Rank	Code	Company	Market Cap (US$B)
1	AAPL	Apple	582
2	GOOGL	Alphabet	556
3	MSFT	Microsoft	452
4	AMZN	Amazon	364
5	FB	Facebook	359

Source: Elaborated by the authors.

On the whole, these five companies, all of them from the Technology sector, correspond to a market value of $2.3 trillion dollars around the world. Nevertheless, the companies' equity is distant from their market capitalization.

Table 2 demonstrates the information taken from the investigated companies' financial statements, corresponding to the position on 12/31/2016, and the comparison by market capitalization.

Table 2

Market Capitalization, Stockholders' Equity, Total Assets and Intangible Assets (US$B) and their percentages in the companies' valuation

	Apple	Alphabet	Microsoft	Amazon	Facebook
Market Cap	582	556	452	364	359
Total stockholders' equity	128	139	72	19	59
Total assets	322	167	194	83	65
Intangible assets (with goodwill)	9	20	22	4	21
Total stockholders' equity/Market Cap (%)	22%	25%	16%	5%	16%
Intangible assets/Total assets (%)	3%	12%	11%	5%	32%

Source: Elaborated by the authors.

The analysis of the numbers reveals that the companies' equity is inferior to their market capitalization. In percentage terms, Apple possesses 22%, Alphabet 25%, Microsoft 16%, Amazon only 5% and Facebook 16%.

In the same way, it shows how distant the value of the intangible asset is from the total assets of companies that are highly intangible, as they come from the Technology sector. In percentage terms, Apple has only 3%, Alphabet 12%, Microsoft 11%, Amazon 5%, and Facebook 32%.

One noteworthy point in the analysis of these figures is that, although Facebook has an intangible percentage of 32% compared to its Total Assets, which is higher than Alphabet, which has only 12%, it can explain less of its market value. Facebook's equity amounts to 16% compared to its market capitalization, while Alphabet shows a higher percentage with 25% of its equity in relation to the market capitalization.

Next, the change in the companies' market capitalization between 2015 and 2016 is shown.

Table 3
Difference in Market Capitalization between 2015 and 2016 (US$B)

	Apple	Alphabet	Microsoft	Amazon	Facebook
2015	668	361	395	143	225
2016	582	556	452	364	359
Difference Value	-86	195	57	221	134
Difference (%)	-13%	54%	14%	155%	60%

Source: Elaborated by the authors.

The observed variation indicates the volatility in the companies' pricing by the market, which is strongly influenced by expectations of gains or losses. In this way, the market acts considering speculation and assigning not yet realized value to the companies. Accounting, on the other hand, requires reliable representation in the presentation of the facts, with specific criteria for the incorporation of values in the representation of an economic phenomenon in order to maximize the characteristics of complete, neutral and error-free information.

The analysis of the five largest companies in the world reveals that the market values these companies higher than the value determined by Accounting. In this way, it should be emphasized that Accounting uses but does not provide market values. Financial reports help to estimate but are not designed to show the economic value of the entity.

The recognition of elements in the balance sheet or income statement has to meet certain requirements, including cost or value that can be reliably measured, as indicated in the Conceptual Framework for Financial Reporting issued by the Accounting Pronouncements Committee. This reliability should be analyzed in order not to compromise the information disclosed in the financial statements.

The analyses developed considered the comparison of information in the balance sheet with the company's market capitalization and demonstrated the significant distance between these values. Penman (2009), however, points out that the omission of intangible assets from the balance sheet is not necessarily a shortage, as the value of intangible assets (and others) can be verified in the income statement, more or less precisely, and stresses that the demands for recognition of intangible assets in the balance sheet can be misinterpreted, considering that articulated balance sheets work together to indicate the company value and each statement can correct the deficiencies in the other.

With data from Microsoft for the year ended June 2008, considering the balance sheet and income statement, in addition to the risk free rate, the risk premium and the expected return to the company was calculated at US$ 23.03 per share or US$ 210,718 million, while the stock traded for $ 25 per share or $ 228.775 million after the publication of the annual report. As stated by Penman (2009, p. 367),

> Note, however, that financial reports do not report just earnings and book values; they also report more detailed financial information in line items and, over time, historical sales, earnings, and book value growth rates. This information can be exploited with financial statement analysis. For a market price of $ 25 for Microsoft, the growth rate implied (that reverse engineers the residual earnings model) is 0.84 percent. The analyst challenges this implied growth rate using further financial statement analysis and other information.

Thus, Accounting has informative power to equip decision making, considering all the financial statements, even when the intangible assets are not explicitly recognized in the balance sheet. In the case observed, the accounting information was the tool to infer the company's market value, considering additional criteria related to the market, such as the expected return and the risk-free rate. The reliability of the information presented in the financial statements was preserved, which is used as the basis for the es-

timation. In addition, in case of a significant difference, there is an alert to evaluate the market pricing criteria, which would not be possible if the accounting information were strictly aligned with the company's market capitalization, subject to speculation and consequent oscillation, often resulting from factors the entity's managers cannot control.

Considering the companies with the highest market value in 2016, strategic items can be identified that do not meet the requirements for accounting recognition, even as intangible assets, but can and should be disclosed as a note to the financial statements or in a specific, synthetic report, such as the Strategic Resources and Consequences Report, proposed by Lev and Gu.

Apple has a great ability to innovate with new products under investigation. Google has a significant database, with potential business generation and product prospecting. Microsoft is looking for technology breakthroughs with products under development, such as touch interaction in medical imaging and hands--free keyboarding to enable people who are unable to speak or use a physical keyboard to communicate to do so using only their eyes. Amazon possessed acknowledged distribution technology that sets it apart from retail companies, using robots that automate the movement of cargo within the warehouse and speed up the process and tailor-made carton system that saves packaging material and optimizes the use of space in the logistics structure, whether for storage or transportation. Facebook, in turn, has a large number of people and companies that are linked in the social network. All these companies also have their client portfolio. These items exemplify the situation of value generation recognized by the market in company valuation but do not meet the normative requirements for accounting recognition. They can be presented as strategic information, in order to assist in the estimation of current value and in the projection of future results.

Thus, the role of Accounting is to reduce information asymmetry, given the companies' progressive intangibility. The information asymmetry exists because controlling shareholders are usually more informed than the minority shareholders about the expected future cash flows.

In the current market, only those who have the relevant information have the power of company valuation and this power is generally concentrated in the hands of the big investors. Often, the problem of insider information occurs, that is, knowledge of relevant information that is not yet known to the general public. Hence, disclosure plays a fundamental role in the better quality of information for its users.

According to Iudícibus (2004), as investment and financial analysis tools in general are increasingly sharp, the investor makes his decisions based on the largest and best possible amount of information. That explains the challenge of Accounting. Today, many investors are more interested in the cash flow the company can produce than in the cash flow of the period ended. This raises a number of new issues in accounting, and if we are to remain competitive as a profession, let us considerably broaden the scope of our information, always in a disciplined manner, however, without intending to replace the judgment of the risk taker but advising him.

Finally, the recognition and measurement of the intangible asset deserve increasing attention in the scenario shown in this article. Accounting plays a fundamental role in the reliable representation of the values of intangibles and in the relevance of the information disclosed through its financial statements.

5. Final Considerations

The purpose of this paper was to propose a reflection on the informational power of Accounting in the face of companies' progressive intangibility.

A theoretical reference survey was carried out on the recognition of intangible assets by Accounting and the relation of these assets with the company value, revealing that there are different opinions about the accounting treatment to be applied, as well as new ways to treat the issue in order to provide useful information for decision making. There are authors who argue that Accounting should fully recognize intangible assets, despite the difficulty in measuring different items. Others, in turn, observe the existence of a risk of manipulation, earnings management and great difficulty for the amortization of these assets.

There is progress in the treatment of information, as shown by Penman (2009), who showed the approximation between the companies' book and market values, based on accounting information and the value of the stock traded, considering large companies in the information technology segment; and Lev and Gu (2016), who evolved in relation to the debate on the recognition of intangible assets, observing strategic assets in general, and presented a report proposal called Strategic Resources and Consequences Report.

Thus, there are different opinions about the evolution needed in Accounting. Without a short-term consensus and in view of the need to maintain the informational characteristic, there are different alternatives. At the same time, it is argued that disclosure of information on intangible assets should occur, even in Notes to the Financial Statements, in cases where the criteria currently in force for asset recognition are not met. This initiative does not exclude the continuity of the search to improve the provision of accounting information, in order to provide complete, useful and relevant information.

Next, we analyzed the evolution of the last 15 years in the largest global companies by market capitalization with shares traded in the main North American stock exchanges.

As a result, the findings showed that, from 2001 to 2016, there was a shift in the ranking of the largest companies in market capitalization from other economic sectors (industry, commerce, etc.) to the technology sector (New Economy), where the five largest global companies with shares traded in the US market are: Apple, Alphabet (Google holding), Microsoft, Amazon, and Facebook.

The sample took into account the five largest global publicly traded companies by market value in 2016, confirming a progressive intangibility in the market. These five companies together, all of them from the technology sector, account for a market value of $ 2.3 trillion worldwide.

It is worth mentioning the publication of controversial articles, especially by Lev, in which the researcher addresses whether the lack of questioning about the companies' disclosure or not of research actually follows the desire of some CEOs to present what they want in their financial statements. R & D expenditures in the current regulatory environment, which impose the treatment as an expense until the stage of development, has a margin for earnings management.

In view of this scenario, Accounting has a fundamental role in the disclosure of the information necessary to make better decisions and better recognize and measure the intangible asset, which is insignificant in relation to the total asset value of the analyzed companies. In addition, it was verified that the shareholders' equity is lower than the companies' market value, which opens room for debate on a better disclosure of the information for decision making.

It is concluded, therefore, that the financial statements disclosed maintain Accounting as a source of useful information for decision making on investments in an environment in which companies become progressively intangible. There is a need to improve the published content though, with proposals from important researchers intended to reduce the informational asymmetry, either by disclosing information in a note to the financial statements or in a summary report that presents information not included in the traditional financial statements, indicating possible impacts, in order to preserve the historical content and the reliability of the book value determined by means of instruments that better estimate the current market value and the future expectations for the companies.

Recent information that the four technology giants (Tesla, Dropbox, Uber, and Spotify) never made a profit (Veja, 2018) further supports this conclusion. Tesla, created fifteen years ago, registered a $ 2.2 billion loss in the balance sheet of 2017, even though it had a market value of $ 60 billion. Dropbox, in turn, created 11 years ago and despite its 12 million subscribers, lost 111 million dollars in 2017. Uber, which was created nine years ago and whose app is valued at $ 120 billion, lost $ 4.5 billion in 2017. Finally, Spotify, which had its streaming service launched in 2008 and has 87 million subscribers, reported an annual loss of $ 1.5 billion in 2017.

Thus, in this article, numerous inquiries on this subject were presented, evidencing that debate is increasingly necessary, with a view to increasing reflection among academics and accounting professionals seeking a better recognition and measurement of intangibles and greater transparency in the disclosure of information to the market.

The age in which companies only disclose what the standards require or what favors their image has come to an end. The strengthening of the accounting profession encompasses the seriousness and commitment to the information users and to the company's going concern, a fundamental principle of Accounting.

In this way, the research contributed to demonstrate the scenario of companies' increasing intangibility, showing the change in the profile of companies with greater market value, besides highlighting the need for accounting information to evolve and present existing proposals with this goal.

Finally, in order to better recognize and measure intangibles and to enhance greater transparency in the disclosure of information to the market, future research is suggested to elaborate models for the presentation of information about company assets that impact its market value, as well as interaction with decision makers to verify whether the company they operate in would be willing to be more transparent in terms of expected revenues or losses, considering ongoing projects in two scenarios: mandatory disclosure and voluntary disclosure.

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