

A review of statistics on intangible assets

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22nd September 2021



Contents

- Introduction to intangible assets
- Definitions
- Overview of challenges
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What are intangible assets

Intangible assets are assets that are not physical; to be a true asset in the National Accounts, they must have an economic owner, be long-lasting, have associated risks, and be a store of value in its own right.

IPPs

The intangible assets that are formally recognised in the System of National Accounts 2008 are known as the Intellectual Property Products (IPPs).

What are intangible assets

IPPs

- Entertainment, Literary and Artistic Originals
- Mineral Exploration and Evaluation
- Research and Development
- Software and Databases

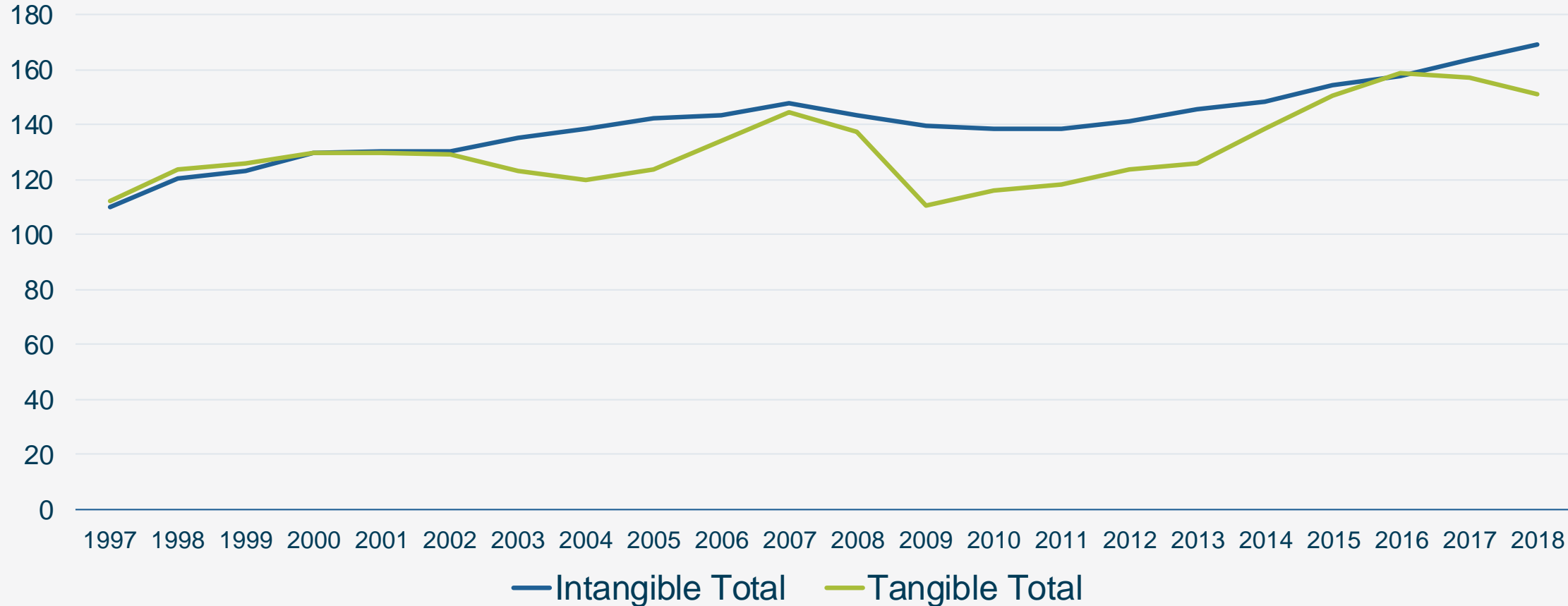
Other intangibles

- Branding
- Design
- Financial Product Innovation
- Organisational Capital
- Training

Corrado, Hulten and Sichel (2005) - *Measuring Capital in the New Economy*

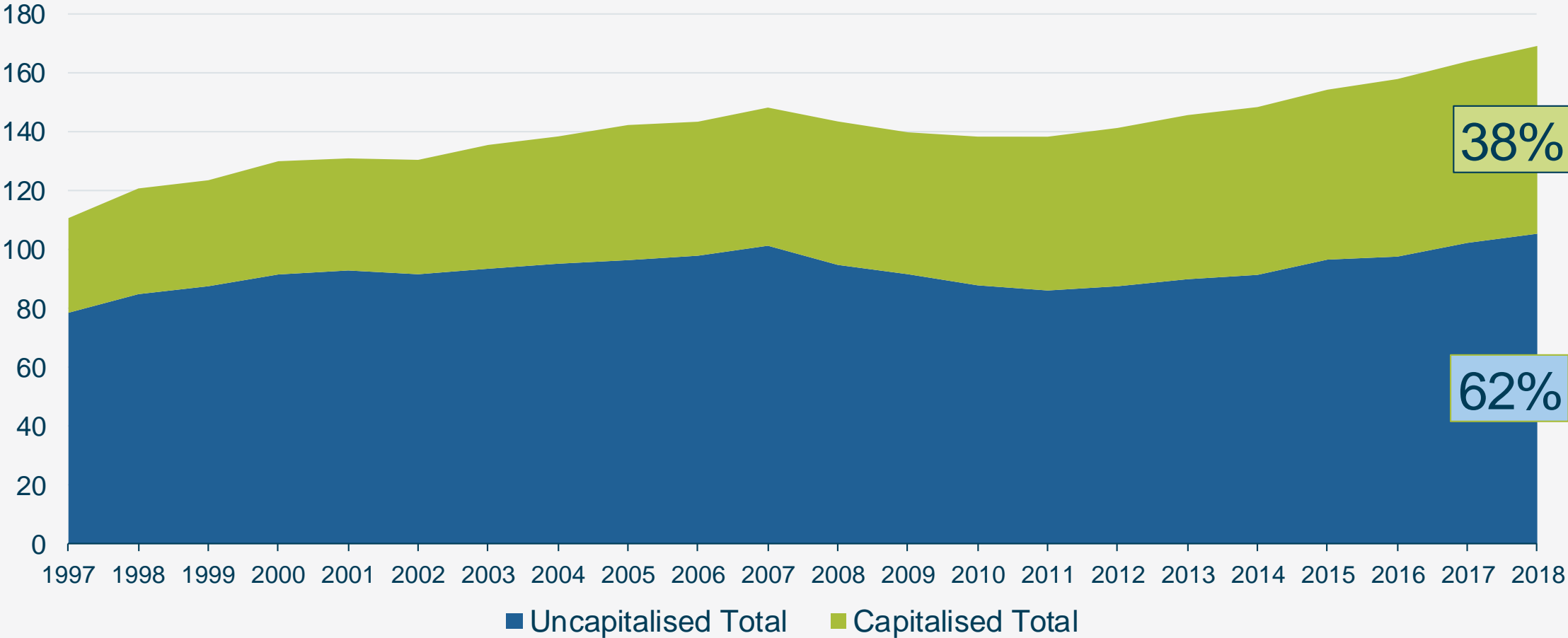
Intangible assets form a large part of investment

Investment in tangible and intangible assets, UK, 1997 to 2018, £bn

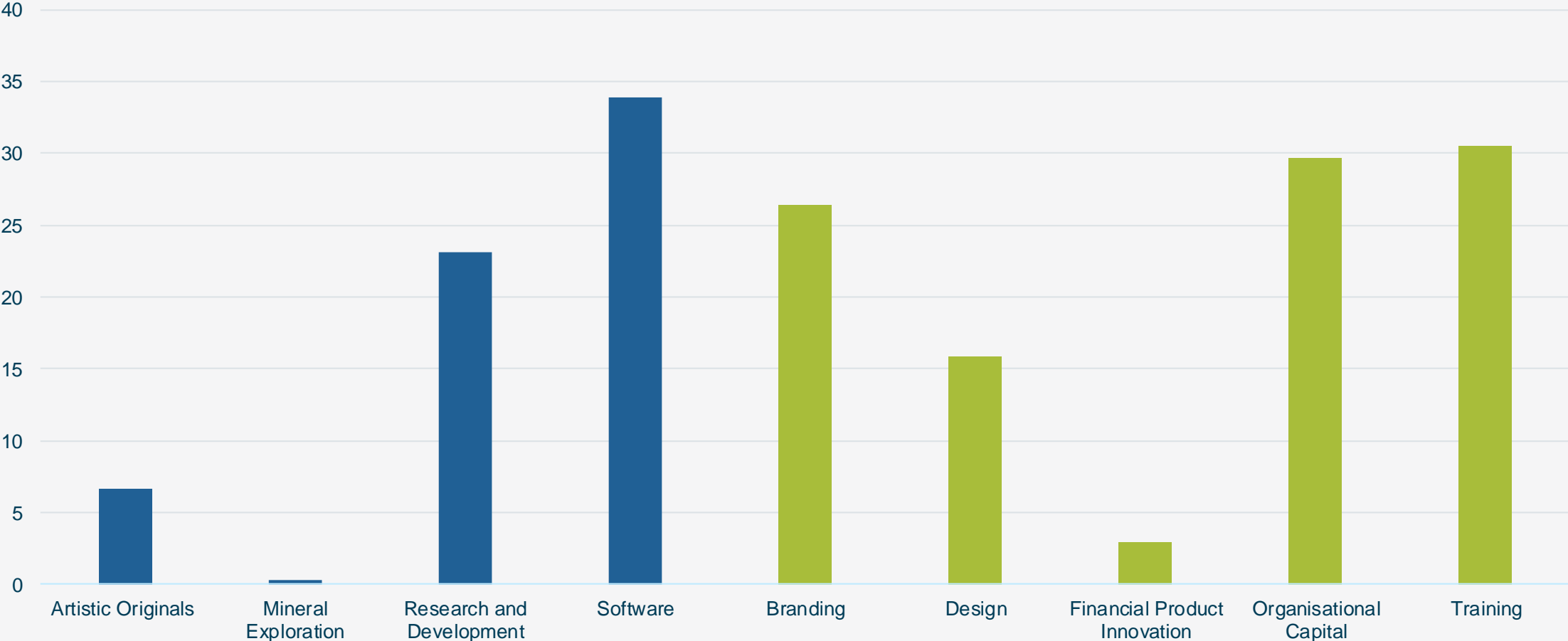


Uncapitalised 'assets' make up the majority of intangible investment

Capitalised and Uncapitalised assets, UK, 1997 to 2018, £bn



Intangible investment in 2018, UK, £bn



Definitions

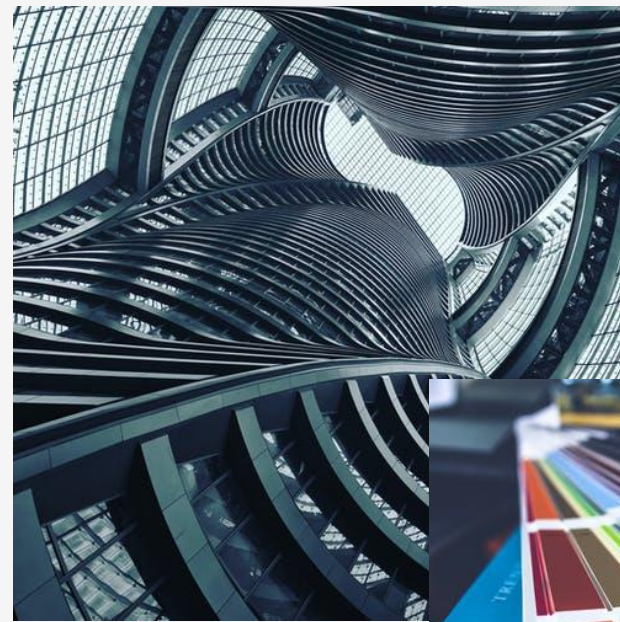
Branding



- Advertising and Market research
 - Product 73 in SUTs
- Sum-of-costs approach for own-account

Design

- Architectural and engineering design
 - Product 71 in SUTs
- Turnover of Specialised Design industry
- Sum-of-costs approach for own-account



Financial Product Innovation

- “Non-scientific R&D”?
- Innovation can encompass the implementation of knowledge or products that are not novel in general but may be new to the firm.
- Sum-of-costs approach



Organisational Capital



- Management and Consultancy services
 - Product 70 in SUTs
- “All firm-specific knowledge?”
- Sum-of-costs approach for own-account

Firm-specific Training

- Distinct from Human Capital
- Sum-of-costs approach: direct training costs and the cost of employees' time spent on training



Challenges

Key challenges

- Conceptual overlaps
- Double-counting
- Assumptions
- Non-produced non-financial assets
 - Goodwill and Marketing Assets
 - Contracts, Leases and Licenses
- Data as an asset

Conceptual overlaps and double-counting

Branding

- Design
- Goodwill and Marketing assets

Design

- Branding
- R&D

FPI

- R&D
- Software and Databases

Organisational Capital

- Goodwill and Marketing assets
- Training

Training

- Organisational Capital
- Goodwill and Marketing assets

Development

Future opportunities

- Development of a formal satellite account
- Beyond GDP
- Revisions to the SNA
- Seeking user feedback and expert guidance
 - Value of good design to an asset
 - Demographics of intangibles
 - Better information on ownership
 - How do intangibles map to Intellectual Property Rights

We'd love to hear your thoughts!
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Annex

Data sources

Artistic Originals: Business Investment data (ONS)

Mineral Exploration: Business Investment data (ONS)

Software: Business Investment data (ONS)

R&D: Business Investment data (ONS)

Purchased Branding: Supply and Use Tables, Annual Business Survey (ONS)

Own-account Branding: Annual Survey of Hours and Earnings, Supply and Use Tables (ONS)

Purchased Design: Supply and Use Tables, Annual Business Survey (ONS)

Own-account Design: Annual Survey of Hours and Earnings, Supply and Use Tables (ONS)

Purchased Organisational Capital: Supply and Use Tables, Annual Business Survey (ONS), data from the Management Consultancy Association

Own-account Organisational Capital: Annual Survey of Hours and Earnings, Supply and Use Tables (ONS)

Financial Product Innovation: Annual Survey of Hours and Earnings (ONS)

Training: Employer Skills Survey (Department for Education)

Data sources for deflators (all ONS)

Artistic Originals: Volume index of UK capital services: Implied GFCF deflator

Mineral Exploration: Volume index of UK capital services: Implied GFCF deflator

Software: Business Volume index of UK capital services: Implied GFCF deflator

R&D: Volume index of UK capital services: Implied GFCF deflator

Purchased Branding: SPPIs for Advertising and Market Research Services, and Market Research and Public Opinion Polling Services

Own-account Branding: Created using hours worked by industry and current price estimates

Purchased Design: SPPIs for Architectural Services and Engineering Services , and Related Technical Consulting Services, as well as Experimental Industry Deflators for SIC 2007 codes 71 and 74

Own-account Design: Created using hours worked by industry and current price estimates

Purchased Organisational Capital: SPPIs for Services of Head Offices; Management Consulting Services and Business and Other Management Consulting Services, as well as Experimental Industry Deflator for SIC 2007 code 70

Own-account Organisational Capital: Created using hours worked by industry and current price estimates

Financial Product Innovation: Created using hours worked by industry and current price estimates

Training: Labour costs per hour excluding bonuses and arrears as well as Annual Survey of Hours and Earnings