

## Earnings properties

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Propositions  
accompanying the dissertation

**Earnings Properties: The Role of Industry and Life Cycle Fundamentals**

*by*  
Britt Smeets

1. Considering industry and life cycle fundamentals as drivers of a firm's earnings generating process, opportunities arise to increase the relevance of current earnings information in forecasting and valuation. (This dissertation – valorization)
2. Auditor industry specialization comes, on average, at the expense of accrual informativeness, and may therefore not always be associated with higher earnings quality. (Chapter 2)
3. While acquirers are aware of fundamentals-driven variation in earnings persistence, these persistence differences do not play a relevant role in the pricing of mergers and acquisitions. (Chapter 3)
4. Life cycle fundamentals drive firms' earnings in a predictable way, such that capital market participants can improve their analyses by incorporating these fundamentals. (Chapter 4)
5. While life cycle and industry fundamentals share certain characteristics, firm life cycle captures additional fundamentals beyond those captured by industry. (Chapter 4)
6. Managers, auditors, and capital market participants alike must understand that benchmarks serve as starting, not ending values, of accounting estimates.
7. Although some say 'more information is not always better', less is worse.
8. Deriving from the Heisenberg uncertainty principle, the question arises whether it is possible to exactly measure a firm's financial position (place) and performance (velocity) at the same time.
9. Wenn aber gleich alle unsere erkenntniß mit der Erfahrung anhebt, so entspringt sie darum doch nicht eben alle aus der Erfahrung. – Immanuel Kant
10. Parallel to academic research, "mountaineering is a relentless pursuit. One climbs further and further yet never reaches the destination. Perhaps that is what gives it its own charm. One is constantly searching for something never to be found". – Hermann Buhl
11. And now the most important question of the day: *'Makan apa?'*