

GOODWILL ON ACQUISITION: METHODS OF CALCULATION AND DISCLOSURE IN THE ACCOUNTING AND FINANCIAL STATEMENTS

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Goodwill is of interest for both the management and interested external users who decide to invest as evaluation of goodwill is precisely the evaluation of past and future income of the company, its potential.

In the article is the research and compilation of the Regulation of accounting standards assessment and recognition in accounting for goodwill on the acquisition, and methodological and organizational aspects of goodwill accounting and its reflection in the financial statements.

To date, the goodwill as an economic and accounting category is the subject of one of the most heated debates not only in Ukraine but also worldwide. In Ukraine, the regulation of accounting goodwill is carried by the Tax Code of Ukraine and national P (S) 19, "Business Combinations". These interpretations of goodwill in the national regulations differ mainly by its definition as a result of values comparison.

The key issues of accounting goodwill are as follows:

- Initial recognition and measurement;
- Further evaluation, which reduced mainly to depreciation;
- Disclosures in the financial statements.

Typically, the amount paid for the net assets of the business (in the process of acquiring businesses) do not match the amount of the net assets acquired, resulting in a difference (overpayment / discount on the price).

The task of accounting – is to explain the origin of this difference, spread its constituent components. To this end, a revaluation of assets and liabilities at fair value, as comparing the amounts representing the market value assessment and accounting of these objects is a violation of the principles of comparability.

The main provisions of P (S) 19 in the recording and displaying goodwill in the acquisition are as follows:

- If the company is liquidated as a result of the acquisition, than (starting from the date of purchase) the buyer displays in its balance sheet any goodwill arising from the acquisition;
- Reflected on the balance sheet further goodwill is assessed for signs of possible impairment;
- If the goodwill at the end of the year does not correspond to the attributes of the asset, it is deducted from the residual value to the inclusion of costs;
- Reflects the accounting value of negative goodwill is deducted from the simultaneous adjustment of retained earnings;
- Reflected in the accounting amount of accumulated amortization of goodwill written off with the decrease of its original value;
- By goodwill depreciation is not charged.

The article proved that the only condition for the recognition of goodwill as a result of the business combination is its correct assessment.

In the article, the methods of calculating the difference between the price of the company and the fair value of its assets and further assessment of goodwill and order of disclosure of accounting are given.

Based on the calculations, we can say that “proportionate” method considers only the goodwill that relates to the controlling shareholder. However, in calculating the “full goodwill” is an increase in net assets recognized in the consolidated financial statements of the parent company.

Thus, the premium for control using the method of calculating the “full goodwill” is shared between the parent company and minority interests.

Examining the methods of calculating the goodwill considered as methodical and organizational aspects of the recognition of goodwill in the financial statements and selected highlights:

- P (S) 19 defines the procedure for recording and reporting the acquisition of other companies and / or types of association activities and goodwill which arose on the acquisition;

- Financial statements and its composition are determined by the state of emergency (S) 1;

- Approaches to disclosure under the articles of a particular balance sheet (statement of financial position) (form number 1) are given in number 433 Guidelines;

- In the case a company has such accounting object as goodwill, related information is shown in the balance sheet (statement of financial position) in Schedule “Goodwill” (line 1050);

- Amount of goodwill arising in consolidation of financial statements of parent enterprise and financial statements of subsidiaries is shown in the consolidated balance sheet (statement of financial position) (form number 1-C) in a row 1055, “Goodwill on consolidation”.

It is concluded that since Ukraine's transition to IFRS, the accounting treatment of goodwill for a long time is resolved. Today, with the adaptation of IFRS accounting to the national circumstances, goodwill became a full part of the financial statements of the holding units, as is provided for in IFRS. However, an urgent and important is making appropriate changes and additions to the P (S) 19, “Business Combinations” in the deciphering of certain provisions of goodwill accounting and the development of guidelines containing precise sequence of calculation and accounting for goodwill, minority interest and general order of consolidation. This will ensure an approximation of the national legislation with the requirements of IFRS taking into account features of the economic relations between parents and subsidiaries that operate exclusively within Ukraine.