

## THE HISTORY OF DEVELOPMENT OF GOODWILL AS AN ACCOUNTING CATEGORY AND THE MAIN APPROACHES TO ITS DEFINITION

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In the article, a brief description of the historical development of accounting and economic category of "goodwill" is done and the main approaches to its definition are summarized as during the whole history of this concept there was not reached the common interpretation of the concept of "goodwill" and, furthermore, there was not a single definition of goodwill as accounting object. It is found out that the first mention of goodwill was in 1571 but in a commercial sense and in the view that exists today, the term "goodwill" emerged in the mid of IV century. For centuries, the approaches to understanding of goodwill have been changing according to the influence of the following factors: the development of industrialization process; origin of the market of intellectual capital, which resulted in the emergence of such categories as "intangible assets" and "intangible value of the company"; development of corporate ownership, which influenced on the change of the order for disclosure of financial information to investors and others. The researches made it possible to outline the main approaches to the definition of goodwill concept: reputation of the company; positive difference between the income of the investee and invested capital;

business advantage, which is the presence of business relations; size of super profits; a set of values of patent law, copyright law and rights to operate business activity with the use of brand names and trademarks; value of business relationships; value of the company; prepayment for income that the investor wants to obtain in the future. Analysing the researches of scientists in the accounting sphere at the end of XIX and at the beginning of XX century, it is found out the formation of two approaches to determining the value of goodwill and two approaches to accounting for goodwill. Regarding the determination of value, approaches are divided in terms of the current market value (obtaining the super profits in the future) and in terms of historical value (the difference between the acquisition value and the balance value of the business). The approaches to the reflection of goodwill in accounting are divided into: 1) the capitalization of purchased goodwill in the balance sheet; 2) the write-off of the value of acquired goodwill by its depreciation. There is a third option, which was in the write-off of acquired goodwill on the expenses or by reducing the capital of investor, but this concept has not received its development.