ACCOUNTING GOODWILL: THEORY AND PRACTICE

N.D.Makhmudova

teacher of "ISFT"

Abstract. This thesis describes the issues of improving the methodology of establishing national standards of goodwell in accounting based on international standards and the use of new methods in accounting of goodwell

Keywords: goodwill, international standards of intangible assets, international assets board.

The global trend of economic transformation into the post-industrial phase - "information economy" is characterized, in particular, by a decrease in the share of industrial production, a significant increase in the share of intellectual labor, information technologies, rapid change of technical and technological conditions of production, the spread of increasingly progressive new technologies and goods produced on their basis. Intellectual property becomes a powerful economic resource that generates economic benefits, guarantees the solvency and preservation of the economic potential of the organization, as well as serves as an element of business evaluation and an object of investment. In this regard, the rights to intellectual property objects can and should be adequately reflected in the financial accounting and reporting of companies in order to ensure the reliability of the characteristics of their financial position and economic attractiveness for investors.

The goodwill of an organization in accordance with the accounting regulation NBU No. 7 "Accounting for Intangible Assets" is the difference between the purchase price of an enterprise as a single property and business complex and the value of its net assets. The difference can be either positive or negative. Positive goodwill is treated as a separate inventory object and amortized over 20 years on a straight-line basis.

Negative - in the full amount is attributed to the financial result of the period in other income.

Expenses related to the formation of a legal entity (organizational expenses), intellectual and business qualities of the personnel of the organization are not intangible assets.

IAS 7 “Accounting for Intangible Assets” recognizes positive goodwill as an intangible asset, while IAS 3 “Business Combinations” and IAS 38 “Intangible Assets” consider a similar concept of “goodwill”.

For example, one company has merged with another company that has been in the market for a long time, has status, and is well known by customers. after the merger, all these benefits are transferred to the first company and the future economic benefits are goodwill.

Goodwill generated internally by an entity is not recognised as an accounting asset.

Since IAS 7 does not describe goodwill in detail, but refers to IFRS 3 Business Combinations, IFRS 3 is now also a regulatory document.

The unit of accounting for NMA is an inventory object. An inventory object may also be a complex object, which includes several protected results of intellectual activity (a film, a theatre and entertainment performance, a multimedia product, a single technology).

As a general rule, only those intangible assets to which the company has exclusive rights are accounted for on account 0400. That is, complex objects to which the company has both exclusive and non-exclusive rights, in accordance with the Civil Code can be accounted for on account 0400. An organisation decides for itself which complex objects should be classified as intangible assets. in this case, the criteria should be set out in an order on accounting policy.

P. Reilly and R. Schweiss propose to classify by the elements of activity, which includes 10 types of intangible assets:

1) intangible assets related to marketing (trademarks, slogans, trade names, brands, logos);

2) technology-related intangible assets (technical documentation and calculations,

process patents, patent applications, technical know-how);

3) intangible assets related to creative activity (publishing rights, copyrights for literary works, musical works);

4) intangible assets related to data processing (automated databases, templates for integrated microcircuits);

5) intangible assets related to engineering activities (engineering calculations, industrial designs, patents for developed products);

6) intangible assets related to clients (client lists, contracts with clients);

7) intangible assets related to contracts (licence agreements, franchise agreements)

In accounting records as objects of intangible assets are accepted assets that simultaneously comply with the following features:

- absence of material and tangible state;

- the organisation expects to use such assets in its economic activity;

- the organisation expects to use such assets for a long period of time exceeding 12 months;

- the use of such assets is expected to provide the organisation with future economic benefit (income) [1].

Intangible assets include: results of intellectual activity, means of individualisation of goods, works, services and enterprises (trade names, trademarks, service marks, etc.), permits (licences) for certain types of activities.

However, firm names, trade names, trademarks and service marks created by an enterprise itself will not be considered intangible assets.

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