

Fair View of Goodwill Accounting In National and International Context: Evidence from the Czech Republic

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Abstract. The aim of the article “Fair view of goodwill in national and international context: Evidence from the Czech Republic” is analysis of the accounting concept “goodwill” and of related accounting procedures from the view of three selected accounting systems – with regard to fair view in accounting. In this paper there will be firstly analyzed accounting techniques related to goodwill used in International Financial Reporting Standards, in Generally Accepted Accounting Standards of the United States of America and in the Czech accounting legislation in light of fulfillment of economic phenomena’s fair view in accounting. Secondly, the paper aims at the assessment of harmonization between these sets of standards too. The paper is divided into two main parts – the first is comparing US GAAP with IAS/IFRS and it begins with definition of goodwill. Then it is oriented on goodwill recognition and measurement and on accounting techniques used for goodwill existing and/or acquired in course of entity’s ordinary business activity and the ones acquired in course of a business combination. This part finishes with impairment of goodwill. The second main part is oriented on analysis of the same phenomena in Czech accounting legislation and on confrontation of these procedures with results gained from previous comparison. From the study can be clearly seen that both sets of Standards have gone through wide harmonization that led to major improvements. Therefore both (now very similar) Standards better ensure fair view of goodwill - mainly due to its testing for impairment – than their previous versions and then the Czech accounting procedures as well. At the end there are explained reasons that led to such differences and suggested possibilities for improvements of fair view provided by accounting held according to the Czech accounting legislation. The methods used in this paper include analysis, comparison and literary research.