

Abstract for “Will the Concept of Goodwill Go Well with National Accounting?”

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Goodwill is a business accounting concept that is used in national accounting as well. In the current SNA, the concept is included in a seemingly synthetic category called *Goodwill and marketing assets*. • Thus, the concept is described as follows: The value of goodwill and marketing assets is defined as the difference between the value paid for an enterprise as a going concern and the sum of its assets less the sum of its liabilities, each item of which has been separately identified and valued. Exceptionally, identified marketing assets may be sold individually and separately from the whole corporation in which case their sale should also be recorded under this item.

Here, special attention should be given to the fact that the term • liabilities • h is given two different meanings in the SNA. In defining goodwill (and marketing assets) as described above, shares and other equity are excluded from the list of liabilities (say, business accounting concept of liabilities). On the other hand, when net worth is defined in the context of national accounting as the value of all the assets owned by an institutional unit or sector less the value of all its outstanding liabilities, shares and other equity are included in the list of liabilities (say, national accounting concept of liabilities).

In fact, net worth is another concept that is used in both accounting systems, though in the context of business accounting, the list of liabilities excludes shares and other equity. By comparing the two concepts, goodwill and net worth (in the context of national accounting), you can find the close relationship between the two. That is, in the case of a corporation just purchased and merged by another corporation acquiring the whole equity, $\text{Net Worth (national accounting)} = \text{Assets} - \text{Liabilities (business accounting)} - \text{Equity}$, and $\text{Goodwill} = \text{Equity} - [\text{Assets} - \text{Liabilities (business accounting)}]$, therefore, $\text{Goodwill} = -\text{Net Worth}$. Then, a natural question may be whether the concept of goodwill is necessary or not in the SNA as it is just a negative net worth.

The purpose of the proposed paper is to examine the concept of goodwill in detail. In addition to the problems relating to its justification within the framework of national accounting, in what sense it may be an intangible asset may be a focal point. Some facts from business accounting history about goodwill may bring some insight.