

A Study on the Nature of Full-Goodwill

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Financial Accounting Standards Board (FASB) has proposed a change of a measurement method of goodwill in the Exposure Draft, *Business Combinations*. Changing guidelines will influence the nature of goodwill, because it has been defined based on the measurement method conventionally. In this article, I clarify the nature of goodwill by applying components analysis noted in SFAS 141 as the step to research the influence that the change of a measurement method of goodwill in the Exposure Draft on the nature of goodwill (full goodwill).

In the Exposure Draft, it has proposed

to measure goodwill as the excess of the fair value of the acquiree, as a whole, over the net amount of the recognized identifiable assets acquired and liabilities assumed. By this method, it is expected to exclude components related to considerations transferred from the goodwill. But for the purpose of avoid or minimize unproductive disputes and incremental costs, the considerations transferred are presumed as the best evidence of the fair value of the acquiree in the Exposure Draft. It seems that this treatment make efforts to exactness of goodwill insignificant.