

Issue no.: 22, Purchased goodwill and marketing assets.

AEG recommendations: All proposals were overwhelmingly agreed to by the AEG:

(1) Do you agree that an asset class 'Purchased goodwill and marketing assets' should replace the existing 'purchased goodwill'?

(2) Do you agree that the economic nature of purchased goodwill and marketing assets should be clarified along the lines presented in this paper?

(3) Do you agree that the valuation principles for purchased goodwill and marketing assets should be applied consistently, irrespective of whether the entity is a listed or unlisted corporation, a quasi corporation or is unincorporated. They should be calculated as the excess of the purchase (or takeover) value of a business over the value of the other assets and liabilities otherwise identified in the SNA system for that business?

(4) Do you agree that internally generated goodwill and marketing assets should continue to be excluded, except when their value is evidenced by a sale. In the case of internally generated goodwill, this occurs only with the sale of a business. In the case of marketing assets it can also occur with their independent sale?

(5) Do you agree that the assets should continue to be classified as non-produced assets, even though their value is often driven by a productive activity. However, further consideration will be given by the Canberra II Group to whether a term can be found that better reflects the nature of these assets. This will be addressed in the issues paper concerning Classification and terminology of assets (Issue 27)?

(6) Do you agree that the assets should not be amortised at a predetermined rate but made subject to an impairment test consistent with the international accounting standards for these assets?

View of Statistics Denmark: (A (agreement), FC (needs further consideration) ,NA (non-agreement))

- (1) Agreement
- (2) Agreement
- (3) Agreement
- (4) Agreement
- (5) Agreement
- (6) Disagreement

Comments from Statistics Denmark: ("View of Statistics Denmark" "FC" ,"NA". "A".)

Regarding recommendation (1)-(5):

Statistics Denmark endorses the recommendation (1) – (5) made by the AEG.

Regarding recommendation (6):

Statistics Denmark believes that Goodwill and other marketing assets should be written down by using short service lives and not be subject to an (yearly) impairment test. In practice, it could be very extensive to conduct these tests. Further, since internally generated goodwill is not accepted as an (produced) asset, it would create inequality to keep purchased goodwill in the system for a longer period.