

# **A STUDY OF THE IMPACT OF DIFFERENT ACCOUNTING TREATMENTS FOR GOODWILL ON FINANCIAL ATTRIBUTES OF 86 LISTED COMPANIES IN KUALA LUMPUR STOCK EXCHANGE**

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## **ABSTRACT**

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This study discusses the issues involved in the accounting for unidentifiable intangible assets, which is goodwill. It also investigates the current various accounting practice for goodwill in Malaysia with the reference to the international accounting arena. In addition, the problems inherent in the accounting for intangible assets of goodwill will be discussed.

Relevant data were extracted from the annual reports of listed companies in the Main Board and Second Board on the KLSE. Secondary data and primary data have been used to systematically collect information with regards to the disclosure of goodwill, the accounting policies adopted, and selected financial attributes of the company concerned. Applying the data collected, developed hypotheses, which were tested using Chi-square independent tests to determine if the company financial attributes, which are turnover, profitability, share capital and reserves and debt-equity ratio, have an influence on the choice of accounting treatment adopted for goodwill.

The analysis and findings revealed that four of the financial attributes had an influence on the accounting treatment adopted for goodwill. Lastly, appropriate recommendations have been made in the light of recent developments in Accounting Standards and Exposure Drafts that have issued recently for comment.