

Analysis of the Residual Value of Acquired Trademarks in Accordance with the German Commercial Code (HGB)

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Abstract

According to the German Commercial Code (HGB), historical costs are the sole basis for the scheduled depreciation of fixed assets. In practice, in accordance with generally accepted accounting principles (GAAP), significant residual values are deducted when determining the basis for depreciation. The basis for depreciation is therefore calculated from the difference between the historical costs and the potential residual value. However, the consideration of such residual values is usually limited to scrap values for tangible assets. Residual values can, however, reach a significant volume, especially in the case of trademark rights. Our article analyzes the principles to be observed when depreciating trademark rights. The study examines whether and, if so, how trademarks should be accounted for in accordance with the German Commercial Code (HGB). In addition to a brief consideration of recognition and disclosure in the balance sheet, the focus is on valuation. As explained in the introduction, the study examines whether there can be any basis in commercial law for amortization of a trademark that could maintain its value in the long term.

Keywords: accounting, depreciation, residual value, depreciation period

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