International Journal of Innovation and Research in Educational Sciences
Volume 5, Issue 1, ISSN (Online) : 2349–5219

Methods of Accounting for Business Combinations Legal

Luljeta Gllogjani, Peje, Kosovo
Corresponding author email id: luljetagllogjani@live.com

Date of publication (dd/mm/yyyy): 19/01/2018

Abstract **– Through the latest developments in technology, changes in market conditions and the partial deregulation or full of industries, business combinations all over the world recently have become the usual way of business life.**

Accounting for business combinations has long been one of the most controversial issues of financial reporting, generating numerous opinions and interpretations made by the accounting standard setters and regulators of the capital market.

Users of financial statements need better information about the intangible assets because these assets are increasingly a source of many important economic entity and are a growing part of the assets acquired in business combinations are many. While the purchase method recognizes all intangible assets acquired in a business combination (as goodwill), only those intangible assets previously recorded by the acquired entity is recognized as the pooling method of Interests is used.

The historical significance of business combinations has grown gradually over the borders of individual countries and has become an influential factor in the development of the world economy and financial flows. Combinations trans boundary or global business combinations resulted in the creation of multinational corporations which can achieve economies of scale more easily and gain a dominant position in markets with goods and services. At the same time, business combinations in this form have stimulated foreign direct investment in the target countries.

The aim of this paper is to elaborate in general methods of accounting for business combinations legal, and comparing the purchase method and the pooling method of Interests.

The paper is prepared with the scientific and research methodology.

This research has utilized scientific books in foreign languages by international author, documents of the institutions responsible for the area, are also used scientific papers published on the Internet, to make comparisons in order to provide an accurate picture of the whole process.

Keywords **– Business Combinations, Purchase Method, Pooling Method of Interests.**

I. Review of the Literature

The accounting treatment of a business combination as a purchase transaction requires the identification of an acquiring entity, the identification of an acquired entity, and the measurement of an acquisition price. Baker, Biondi, Zhang (2009).[1]

(J. Sedlacek, Z. Krizova, E. Hyblova 2011). When companies are combined, the concentration of capital occurs accompanied by creating a group of strong economic growth, changes in ownership structure, new systems of organization are created and developed, as well as various projects in personnel policy, culture and the company's global philosophy born.[2]

In general, there is no clear and the strong correlation between performance economic cycles and activities in the field of mergers and acquisitions (Brealey, Myers, 2000).[3]

(Dominique Thouvenin 2003). The purchase method and the pooling method of Interests give very different results, which can have a significant impact on the balance sheet and performance of the new group after the merger. On the one hand, under the pooling of interests method, the assets of the acquiree are maintained at their net book value, wich may be much lower than their actual value. On the other hand, under the purchase method, all these assets must be booked and valued at their fair value on the date of the merger (market value in most cases), this difference in treatment can result in major discrepancies at a later stage when the assets are amortized or sold.[4]

Ayers, B. C., C. E. Lefanowicz and J. R. Robinson. (2000) analyzed the actual purchases made by the union of public corporations during the period 1992 to 1997 and concluded that the merger of interests creates distorted balance and statement of income due to "large amounts of unknown assets.[5]

Sai-Ree Yun (2002) unlike abuses of dominant market position or unfair trade practices, a business combination, in and of itself, does not hinder free and fair competition but, in many cases, may bring about efficiency-enhancing effects or promote competition.[6]

II. The Methods of Accounting for Business Combinations Legal

A company can expand either by increasing "internal' or 'external". In the first case it expands undertaking investment projects, such as the purchase of new buildings, while in the second case it expands with the acquisition of a collection of assets in the form of an established business. In this second case we have a business combination in which a company is dominant party, the takeover of another business.

[1] Baker, Biondi, Zhang (2009), Should merger accounting be reconsidered? : A discussion based on the chinese approach to accounting for business combinations. http://papers.ssrn.com/sol3/ Delivery.cfm/SSRN_ID1514310_code394847.pdf?abstractid=1303636

[2] J. Sedlaček, Z. Křižova, E. Hyblova (2011). Comparison of accounting methods for business combinations http://acta.mendelu.cz/pdf/actaun201260020315

[3] Brealey, R. A., Myers, S. C., 2000: Theory and Practice of Corporate Finance. Prague: Computer Press, 1028 p. ISBN 0-07-295723-9.

[4] Dominique Thouvenin (2003), Business Combinations and Fair Value. Pp 73-82 http://www.persee.fr/web/reveus

[5] Ayers, B. C., C. E. Lefanowicz and J. R. Robinson. 2000. The financial statement effects of eliminating the pooling-of-interest method of acquisition accounting. *Accounting Horizons* (March): 1-19

[6] Sai Ree Yun (2002). Regulation of Business Combination under the Antimonopoly Regulation and Fair Trade Act with Emphasis on the Case Law. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=438400

Where such 'external' growth is contemplated, it will be necessary to value the collection of assets it is proposed to purchase. It will usually be necessary to determine at least two values: (a) the value of the business to its present owners (this will determine the minimum price which will be acceptable); (b) the value of the business when combined with the existing assets of the acquiring company (this will determine the maximum price which may be offered).[7] Generally, "business combination" has been defined as a "process or form of combining companies that extinguishes the economic independence of those companies by unifying their corporate activities under a single management system through a consolidation of capital, personnel and organization".[8]

According to many scientists, the reasons of theory of economic that reflect the mergers and acquisitions business in the present circumstances are:

a. Increase the profitability of business,
b. Creating advantages over competitors,
c. Diversification of business risk,
d. Creating the most favorable opportunities for financing,
e. Easy penetration in the commodity and equity markets,
f. Benefits associated with lower payments of tax, etc.[9]

Table 1. gives some indication of the importance of business combinations in the years 1991–2000. It shows acquisitions and mergers of industrial and commercial companies in the UK by UK companies.[10]

Table 1. Acquisitions and mergers in the UK by UK companies: 1991-2000 Consideration (£million)

Year	Number of companies acquired	Total	Cash	Ordinary shares	Fixed interest securities
1991	506	10 434	7 278	3 034	121
1992	432	5 941	3 772	2 122	47
1993	526	7 063	5 690	1 162	211
1994	674	8 269	5 302	2 823	144
1995	505	32 600	25 524	6 617	459
1996	584	30 742	19 551	10 926	265
1997	506	26 829	10 923	15 583	323
1998	635	29 525	15 769	13 160	595
1999	493	26 163	16 220	9 592	351
2000	587	106 916	40 074	65 570	1 272

Source: Lewis, Pendrill. Advanced Financial Accounting, seventh edition (2004). P.360

The methods used in accounting evidence of legal combinations are:

1. Purchase method.
2. Pooling of interests method.

II. Purchase Method and Pooling of Interests Method

Purchase Method

The purchase method views a business combination from the perspective of buyers such that, at the date of acquisition, the acquirer purchases net assets. The application of the purchase method starts from the acquisition date, which is the date on which the acquirer effectively obtains control of the acquiree. Therefore, under the purchase method of accounting, the acquirer recognizes identifiable assets of the acquiree, liabilities to their fair value, and also recognizes goodwill.

IFRS 3 requires that all business combinations within its scope to be accounted for by applying the purchase method.

IFRS 3 specifies that the applying the purchase method involves the following steps: [11]

(a) Identifying an acquirer;
(b) Measuring the cost of the business combination; and
(c) Allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed.

a. Identifying the Acquirer

The acquirer is the combining entity that obtains control of the other combining entities or businesses. Control, in the case of a business combination, refers to an entity's power to govern the financial and operating policies of another entity so as to obtain benefits from its activities. All the facts and circumstances surrounding a business combination shall be considered relevant in assessing when the acquirer has obtained control.

A combining entity shall be presumed to have obtained control of another combining entity when it acquires more than one-half of that other entity's voting rights, unless it can be proven otherwise. Even if one of the combining entities does not acquire more than half of the voting rights of another entity combining, it can control the benefit of that other entity, by virtue of a statute or an agreement with other investors; having the power to cast the majority of votes at the board meeting of the other entity; or control over the composition of the board of directors or equivalent governing body of the other entity.

b. Cost of a Business Combination

The acquirer shall measure the cost of a business combination as the aggregate of:

(a) The fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus.
(b) Any costs directly attributable to the business combination.

The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. When this is achieved through a single exchange transaction, the date of

[7] Lewis, Pendrill. Advanced Financial Accounting, seventh edition (2004). P.360
[8] Oh Seung Kwon, Economic Law (Seoul: Bupmoonsa, 2d. Ed., 2000), p. 178.
[9] Asllanaj Rr. "Financial accounting "(2010), p.501
[10] Lewis, Pendrill. Advanced Financial Accounting, seventh edition (2004). P.360
[11] (IFRS3) International Financial Reporting Standard 3 - Business Combinations. https://mf.rks-gov.net

International Journal of Innovation and Research in Educational Sciences
Volume 5, Issue 1, ISSN (Online) : 2349–5219

exchange coincides with the acquisition date. However, a business combination may involve more than one exchange transaction, for example when it is achieved in stages by successive share purchases. When this occurs:

(a) The cost of the combination is the aggregate cost of the individual transactions; and
(b) The date of exchange is the date of each exchange transaction (i.e. the date that each individual investment is recognised in the financial statements of the acquirer), whereas the acquisition date is the date on which the acquirer obtains control of the acquiree.

c. Allocating the Cost of a Business Combination to the Assets Acquired and Liabilities and Contingent Liabilities Assumed

The acquirer shall, at the acquisition date, allocate the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria in paragraph 37 at their fair values at that date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which shall be recognised at fair value less costs to sell. Any difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities so recognised shall be accounted for in accordance with paragraphs 51–57.

The acquirer shall recognise separately the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date only if they satisfy the following criteria at that date:

(a) In the case of an asset other than an *intangible asset*, it is possible that any associated future economic benefits will flow to the acquirer, and its fair value can be measured reliably;
(b) In the case of a liability other than a contingent liability, it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation, and its fair value can be measured reliably;
(c) In the case of an intangible asset or a contingent liability, its fair value can be measured reliably.

Purchase method - buying firm dissolved

The purchase price equivalent to the market value

Suppose that after negotiations with the owners of Small Company, Giant firm has agreed to pay € 1,050,000 for all assets and obligations Small's and € 250.00 in cash and 20,000 regular shares without par value issued 10 € which currently sell for € 40 / share. Small company after the acquisition as the company dissolved.

Cash	250,000
Shares	800,000
The purchase price	1,050,000

	Giant	Small	Marketvalue
Current assets	400,000	300,000	300,000
Ground	500,000	300,000	400,000
Buildings	1,000,000	400,000	600,000
Total assets	1,900,000	1,000,000	1,300,000
Bonds payable	300,000	200,000	250,000
Ordinary shares N,V 10€	600,000		
Ordinary shares N,V 5€		200,000	
Premium on shares	40,000	20,000	
Retained profit	960,000	580,000	
Total E + L	1,900,000	1,000,000	-

net assets (m.v) = 1,300,000€

Small net assets = 1,050,000 (assests 1,300,000 – liabilities 250,000).

Giant in the books of the company, with the purchase of Small company, follow the following registrations:

Current assets	300,000
Ground	400,000
Buildings	600,000
Bonds payable	250,000
Cash	250,000
Ordinary shares	200,000
Premium on shares	600,000

Consolidated Balance

	Giant
Current assets	450,000
Ground	900,000
Buildings	1,600,000
Total assets	2,950,000
Bonds payable	550,000
Ordinary shares N,V €10	800,000
Premium on shares	640,000
Retained profit	960,000
Total E + L	2,950,000

Purchase Method - The Purchase Price Exceeds the Market Value of Net Assets

The amount of the difference for which the purchase price exceeds the fair value of the net assets of the acquired company, accountants call goodwill.[12]

Goodwill = Purchase price - Net Assets

Paragraph 43 of Statement 141 states, in part, that the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed, shall be recognized as an asset referred to as goodwill.[13]

Goodwill is recorded only to the purchasing company at the acquisition date of a successful company.

Assume that the total assets and liabilities of the company were exchanged Small € 1,140,000. Giant company for this purchase must pay € 340,000 cash and 20,000 ordinary shares of nominal value of € 10 which currently have market value of € 40.

[12] Asllanaj Rr. "Financial accounting "(2010), p. 506.
[13] Deloitte "Accounting for Business Combinations, Goodwill and others Intangible Assets", www.iasplus.com/en/binary/dttpubs/0705applyingfas141and142.pdf

International Journal of Innovation and Research in Educational Sciences
Volume 5, Issue 1, ISSN (Online) : 2349–5219

Cash 340,000
Shares... 800,000
The purchase price 1,140,000

Net Assets (book value) = assets (book value) - liabilities (book value).

Net Assets (market value) = assets (market value) - liabilities (market value).

Small net assets (m.v) = 1,300,000 – 250,000 = 1,050,000
Goodwill = 1,140,000 – 1,050,000 = 90,000

Giant in the books of the company, with the purchase of Small company, follow the following registrations:

Current assets 300,000
Ground 400,000
Buildings 600,000
Goodwill... 90,000
Bonds payable 250,000
Cash.. 340,000
Ordinary shares 200,000
Premium on shares 600,00

	Giant	Small	adjustments Debit	adjustments Kredit	Consolidated Balance
Current assets	400,000	300,000		340,000	360,000
Ground	500,000	400,000			900,000
Buildings	1,000,000	600,000			1,600,000
Goodwill			90,000		90,000
Total assets	1,900,000	1,300,000			2,950,000
Bonds payable	300,000	250,000			550,000
Ordinary shares N,V 10€	600,000			200,000	800,000
Ordinary shares NV 5€		200,000	200,000		-
Premium on shares	40,000	20,000	20,000		40,000
Retained profit	960,000	580,000	580,000		960,000
Total E + L	1,900,000	1,050,000			2,950,000

Purchase Method - The Purchase Price under the Market Value of Net Assets

When the purchase price is lower than the market value of the net assets of the acquired company, then for this very difference resulting goodwill negative, which according to the standard of the FASB's treated as a liability (deferred revenue), and according to standard international IAS 22, should be treated as income which should be included in a linear way for 5 years in purchasing the company's revenues.[14]

The price paid for the Small company owners is € 900,000, associated with this Giant has paid € 100,000 cash and 20,000 regular shares of the nominal value of € 10 which are sold on the market for € 40 at the acquisition date. Direct cost of consolidation is € 30,000 which was paid in cash and € 10,000 have been paid for the registration of shares without issued.

The sum of € 10,000 is not included in the purchase price but it reduces many regular premium on shares of Giant.

Cash 100,000
Shares... 800,000
Cash (direct cost) 30,000
The purchase price 930,000

Net assets (m.v) = assets – liabilities = 1,300,000 – 250,000 = 1,050,000

Goodwill negative = The purchase price – Net assets = 930,000 – 1,050,000 = - 120,000

Ground 400,000 40%
Buildings 600,000 60%
100%

120,000 x 40% = 48,000 – Diminishes ground
120,000 x 60% = 72,000 – Diminishes building

Current assets 300,000
Ground 352,000
Buildings 528,000
Premium on shares 10,000
Bonds payable 250,000
Cash.. 100,000
Ordinary shares 200,000
Premium on shares 600,000
Cash (direct cost).............................. 30,000

	Giant
Current assets	570,000
Ground	852,000
Buildings	1,528,000
Goodwill	
Total assests	2,950,000
Bonds payable	550,000
Ordinary shares	800,000
Premium on shares	640,000
Retained profit	960,000
Total E + L	2,950,000

Purchase Method - The Firm does not Break

Suppose Giant Company, bought the 26,000 Small regular shares of the nominal value of € 10 which at the acquisition date have market value of € 40. Direct cost of combination (merger) of which € 50,000 has been paid in cash.

Investment in Small company 1.090.000
Cash.. 50.000
Ordinary shares 260.000
Premium on shares 780.000

[14] Asllanaj Rr. "Financial accounting "(2010), p.506

IJIRES Source of Knowledge
International Journal of Innovation and Research in Educational Sciences
Volume 5, Issue 1, ISSN (Online) : 2349–5219

The purchase price = 1.090.000
Net assets (m.v) = 1.300.000 - 250.000 = 1.050.000

Goodwill = 1.090.000 - 1.050.000 = 40.000

	Giant	Small	adjustments		Consolidated Balance
			Debit	Kredit	
Current assets	350,000	300,000		340,000	650,000
Ground	500,000	300,000	100,000		900,000
Buildings	1,000,000	400,000	200,000		1,600,000
Goodwill			40,000		40,000
Total assets	2,940,000	1,000,000			3,190,000
Bonds payable	300,000	200,000		50,000	550,000
Ordinary shares G	860,000				860,000
Ordinary shares S		200,000	200,000		-
Premium on shares	820,000	200,00	200,000		820,000
Retained profit	960,000	580,000	580,000		960,000
Total E + L	1,900,000	1,050,000			3,190,000

Pooling of Interests Method

Pooling of interests method different from the method of purchase, the purchase of another company treats as a union of interests of the two companies, in exchange for ordinary shares. In the method of pooling interests subsidiary assets and liabilities reported in the consolidated balance sheet at book value. Assets and liabilities as recorded in the book value method goodwill are not recognized as intangible assets.[15]

Pooling of interests method produces dramatically different results by the purchase method and was not thinking about what an alternative method. However, in practice, the transactions for which the pooling method is applied are similar to those calculated by the method of purchase. As a result, investors are provided with less information and less important information than is provided by the purchase method. This is because the pooling method ignores the values exchanged in a business combination transaction and the purchase method records these values. As a result, the pooling method does not provide users of financial statements with information about how much is invested in the combination. It also does not provide them with the information they need to evaluate the performance of this investment later and compare it with the performance of other companies.[16]

Consolidation of union interests 100% - Subsidiary Dissolved

Suppose that the company G and S on December 31, 2007 reached an agreement to merge their interests, and then this combination will only exist as a legal entity. Such combination is created through issuance of 20,000 additional ordinary shares of the company G. At this date these shares possess market value of € 20. For direct merger costs. G Company has paid € 4,000 in cash. The date of the merger of these companies on their balance sheets were as follows:

	Company G (accounting value)	Company S (accounting value)	Company S (market value)
Ground	300,000	200,000	200,000
Machinery	400,000	300,000	400,000
Short-term assets	200,000	100,000	100,000
Total assets	900,000	600,000	700,000
Ordinary shares		150,000	100,000
Premium on shares		300,000	200,000
Retained profit (31.12.07)		400,000	270,000
Bonds payable	50,000	30,000	(35,000)
Total E + L		900,000	600,000
Retained profit (01.01.07)		300,000	200,000
Dividends declared		(60,000)	(30,000)
Income		500,000	200,000
Costs		(340,000)	(100,000)
Retained profit (31.12.07)		(400,000)	(270,000)

Combining the Company "S" Company "G" must be recorded in its Accounts as follows:

Ground	200. 000	
Machinery	300. 000	
Short-term assets	100. 000	
Dividends declared	30. 000	
Costs	100. 000	
Ordinary shares		240. 000
Retained profit		200. 000
Premium on		60. 000
shares		200. 000
Income		30. 000
Bonds payable	4.000	
Costs		4.000
Cash		
The company's consolidated balance sheet "G" and "S" on December 31, 2007		

[15] Asllanaj Rr. "Financial accounting "(2010), p.516

[16] L. Todd Johnson and Kimberley R. Petrone, Why Eliminate the Pooling Method? http://www.icjce.es

Ground	500. 000
Machinery	700, 000
Short-term assets	296. 000
Total assets	1. 496. 000
Ordinary shares	390. 000
Premium on shares	360. 000
Retained profit 31.12.2007	666.000
Bonds payable	80. 000
Total E+L	1. 496. 000
Retained profit 01.01.07	500. 000
Dividends declared	(90. 000)
Income	700. 000
Costs	(444. 000)
Retained profit 31.12.07	666.000

Consolidation of Union Interests 100% - Subsidiary Exists as a Legal Entity

Now suppose that G and S Company has reached agreement to join 100% to their interests and after this there will be a combination of two companies. For creating this combination, G Company has issued 21,000 shares of nominal value of 12 Euros, which have market value of 20 euro. For direct costs of the combination, G Company has paid 7,000 Euros in cash. The date of the merger, with December 31, 2007, Company G and S have followed in their balance sheets these data as follows:

	Company G (accounting value)	Company S (accounting value)	Company S (market value)
Ground	300,000	200,000	200,000
Machinery	400,000	300,000	400,000
Short-term assets	200,000	100,000	100,000
Total assets	900,000	600,000	700,000
Ordinary shares	150,000	100,000	
Premium on shares	300,000	200,000	
Retained profit (31.12.07)	400,000	270,000	
Bonds payable	50,000	30,000	(35,000)
Total E + L	900,000	600,000	
Retained profit (01.01.07)	300,000	200,000	
Dividends declared	(60,000)	(30,000)	
Income	500,000	200,000	
Costs	(340,000)	(100,000)	
Retained profit (31.12.07)	(400,000)	(270,000)	

Companies "G" and "S" will maintain Separate Accounting as will exist as Separate Entities.

Investments in subsidiaries "S"	500. 000	
Ordinary shares		252. 000
Premium on shares		48. 000
Retained profit		200. 000
Direct costs	7. 000	
Cash		7. 000
Merger entity for the company "G" and "S"		

List of work for the balance of Consolidated Companies "G" and "S" dated December 31, 2007

Denomination	Company "M"	Company "S"	Adjustments and eliminations Debit	Kredit	Consolidated Balance
Income statement					
Income	500. 000	200. 000			700. 000
Costs	(347. 000)	(100. 000)			(447. 000)
Net profit	153. 000	100. 000			253. 000
Statement of retained profit					
Retained profit 01.01.07	500. 000	200. 000			700. 000
Dividends declared	(60. 000)	(30.000)			(90. 000)
Net Profit	153. 000	100. 000			253. 000
Retained profit 31.12.07	593. 000	270. 000			863. 000
The balance sheet					
Ground	300. 000	200. 000			500. 000
Machinery	400. 000	300. 000			700. 000
Short-term assets	193. 000	100. 000			293. 000
Invest. in subsidiaries S	500. 000			(500. 000)	
Total assets	1. 393. 000	600. 000			1.493. 000
Ordinary shares	402. 000	100. 000	(100.000)		402. 000
Premium on shares	348. 000	200. 000	(200. 000)		348. 000
Retained profit	593. 000	270. 000	(200. 000)		663. 000
Bonds payable	50. 000	30. 000			80. 000
Total E+L	1. 393. 000	600. 000			1.493. 000

III. Summary and Conclusions

Users of financial statements need better information about the intangible assets because these assets are increasingly a source of many important economic entity and are a growing part of the many assets acquired in business combinations. While the purchase method recognizes all intangible assets acquired in a business combination (as goodwill), only those intangible assets previously recorded by the acquired entity is recognized as the pooling of interests method is used.

The purchase method and the pooling of interests method give very different results, which could have a significant impact on the balance sheet and the performance of the new group after the merger.

Pooling of interests method provides investors with less information and less important than the information provided by the purchase method.

Pooling of interests method is used much less in practice compared to the purchase method.

Pooling of interests method ignores the values exchanged in a business combination, and methods of acquisition reflect them.

Unlike the purchase method, pooling of interests method does not recognize goodwill as intangible assets.

Because the purchase method records the net assets acquired in a business combination with the values of their rights, the information provided by this method is useful in assessing the ability to generate cash net assets acquired than the information provided by the pooling of interests method.

All business combinations are acquisitions and, in this way, all business combinations must be accounted for in the same way that other asset purchases are calculated based on shared values.

References

[1] Asllanaj Rr. "Financial accounting" (2010).
[2] Lewis, Pendrill. Advanced Financial Accounting, seventh edition (2004). P.360
[3] Oh Seung Kwon, Economic Law (Seoul: Bupmoonsa, 2d. Ed., 2000), p. 178.
[4] Baker, Biondi, Zhang (2009), Shuold merger accounting be reconsidered?: A discussion based on the chinese approach to accounting for business combinations. http://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID1514310_code394847.pdf?abstractid=1303636
[5] J. Sedlaček, Z. Křižova, E. Hyblova (2011). Comparison of accounting methods for business combinations http://acta.mendelu.cz/pdf/actaun201260020315
[6] Brealey, R. A., Myers, S. C., 2000: Theory and Practice of Corporate Finance. Prague: Computer Press, 1028 p. ISBN 0-07-295723-9.
[7] Dominique Thouvenin (2003), Business Combinations and Fair Value. Pp 73-82 http://www.persee.fr/web/reveus
[8] Ayers, B. C., C. E. Lefanowicz and J. R. Robinson. 2000. The financial statement effects of eliminating the pooling-of-interest method of acquisition accounting. *Accounting Horizons* (March): 1-19.
[9] (SNRF3) Standardi Ndërkombëtar I Raportimit Financiar 3-Kombinimet e biznesit. https://mf.rks-gov.net
[10] Deloitte "Accounting for Business Combinations, Goodwill and others Intangible Assets", www.iasplus.com/en/binary/dttpubs/0705applyingfas141and142.pdf
[11] L. Todd Johnson and Kimberley R. Petrone, Why Eliminate the Pooling Method? http://www.icjce.es

Author's Profile

Luljeta Gllogjani, Born: 01.03.1972, in Peja, Kosovo. Nationality: Albanian. I graduated Faculty of Applied Sciences in Business – Peja (22.07.2010), Bachelor of Banking, Finances and Accounting, Faculty of Economy – Pristina (09.02.2013), Master of Banking, Finances and Accounting. I have finished with PhD studies, in Banking , Finances and Accounting- Pristina. Scientific Publications: Interest rate and management of credit risk in commercial banks in Kosovo - The 3rd International Conference on "Research Education-Challenges Towards the Future" ICRAE 2015, Shkoder Refining the process of research - Case Study "Intangible assets in the corporation Coca Cola" - 4th International Conference," Social-Economic Regional Cooperation towards the Developed Markets" 2015, Elbasan.