

UDC 657.22

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ASSESSMENT OF BUSINESS REPUTATION OF THE ORGANIZATION

Annotation

In the modern economy, business reputation plays a large role in the activities of any organization, it is important for it to have a “good name”. From this directly depends on the profitability, success and profits of the company. This article defines the business reputation, and also reveals the importance of its assessment and possible options for the formation of its value.

Keywords: business reputation, organization, goodwill, brand, good name, economic reputation, fame, intangible assets

Currently, there is a tendency to increase the purchase of ready-made firms and enterprises. Everyone understands that in some cases it is much easier to buy an organization than to create it from scratch. This is due to a number of reasons: great competition in the modern market, the need to be legally educated, a good understanding of the activities of an enterprise, the ability to correctly assess risks. Goodwill (from the English) - the benefits that the buyer receives when acquiring an organization that is already operating.
With the help of an appraiser, you can quickly determine the acceptable price of the acquired enterprise. Specialists will tell in which case the acquisition of the organization will be a good bargain, and when it is better not to even think about buying. At first glance, it seems that the price of an enterprise depends on the size of its property, indicators of profit and loss. However, a combination of the following factors has a great influence on the price: the size of the permanent client base, the image of the organization, the presence of developed business connections, trademarks and brands used the name of the company, leadership skills, qualifications of employees, patents for production.

Evaluation of the business reputation of a company (goodwill) is to establish a set of qualities and attributes that encourage consumers to apply to this company, bring super-profits and allow them to remain competitive in the market.

The accounting statement “Accounting for intangible assets” (PBU 14/2007) gives the following definition of goodwill: “the difference between the purchase price paid to the seller when acquiring an enterprise as a property complex (as a whole or part of it) and the sum of all assets and liabilities on the balance sheet on the date of its purchase (acquisition) ”[1]. In other words, it is fixed capital that cannot be touched, or so-called intangible assets.

Goodwill can be reflected in the balance sheet in the number of intangible assets only after the transaction of the sale of the organization. This value arises when one enterprise acquires another as a property complex and pays for it an amount in excess of the total value of the assets and liabilities of the acquired organization. The term of amortization of business reputation, which in this case is charged only in a linear way, is 20 years, but not more than the term of the organization (clause 44 PBU 14/2007 “Accounting for intangible assets”).

Goodwill can be either positive or negative. Positive business reputation means that the price of the enterprise as a whole turned out to be higher than the
aggregate price of its assets and liabilities reflected in the balance sheet at the time of the sale.

Accounting regulation “Accounting for intangible assets” (PBU 14/2007) defines a positive business reputation “as a premium to the price paid by the buyer in anticipation of future economic benefits in connection with the acquired unidentifiable assets and taken into account as a separate inventory object” [1]. Creating a positive reputation is a complex and multifaceted process, it takes a long time and is key to the actions of management.

Negative business reputation is manifested in the case when the price of the enterprise refuses below its book value. This may be due primarily to the critical state of the organization, poor management, improperly constructed advertising campaign, outdated production technology, and an extensive customer base.

Accounting Regulations “Accounting for Intangible Assets” (PBU 14/2007) defines negative business reputation “as a price discount granted to a buyer due to the lack of stable buyers, reputation for quality, marketing and sales skills, business relations, management experience, level of personnel classification, etc.” [1].

Based on the above, it becomes clear that the assessment of the organization’s business reputation is extremely important for both the seller and the buyer. In this regard, the development of a rating system for its assessment provides for the definition of a set of indicators, thanks to which an adequate assessment will be possible, satisfying the positions of various groups of parties involved. We can single out the following number of groups of indicators that play a large role in assessing the company's business reputation:

1) the degree of development of corporate culture and the content of the implemented policy in relation to stakeholders (customers, investors, shareholders);
2) taking into account the views and requirements of consumers, the degree of recognition of the organization on the market;

3) the quality of corporate social responsibility management (taking into account the interests of the society in which it may affect) and social investments.

You should also use the classification of components that affect the business reputation of the organization, by the following groups:

1) corporate: the reputation of managers, the level of staff skills, the prestige of work in the organization

2) financial: economic stability, demand from investors, scale of activity;

3) market: customer base, the presence of business / partnerships, the level of product quality, competitiveness, tenure in the market;

4) social: support of social programs, interaction with the public.

Based on the above, it becomes clear that business reputation is an important component of the organization’s activities. And its importance is manifested not only if the company is sold, but also during its main (ordinary) activity. The financial standing of an organization, its competitiveness in the market and profitability largely depend on business reputation. Therefore, the formation and maintenance of business reputation is an essential component of the activities of any organization, it takes a long time and requires the right actions on the part of management.

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