

## THE IMPORTANCE OF GOODWILL IN ENTERPRISE VALUE

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As well as tangible assets such as materials and fixed assets, companies also own intangible assets such as goodwill. Its valuation is a complex process, but it is essential, for example, when buying or selling a company, when carrying out mergers and acquisitions, and also for the most competent management of the company's value.

According to some specialists, goodwill is the advantage that a buyer of a company gains from buying an established company as opposed to creating a new one.

Two groups of intangible assets are involved in the formation of goodwill:

- those belonging to the individual are the personal and professional qualities of the individual worker, his qualifications and experience;
- those belonging to an enterprise are successful management, a customer base, strong relationships with partners and suppliers, and a favorable location.

International Financial Reporting Standards (IFRS) have established clear criteria for assessing goodwill. All calculations are made on the basis of:

- the quality of the product produced (the higher the quality, the higher the value of the goodwill);
- the quality of the product (the higher the value of the goodwill) Qualification of the employees (if professionals make the product, the higher the value);
- size of target audience (consumers tend to buy from well-known brands);
- value of intangible assets such as reputation and brand.

Finally, according to IFRS, goodwill is the future economic benefits from the use of assets that cannot be individually identified and recognized separately. When a company is sold, goodwill is the premium to be paid by the buyer over the value of the company's assets.