

Chapter 11

Estimating the Brand Image in the Process of Accounting Convergence: Perceptions and Practices Gap

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ABSTRACT

Globalization is an irreversible process accounting. The global economic crisis that cross, there is need for stronger global accounting standards, to ensure a common language for each type of transaction and for each business sector. The value of intangible assets has been the main focus in the debates between consumers' evaluations about brand name and business world for many decades. Today, this concept interferes with the international process of assessment, but also is influenced by the store name and the quality of merchandise it carries.

INTRODUCTION

The value of intangible assets has been the main focus in the debates between consumers' evaluations about brand name and business world for many decades. Today, this concept interferes with the international process of assessment, but also is influenced by the store name and the quality of merchandise it carries. The need to determine the value of these intangible assets lies in the more virulent criticism

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brought to the traditional accounting system, placed face to face with an increasing vision of financial assets of a company. In an uncertain world with imperfect and incomplete markets (financial crisis), no particular measurement objective should be regarded as having a monopoly, and different measurements should be regarded as complementing one another.

The problem is how to choose the best of them in the context of satisfying consumers' motivations in the purchasing process requirements, on the one hand and the brand image and reputation accounting estimates are often made in conditions of uncertainty because it involves the determination of their judgment, on the other hand. As a result, the risk of material misstatement is greater when these estimates are involved and in some cases the auditor may determine that the risk of material misstatement is greater that requires special audit.

According to Thomas et al., (2012) the most important asset of a company is the brand they own. For customers, a brand can simplify the choice process, promise quality, reduce risk (Keller & Lehmann, 2006) and also motivate repeated buying (Aaker, 1996; Keller, 2001).

A strong brand is a competitive advantage, a barrier for entry in some markets, easier acceptance among distributors and consumers etc. for the organization it owns (Farquhar, 1989).

The transition to IFRS represents the latest episode of brand image and reputation's often turbulent story. One striking feature of this framework for brand image and reputation measurement and reporting is its order magnitude increase in complexity compared to typical prior practice. Application of this system requires navigation through several layers of difficult and potentially contestable choices. It is for this reason in particular that much of the recent literature relating to this issue focuses on the incentive compatibility problems which may be associated with the implementation of impairment based approaches to brand image and reputation measurement and reporting (e.g; Beatty & Weber, 2006; Hayn & Hughes, 2006).

Producers and users of financial statements consider that in the measurement and presentation of accounting information regarding brand name, the most widely used is the historical cost, although it has some weaknesses. This is usually combined with other bases of evaluation. Moreover, the tendency is to use current cost accounting in response to failure based on historical cost model to solve problems connected with non-cash effect of changes in asset prices.

Accountants, in their turn, reflect accounting estimates only in registers and certainly not the value generated by the presentation of materials. It is a clear dichotomy between the historical cost accounting and fair value in accounting measurement, which creates a productive tension in discussions related to economy based on knowledge. However, it is more likely for a certain period of time to develop both

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