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## ASSESSMENT OF BRAND VALUE

*With regard to the valuation of brands, there are many studies, concepts, methods, standards, recommendations and legal decisions. However, not all of them can be applied in practice, because evaluating the value of a brand from an economic point of view and the value of a brand in accordance with existing accounting and financial accounting standards is not an identical valuation process, which is complicated by the procedure for recognizing a brand as an intangible asset, the opportunities and conditions for clarifying its value, understanding its market capitalization and its reflection in the balance sheet or the impossibility and in expediency of such reflection, understanding the strength of the brand (on the example of the Apple brand) and branding (on the example of the Apple and Microsoft brands). This situation requires to study: the conditions under which a brand can be recognized as an intangible asset; what exactly can be considered the value of the brand as an intangible asset; exactly what brand value can be reflected in the company's balance*

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## ОЦІНКА ВАРТОСТІ БРЕНДУ

*Існує багато досліджень, концепцій, методів, стандартів, рекомендацій та юридичних рішень щодо оцінки вартості брендів. Проте не всі вони можуть бути застосовані на практиці, адже оцінити вартість бренду з економічного погляду і вартість бренду відповідно до існуючих стандартів бухгалтерського та фінансового обліку не є тотожним процесом, який ускладнюється процедурою визнання бренду нематеріальним активом, можливостями та умовами з'ясування його вартості, розуміння його ринкової капіталізації та її відображення в балансі або неможливості та недоцільності такого відображення, розуміння сили бренду (на прикладі бренду Apple) й брендингу (на прикладі брендів Apple та Microsoft). Така ситуація потребує дослідження: умов, за яких бренд може бути визнано нематеріальним активом; що саме може вважатися вартістю бренду як нематеріального активу; яка саме вартість бренду може бути відображена в балансі компанії та за яких умов; чому має місце шалений розрив між*



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*sheet and under what conditions; why there is a frantic gap between the company's book value and its market capitalization, what can be affected by a change in the market capitalization of the brand and how reputational risks can affect a change in the market capitalization of the brand. A comprehensive overview of the complexity and multifactorial nature of assessing the value of brands and its reflection in the financial statements of companies is offered. Hypothesis: There is only one meaningful form of value for evaluating and verifying the brand value: the price a buyer is willing to pay for the brand in a real deal.*

*In the process of research, scientific methods of theoretical generalization and grouping were used (to systematize methods, methodologies, estimates of the value of brands and their analysis); formalization, analysis and synthesis (for interpretation of analytical materials); logical generalization of results (formulation of conclusions). The existing opportunities, conditions and procedures for recognizing a brand as an intangible asset and assessing its value were considered and analysed; it was found that brands are increasingly not recognized as an intangible asset and their value is not included in the balance sheets of companies. Estimating the value of a brand as a separate intangible asset remains a problematic issue because of the valuation itself, its confirmation and annual revaluation, value fluctuations, which is complicated by the lack of an effective (active) market and a consistent procedure and practice for assessing brand value.*

**Keywords:** brand, intangible asset, brand value assessment, brand value, brand worth, tangible asset, market capitalization, goodwill, brand equity

**JEL Classification:** F6, L20; M30, M31, M41.

## **Introduction**

Previous studies of the main methods and methodologies for assessing brand value using the rating approach (Chepelenko & Tserkovnyy, 2024) from the global holding company for media, marketing and corporate communications Omnicom Group Inc. Interbrand, the specialized consulting company Brand Finance and the world leader in the field of marketing research, consulting and analytics Kantar indicate that brands are increasingly recognized as an asset and their value is included in the balance sheets of companies.

However, no matter how long brands were researched theoretically, it is necessary to understand how these researches correlate with legal, economic and accounting requirements, opportunities and feasibility.

*балансовою вартістю компанії та її ринковою капіталізацією; на що може впливати зміна ринкової капіталізації бренду і як репутаційні ризики можуть впливати на зміну ринкової капіталізації бренду. Запропоновано комплексний огляд складності та багатofакторності оцінювання вартості брендів та її відображення у фінансовій звітності компаній. Гіпотеза: існує лише одна значуща форма вартості для оцінки і перевірки вартості бренду: ціна, яку покупець готовий заплатити за бренд у реальній угоді.*

*Використано наукові методи теоретичного узагальнення та групування (для систематизації методів, методологій, оцінок вартості брендів і їх аналізу); формалізації, аналізу та синтезу (для інтерпретації аналітичних матеріалів); логічного узагальнення результатів (формулювання висновків). Розглянуто та проаналізовано існуючі можливості, умови і процедури визнання бренду нематеріальним активом та оцінки його вартості; з'ясовано, що бренди все частіше не визнаються як нематеріальний актив і їх вартість не включаться в баланси компаній. Оцінювання вартості та цінності бренду як окремого нематеріального активу залишається проблемним питанням через саму оцінку вартості, її підтвердження та щорічну переоцінку, коливання вартості, яке ускладнюється відсутністю ефективного (активного) ринку й узгодженої процедури та практики оцінювання вартості бренду.*

**Ключові слова:** бренд, нематеріальний актив, оцінка вартості бренду, вартість бренду, цінність бренду, матеріальний актив, ринкова капіталізація, гудвіл, капітал бренду.

The results of a joint study by Interbrand, B2B market research leader *NewtonX* and integrated communications agency Brodeur Partners (*Interbrand*, 2024) indicate that 67% of companies on the *S&P* 500 list may be misvalued due to a misunderstanding of a key business asset – the brand (as an intangible asset).

What exactly is a brand, from the point of view of law and accounting in Ukraine, is currently an undefined issue.

The study of normative legal acts of Ukraine and intergovernmental agreements on the term "brand" (Verkhovna Rada of Ukraine, 2024) raised even more questions. Firstly, the term "brand" is not written in any regulatory legal act of Ukraine (with the exception: the term "brand of the organizer of gambling games" is used in the meaning given in the Law of Ukraine "On state regulation of activities regarding the organization and conducting the gambling games" (Law of Ukraine No 768-IX, 2020, July 14, Art. 1); secondly, the association of the "brand" with the "trademark" and/or other objects of intellectual property (as intangible assets) has not been formally proven; thirdly, the National regulation (standard) of accounting 8 "Intangible assets" (NR(S)A 8, 1999) also contains methodologies for accounting information about the brand.

A study of International Accounting Standard 38 "Intangible Assets" (IAS 38, 2012) provides an opportunity to understand that:

*the terms "brand" and "brand name" are often used interchangeably with trademarks and other brands, but the first ones are generic marketing terms that are mostly used to refer to a group of connected assets such as trademarks (or service marks) and are associated with the corresponding trade name of the product, formulas, recipes and technological expertise (IAS 38, 2012, p. 37);*

*a class of intangible assets is a group of assets that are similar in nature and use in the business entity's activities. Individual classes may, for example, include:*

- brand names;
- titles and edition names;
- computer software;
- licenses and privileges;
- copyrights, patents and other industrial property rights, service and exploitation rights;
- recipes, formulas, models, projects and prototypes;
- intangible assets at the development stage (IAS 38, 2012, p. 119);

*At the same time:*

*"internally generated brands...should not be recognized as intangible assets" (IAS 38, 2012, p. 63);*

*"spending on internally generated brands... cannot be separated from expenses on business development as a whole". Consequently, such objects are not recognized as intangible assets (IAS 38, 2012, p. 64);*

"an active market (IAS 38, 2012, p. 78) cannot exist for brands... trademarks, because each such asset is unique". In addition, although intangible assets are bought and sold, contracts are concluded between individual buyers and sellers, and transactions occur relatively rarely (IAS 38, 2012 p. 78);

"the price paid for one asset cannot provide a sufficient indication of the fair value of another asset" due to the uncommon practice of buying and selling intangible assets (IAS 38, 2012, p. 78);

"price information is often not publicly available" (IAS 38, 2012, p. 78).

Thus, summarizing information about intangible assets, we can affirm that intangible assets are generally non-physical assets/intellectual assets (patents, trademarks, franchise or license agreements, copyrights and company brands) that:

- are used for a long time;
- have the difficulty of determining their value;
- have the problem of proper assessment and accounting largely due to the difficulty of determining their value;
- have shortcomings in terms of measurement reliability, costs associated with them;
- have uncertain future effects;
- the useful life of an intangible asset can be identified or not identified;
- can increase the possible future value of the company and can be much more valuable than its tangible assets.

Brand equity can be considered as an intangible asset, since the value of a brand is determined by the perception of the company's customers and is not a physical asset.

Therefore, intangible assets are shown on the company's balance sheet as long-term assets, valued according to the purchase price and amortization schedules only if they are *identifiable, controllable, and there are future economic benefits from their use*.

The aim of the proposed study is to clarify problematic issues regarding: assessing the cost and value of a brand as a separate intangible asset and the unsettledness of the term "brand" itself; restrictions and/or impossibility of recognizing brands as intangible assets; excess of market capitalization over the value of the company's assets.

Hypothesis: There is only one meaningful form of value for evaluating and verifying brand value: the price a buyer is willing to pay for the brand in a real transaction.

Scientific methods of theoretical generalization and grouping (for the systematization of methods, methodologies, brand value estimates and their analysis); formalization, analysis and synthesis (for interpretation of analytical materials); logical generalization of results (formulation of conclusions) were used.

The scientific study, the main part of which is laid out in three sections, focuses on the analysis and the possibility of applying the requirements of the ISO 10668 and ISO 20671 standards regarding the assessment of brand value

and their correlation with International Financial Accounting Standards, which provides an opportunity to find out brand equity as an intangible asset, the correctness of the brand value assessment and the consequences of a change in such value.

### 1. Key approaches to the disclosure of information on intangible assets and features of brand valuation

The study of key approaches, changes and requirements for intangible assets and goodwill, set forth in *FASB* standards, provides an opportunity to understand the nature and the need to clarify the criteria for recognizing intangible assets and the value of goodwill, which should contribute to future cash flows and reflect the expectations of the business entity (*Table 1*).

*Table 1*

Approaches, changes and requirements for intangible assets and goodwill by *FASB* standards

<i>FASB</i> standard	Intangible assets	Goodwill
<i>FASB ASC 350 Recognition of intangible assets</i>	Intangible assets must be identifiable; the business entity must be able to demonstrate control over the future economic benefits of the intangible asset	Internally generated goodwill is not subject to registration; goodwill arising from a business combination is not subject to amortization; goodwill is verified for devaluation at least annually
<i>FASB 142 Amortization of intangible assets</i>	Intangible assets with limited useful lives must be amortized over their useful lives, while intangible assets with indefinite useful lives are not amortized but are subject to annual verification for devaluation	Reflects the expectation of the business entity that the value of the goodwill will contribute to future cash flows
<i>FASB 141 Approach to intangible assets in business combinations</i>	Requires each identifiable intangible asset to be measured and reported separately from goodwill if it arises from contractual or legal arrangements, or if it can be separated and sold; the method of consideration of intangible assets during business combinations has been revised	

*Source:* compiled by authors in accordance with (*FASB* 350, 2021; *FASB* 142, 2001; *FASB* 141, 2001).

The main information disclosure requirements for intangible assets according to *FASB* standards are the mandatory disclosure by business entities of the gross book value and accumulated amortization of intangible assets and methods, terms of useful life, changes that have occurred with intangible assets.

In 2001, *FASB* 141 (*FASB* 141, 2001) introduced a requirement for identifiable assets (tangible and intangible) of US companies to capitalize acquired intangible assets taking into account liabilities and contingent liabilities at their fair value. Intangible assets should be the separate net balance between the total amount of acquired net assets disclosed in the

consolidated statement of the acquiring company and the acquisition cost treated as goodwill.

One of the controversies associated with this type of intangible asset, such as a brand, is the determination of brand value through goodwill. According to FASB standards, the brand value assessment can be determined by a contract for the purchase and sale of net assets, after which goodwill is reflected (recorded) in the financial statements as the excess of the amount paid for the net assets over their fair market value, while internally generated goodwill is not subject to registration.

There are similarities between FASB standards and international recommendations of the International Accounting Standards Board (IASB) on intangible assets as to determining fair value and verifying for devaluation, and differences concerning to criteria for recognition and further evaluation of intangible assets. However, the IASB's recommendations have specifics regarding the criteria for recognition and further evaluation of intangible asset.

The existing international brand evaluation standards ISO 10668 Brand Valuation (ISO 10668, 2010) and ISO 20671 Brand Evaluation (ISO 20671, 2021) indicate that a brand "is an intangible asset" that is designed to create "distinctive images and associations in the minds of stakeholders, thereby creating an economic benefits/values".

In order to standardize approaches to brand evaluation (including those brand evaluations conducted by analysts, investors and lenders), the International Organization for Standardization (*ISO*) involved standardization committees from around the world, developed and published ISO 20671 Brand Evaluation, which is an international meta-standard, has a stable structure and a set of principles for conducting systematic brand evaluation, requires proactive management of brands and their verifying (at least once a year), because in financial accounting brands are too often considered as incidental business costs.

ISO 20671 is used by marketing professionals to explain branding's contribution to business value.

In addition, the global standard for brand valuation recognizes that the primary purpose of a brand is to "increase the overall value of the business, reduce risk and continue the sustainable existence of the company that owns the brand" (ISO 20671, 2021).

Therefore, ISO 20671 Brand Evaluation is intended to help business entities understand and identify ways to increase brand value, which is determined by improving financial indicators, its strength and effectiveness.

Brand evaluations (Brand valuation and Brand evaluation) are related and interact with each other, but brand evaluation according to ISO 20671 Brand evaluation is broader and includes non-monetary considerations.

ISO 10668 Brand Valuation (ISO 10668, 2010) is an international meta-standard that defines the structure of monetary valuation of a brand,

including objectives, valuation bases, valuation approaches, valuation methods and sources of qualitative data and assumptions, defines reporting methods for the results of such valuation, etc.

Brand valuation according to ISO 10668 Brand Valuation is determined from the point of view of the company that owns the brand (brand value is measured using relevant indicators that assess the impact of the brand on customers/users) and all stakeholders and includes both monetary considerations (i.e. brand value) and non-monetary considerations (i.e. brand strength and equity), its value (the price (premium) a consumer is willing to pay for a particular brand over a base level).

The framework of brand value assessment is a set of interrelated parts that determine the interconnection between the assessment of the value and worth of the brand, each of which is based on the previous part, while the term "brand worth" is mostly used to denote "the present value of the expected future monetary flows attributable to the brand" (ISO 10668, 2010), and "financial value of the brand" (FVB) refers to the estimation of the total monetary value of the brand at a given point in time. The method that should be chosen for calculating or evaluating the financial value of the brand depends on the purpose of the evaluation: purchase, sale, lease or increase of financial result.

The practical application of ISO 20671 and ISO 10668 creates a feedback cycle for continuous improvement of the brand, which will contribute to increasing its value over time, and by changing the composition and level of brand inputs based on such feedback, there can be a potential opportunity to improve brands, to ensure their effectiveness and certain advantages and a better experience for consumers and stakeholders.

## **2. Global status of intangible assets (brand recognition and information disclosure)**

Most intangible assets are not recognized due to restrictions imposed by financial reporting rules which state that internally generated intangible assets such as brands cannot be disclosed on a company's balance sheet.

Accounting standards (international and national) prevent companies from recognizing the most part of the value of the intangible assets they create. Instead, intangible assets are recognized when they are acquired or identified as an asset separately from goodwill if the asset is acquired in a business combination.

This approach to recognition and intangible assets can lead to distortion of information about the value of the company that owns the intangible asset.

For companies whose shares are in free turnover, the question of the value of intangible assets in the composition of assets is not as critical as for other companies, since their market value is determined by market capitalization. The excess of market capitalization over the value of a

company's assets means that investors value the company higher than its book value, which may indicate high expectations for the company's future growth, its profitability, or the presence of unique intangible assets such as a brand or intellectual property.

Globally, disclosed intangible assets in 2023 generally remain unchanged, but further analysis by classes of intangible assets shows that for the first time since 2008, the value of disclosed intangible assets has shifted from goodwill to specific intangible assets such as brand, technologies and relationships (Brand Finance, 2021).

During 1996–2023, intangible assets show rapid growth from USD 6 trillion up to USD 61.9 trillion in 2023, i.e. by 1031% (Figure 1) (Brand Finance, 2023).

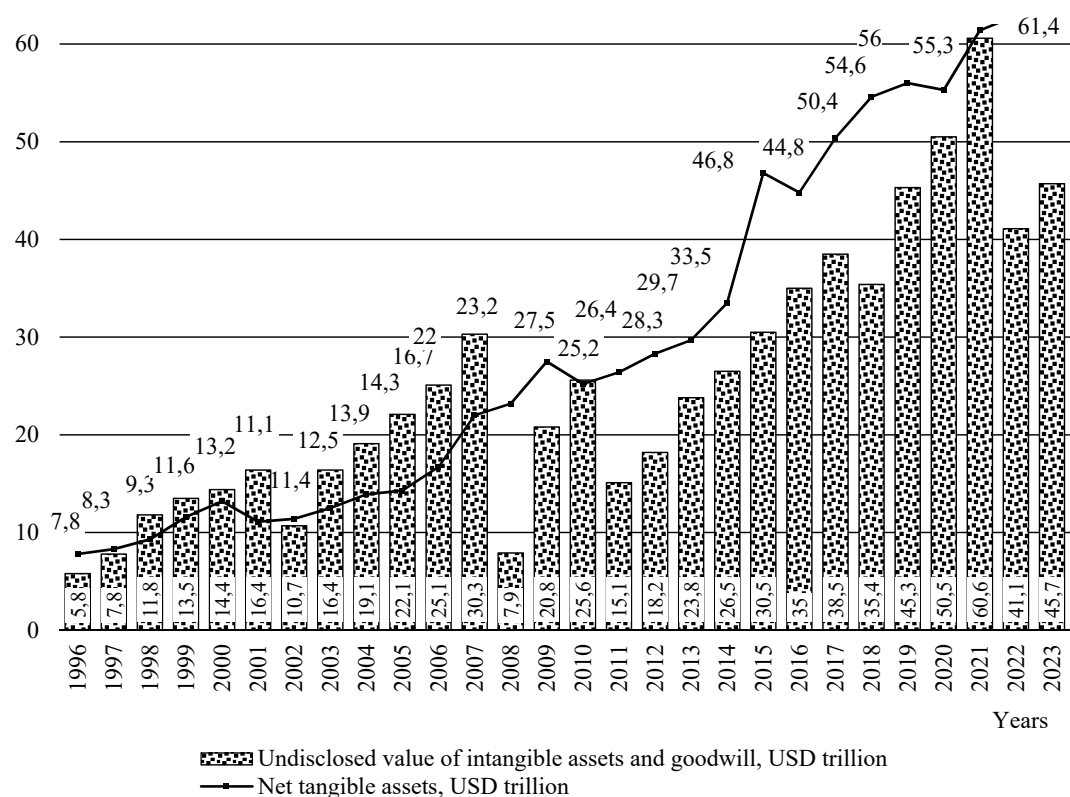


Figure 1. The trend in the composition of global value according to Brand Finance for 1996–2023, USD trillion

Source: (Brand Finance, 2023).

Brand Finance research also shows that in 2023 the US market remains intangible (73% of US corporate value accounts for intangible assets, including technologies and brands) compared to the global average index (50%), while in China only 16% of assets are valued as intangible.

In 2023, global intangible value recovered, surpassed pre-pandemic level and grew by 8% from USD 57.3 trillion in 2022 to USD 61.9 trillion in 2023, that is almost 3 times higher than the US GDP. During the same period, the value of global tangible net assets remains stable.

The intangible intensity of the US is driven by some of the largest technical, internet and media giants that have US jurisdiction. Apple, the company with the highest intangible value in the world, provides 8% of total US intangible value.

As indicated in the Global Finance GIFT report (Brand Finance, 2023), the non-monetary assets of the most powerful brands (without physical substance) are grouped into three broad categories: rights (including leases, agreements and contracts); relationships (including trained workforce); intellectual property (including brands, patents and copyrights).

### 3. Evaluation of the value of the Apple brand

The results of the research on the valuation of brands using the rating approaches of world-renowned companies prove that in 2023, brands that have diversified and are represented in several sectors and that are focused on expanding the brand, its dynamic development compared to competitors, will continue to dominate. Thus, the value of the Apple brand, which for 11 years in a row occupies the first place in the ratings for 2013–2023, increased: by more than 5.11 times according to the Interbrand methodology; 3.4 times – according to the Brand Finance methodology and 4.76 times – according to the BrandZ methodology from Kantar Group (*Figure 2*).

Research on brand value assessment using rating approaches demonstrates not only different results of their value assessment, but also a significant gap (inconsistency) between tangible book value, net tangible book value and market capitalization of brands.

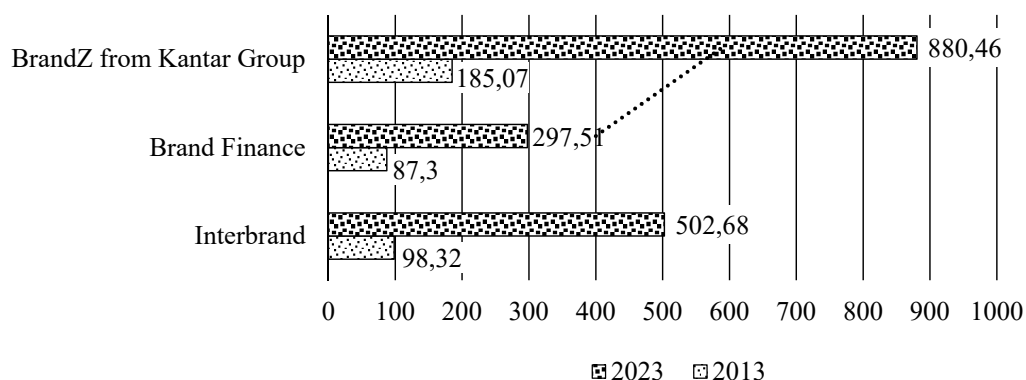


Figure 2. Estimated value of Apple according to Interbrand, Brand Finance and Kantar BrandZ methodologies for 2013–2023, USD billion

Source: compiled by the authors based on data (Chepelenko & Tserkovnyy, 2024).

For example, the net tangible book value of Apple in 2023 was USD 40.32 billion, on the other hand, the material cost was equal to USD 74.1 billion, that is, USD 30.78 billion is the value of intangible assets, and relative to market capitalization, the value of intangible assets is more than 93 times (see *Figure 3*).

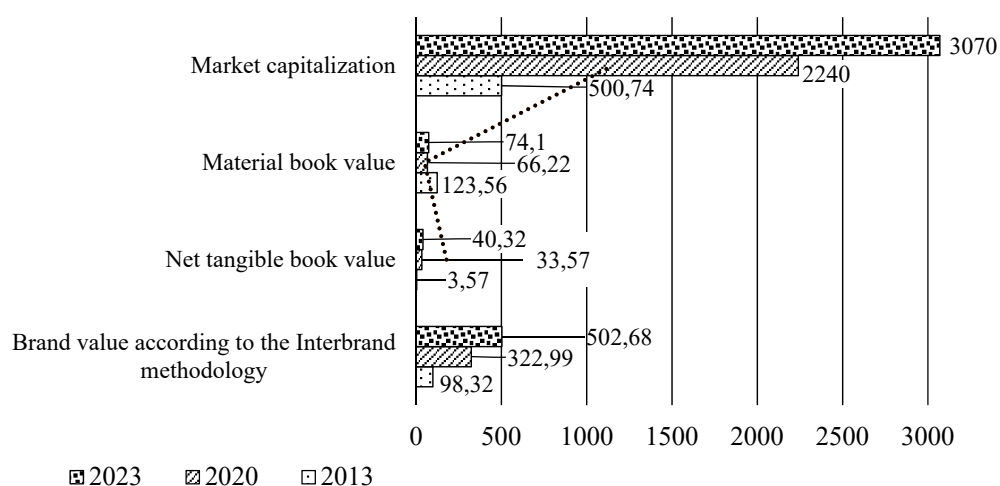


Figure 3. Dynamics of tangible book value, net tangible book value and market capitalization of Apple for 2013–2023, USD billion

Source: compiled by the authors based on data (Apple Balance Sheet 2009–2024, 2024; Market capitalization of Apple (AAPL), 2024).

In 2013, the share of tangible assets was 2.89% of the book value of assets (97.11% – the share of intangible assets), in 2023 – 54.41% of the book value of assets (45.59% – the share of intangible assets) (Figure 4).

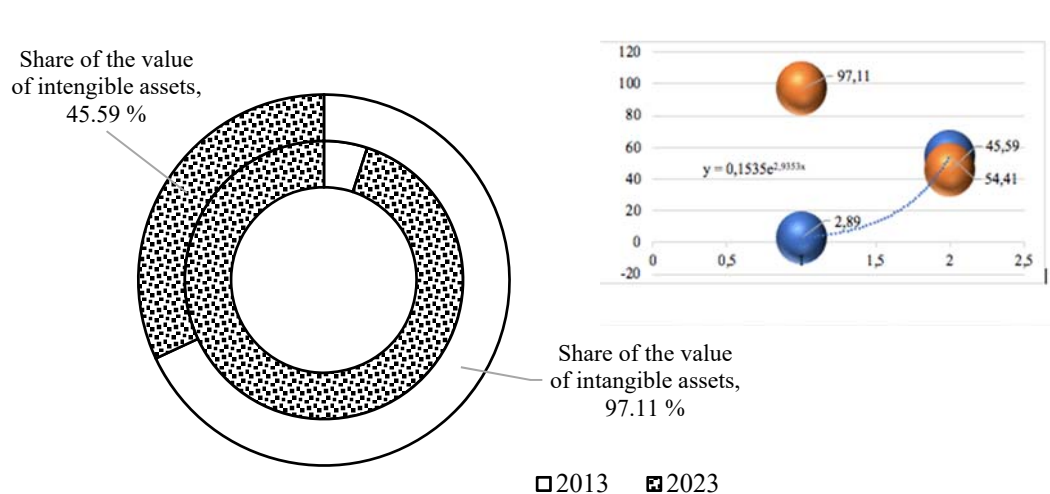


Figure 4. Dynamics of Apple's asset structure for 2013–2023, USD billion

Source: compiled by the authors based on data (Apple Inc. Form 10-K, 2013, 2023).

Internally developed intangible assets are not reflected as such in the company's balance sheet. Although an intangible asset such as the *Apple* logo has total recognition, it does not appear on the company's balance sheet because the logo is an internally developed intangible asset and does not have a price at which the fair market value could be determined, as it would, if the logo was the part of an acquisition of another company (Table 2).

Table 2

Apple's consolidated balance sheet (assets) for 2013, 2020 and 2023, USD billion

Assets	As of:		
	28.09.2013	28.09.2020	28.09.2023
<i>Current assets</i>			
Banknote roll and its equivalents	14.259	38.016	29.965
Short-term marketable securities	26.287	52.927	31.590
Accounts receivable less reserves in the amount of USD 99 and USD 98 respectively	13.102	16.120	29.508
Commodity stocks	1.764	4.061	6.331
Deferred tax assets	3.453		
Supplier's non-trade receivables	7.359	21.325	31.477
Other current assets	6.882	11.264	14.695
Total current assets	73.286	143.713	143.566
<i>Non-current assets</i>			
Long-term marketable securities	106.215	100.887	100.544
Fixed assets, net	16.597	36.766	43.715
Goodwill	1.577		
Purchased intangible assets, net	4.179		
Other assets	5.146	42.522	64.758
Total non-current assets	73.079	180.175	209.017
<i>Total assets</i>	<i>207.0</i>	<i>323.888</i>	<i>352.583</i>

*Source:* compiled by the authors based on data (Apple Inc. Form 10-K, 2013, 2020, 2023).

The results of a study of Apple's financial statements indicate that the company's goodwill in 2013 amounted to approximately USD 1.577 billion, acquired intangible assets amounted to USD 4.179 billion, intangible assets are not included in current assets because they are used in the business for more than one accounting period, that is, they have a long useful life. Intangible assets with indefinite useful lives, such as goodwill, are not amortized systematically. Instead, they are included on the balance sheet, as Apple has done, and periodically are reviewed for devaluation (Apple Goodwill and Intangible Assets 2010–2024 AAPL, 2024).

In 2023, Apple's revenues fell by 2.8% compared to 2022, but Apple has a long-term non-linear trend: declining revenues (2016, 2019 and 2023) against the background of a steady trend of increasing market capitalization (from USD 500.74 billion in 2013 to USD 3.07 trillion in 2023).

Since December 1, 1998, Apple's market capitalization has increased from USD 4.60 billion up to USD 3.45 trillion, increasing by 74 887.64% and showing a cumulative annual growth rate of 29.32%.

Apple's market capitalization as of August 23, 2024 was USD 3.45 trillion and already in 2024, the growth of market capitalization is 23.95% (Market capitalization of Apple (AAPL), 2024).

In 2011, Apple overtook the world's most valuable public company, Exxon Mobil, to become the stock market leader, starting an era of technological superiority and its own steady growth. The 2023 results state that the value of the shares has slowed down in 2023 in favour of such powerful brands as Microsoft, Nvidia and Alphabet, Google (the parent company), whose total value has increased by USD 2.5 trillion for the year.

Bloomberg experts (Bloomberg, 2024) attribute this dominance to the emphasis of brands on generative artificial intelligence.

These transformations are part of a shift in the stock market's priorities with the appearance of generative artificial intelligence, a technology that can not only answer questions, create images and write code, but also has the powerful potential to both disrupt and create businesses.

Since September 30, 2008, the price ratio of Apple Inc. to the material book value increased from 3.97 to 51.66 as of August 23, 2024. Apple Inc. average price ratio to the tangible book value for 2008–2024 was 14.73 (Apple Price to Book Ratio 2010–2024 AAPL, 2024).

Reflecting the market capitalization of the value of the company's brand in the balance sheet is a formally inconsistent issue, since it requires the separation of the brand from other intangible assets and it is not observed in Apple's consolidated balance sheet (see *Table 2*) and, as in the case of the Perrier problem, the value of such intangible assets may decline rapidly due to increased reputational risks and stock market reactions.

Instead, a decline in revenue in 2023 could indicate that Apple has reached the limit of growth, that is a common problem for successful companies related to life cycle, cash flow and achieving significant size.

In addition, according to the estimates of the consulting firms IDC and Counterpoint, the global slowdown in demand for new smartphones by 3–6% indicates a worsening of market conditions and Apple, which has traditionally relied on iPhone sales, faces the risk of limited growth paths related to hardware sales, services and payments.

Market saturation, unsustainable growth rates in the long-term lead to a critical saturation point where there is no room for further expansion, which can lead to reduced profitability due to reduced returns or loss of scale economy.

Legal and regulatory issues (governments, as representatives of customers and consumers, generally frown on monopolies unless they are in the public domain) arising from Apple's desire to dominate the market are also a general constraint on growth, as companies that occupy a dominant position in the market, risk being nationalized or forced to abandon certain activities, often accompanied by significant fines.

For Apple, 2024 also began with a number of obstacles:

- preparation of an antitrust case by the US Department of Justice against Apple;
- Apple contractor Foxconn Technology Group (India) reported on a falling profit compared to 2023.
- financial (Barclays) and investment (Piper Sandler) partners downgraded the company's shares (WIPO Report, 2024);
- Microsoft left behind Apple in market capitalization (Microsoft ended the day at USD 2.89 trillion, 1% higher than Apple's USD 2.87 trillion) (Bloomberg, 2024).

However, this did not prevent Apple from increasing its market capitalization, which as of August 23, 2024 increased by 15.18% to USD 3.4489 trillion.

This achievement became possible, including thanks to:

- to a significant increase in measured actions after a positive report from the investment bank Wedbush Securities Inc. (Wedbush Securities Inc., 2024), whose analysts praised Apple's initiatives in the field of artificial intelligence and believe that Apple's ecosystem can become the basis for a consumer revolution in the field of artificial intelligence, and such powerful brands as Google and Meta will adapt their software for working with the Apple platform;
- the presentation at the 2024 Apple Worldwide Developers Conference (June 10, 2024) of Apple's new products and the announcement of the integration of artificial intelligence GPT-4o into its software ecosystem, focusing on the possibilities of using artificial intelligence for writing texts and creating images;
- predicting the launch of Apple App Store for artificial intelligence applications for a potential US\$ 5 billion increase in service revenue annually until 2025;
- speculation regarding Apple's strategic move to acquire ESPN assets, changes of the content and service landscape (Apple's acquisition of US cable sports television channel ESPN from The Walt Disney Co.);
- the development and creation of a system to ensure the protection of confidential user information and the recognition of «Apple Account» fraud attempts (with the release of new versions of the operating systems iOS 18, iPadOS 18, macOS Sequoia and watchOS 11;
- according to the forecast of Wedbush Securities Inc. analysts (Wedbush Securities Inc. 2024), that Apple will become the first company with a market capitalization of USD 4 trillion in 2024, with Microsoft falling behind in early 2025 as the AI revolution begins (Wedbush Securities Inc., 2024).

Taking into account Apple's sustained long-term dominance of the high-class smartphone market and significant financial backing from marketable securities, Apple's dependence on diversifying iPhone business is obvious. In this regard, in 2024 it is planned to introduce a new Apple product (the company's first new hardware in a decade) – the Vision Pro virtual reality headset, which will be the first major new product category that the company has released since the Apple Watch in 2014. (Wedbush Securities Inc., 2024). It should also be remembered that brands are vulnerable due to their dependence on such intangibles as reputation and people's perception of them. Building a certain/desired brand perception can take years as reputation is built with repeated evidence that the brand justifies its position.

### **Conclusions**

The ranking approach to brand valuation is a reminder that brands are a valuable corporate asset, but the different results and range of valuations

for the same brand make it difficult for owners, managers and investors to make effective decisions about further branding.

Doubts about the accuracy of brand value estimations are not news, because there are too obvious inconsistencies:

- brands whose value doubles or doubles annually;
- brands that are more valuable than the entire company they belong to;
- the value of the brand varies by 2–4 times depending on the issuer.

The problem lies in a qualitative rather than a quantitative approach to assessing the value of brands, which, firstly, is subjective; secondly, it does not take into account real-time changes in the market, thirdly, it does not take into account and/or cannot find out the price that the buyer is willing to pay for the brand in a real transaction, so the proposed hypothesis on the existence of only one significant value form to evaluate and verify brand value: the price a buyer is willing to pay for a brand in a real deal is confirmed.

The conducted research proves that the assessment of the value and worth of the brand as a separate intangible asset remains a problem due to the very assessment of the value, its confirmation and annual reassessment, because there is a fluctuation in the value, which is complicated by the lack of an effective (active) market and an agreed procedure and practice for assessing the value of the brand.

Estimating the value of a brand as a separate intangible asset remains a problematic issue, primarily due to the lack of an agreed procedure and valuation practice, as well as the regulatory and legal unsettlement of the term "brand" itself.

Most intangible assets are not recognized as assets due to restrictions imposed by financial reporting rules, which state that internally generated intangible assets, such as brands, cannot be disclosed on a company's balance sheet (IAS 38, NR(S)A 8).

Among the justifications for this approach is the impossibility of a reliable brand assessment:

- expenditure on internally generated brands... cannot be separated from expenditure on business development as a whole;
- an active market cannot exist for brands... trademarks because each such asset is unique;
- the price paid for one asset may not provide a sufficient indication of the fair value of another asset.

Instead, intangible assets are recognized when they are acquired or identified as an asset separate from goodwill if the asset is acquired in a business combination.

This approach to recognition and intangible assets can lead to distortion of information about the value of the company that owns the intangible asset.

For companies whose shares are in free turnover, the question of the value of intangible assets in the composition of assets is not so critical, since

their market value is determined by market capitalization. The excess of market capitalization over the value of a company's assets means that investors value the company higher than its book value, which may indicate high expectations for the company's future growth, its profitability, or the presence of unique intangible assets such as a brand or intellectual property.

Further research is planned to be directed to the development of a procedure (algorithm) for the formation and evaluation of the brand value as a separate intangible asset, which will make it possible to reliably evaluate the company's assets and provide users of financial statements with true and unbiased information about the financial state.

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