

The importance of enterprise value assessment in transition economies

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Abstract

Making the right investment decisions regarding sale and purchase of the company, or joining of any other enterprise, it is necessary that the decisions in question has to be taken based on the assessment of the value of the enterprise. Assessing the value of the enterprise must be in accordance with recommendations of the International Standards value assessment of the enterprise. Enterprise value evaluators must conduct the assessment, in accordance with basic principles, such as: assessment of the enterprise as general economic and that assessment cannot be made based on the results achieved, but on the basis of expected results. In this paper, will be discussed modern methods of assessing the value of the target company, and that in: asset-based methods, methods based on the economic value and combined methods. Many investments are made based on a detailed investigation and organizational Value Evaluation. As revealed in the study, the disadvantage of methods based on the accounting value is that of a static approach. It disregards the principle of generating value for the owner of the purchasing enterprise, respectively, for merger. Hence, they are not without shortcomings. The main issue with them is the difficulty to provide the initial offering price. Rather, they provide oriented information regarding the creative potential of the future values.

Keywords: enterprise value, enterprise assessment, enterprise evaluation methods, the principles of assessment, economic value, market value, predictive enterprise value.

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