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The enterprise value in assessing the methodological approach

The task of business valuation occurs at different stages of development of the enterprise, and never loses its relevance. Therefore enterprise value evaluation techniques, frequently used in practice. The income approach is one of the most important concepts is the income capitalization. It is measured in terms of potential profit opportunities in the value of the object, methods and collections. The acquisition of real property appraiser using the income approach measures the current value of future income. Stream of income during the period of ownership and re-capitalization ratio using the current value of the profit from the sale of the property are capitalized. The history of mankind shows that people always aimed to live in the best natural environment – in the fertile lands, have convenient harbors in auspicious climate, the presence of water and fuel resources, in areas where the bearing capacity of soil, the depth and other natural characteristics auspicious for construction. Staying in such places, people built houses, public buildings, religious buildings, industrial and farm buildings, public facilities, combined their roads auspicious territory settlements, adapted them for life. Economic development, business activity, the relevant laws determined the style and standard of living and behavior.

Key words: business valuation, real estate prices, the estimated value, capitalization rate.

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Кәсіпорын құнын бағалаудағы әдістемелік тәсілдер

Бизнесті бағалау міндеті кәсіпорынның дамуының түрлі кезеңдерінде жүргізіледі және ешқашан оның өзектілігін жоғалтпайды. Сондықтан кәсіпорын құнын бағалау әдістері жиі тәжірибеде қолданылады. Табыстық тәсілдегі маңызды түсініктің бірі болып, табыстың капитализациясы табылады. Ол объект құнының потенциалды табыс әкелу мүмкіндігі негізінде бағаланатын, әдістер мен тәсілдер жиынтықтарын көрсетеді. Табыстық тәсілді қолдана отырып, бағалаушы жылжымайтын мүлікті иемденуден болашақта алатын табыстың ағымдағы құнын өлшейді. Иемдену мерзімі кезіндегі табыстар ағымы мен мүлікті қайта сатудан түсетін табыстар капитализация коэффициенті көмегімен ағымдағы құнға капиталдандырылады. Адамның әр кезде жақсы табиғи жерлерде өмір сүруге ынталанғаны туралы адамзаттың даму тарихынан көре аламыз, яғни құнарлы жерлерде, климаты жақсы, су және отын ресурстары бар, құрылыс салуға ыңғайлы жерлерді пайдалануы. Экономиканың дамуына сәйкес тұрғын территорияларды көркейтуді және іскерлікке, белсенділікке сәйкес адамдардың мінез-құлқы, өмір сүру деңгейі және стилі анықталды.

Түйін сөздер: бизнесті бағалау, жылжымайтын мүлік, бағасы, бағалау құны, капитализация ставкасы.

Асқарова Ж.А.

Методологические подходы к оценке стоимости предприятия

Задача оценки стоимости бизнеса возникает на разных стадиях развития предприятия и никогда не теряет своей актуальности. В связи с этим нами исследованы методы оценки стоимости предприятия, наиболее часто используемые на практике. В доходном подходе важнейшим понятием является капитализация дохода, представляющая собой совокупность приемов и методов, позволяющих оценивать стоимость объекта на основе его потенциальной совокупности приносить доход. Используя доходный подход, оценщик измеряет текущую стоимость будущих выгод от владения недвижимым имуществом. Потоки дохода в период владения и выручка от последующих перепродаж имущества капитализируются в текущую стоимость с помощью коэффициентов капитализации. История развития человечества показывает, что человек всегда стремился жить в лучших природных условиях – на плодородных землях, у удобных гаваней, в благоприятном климате, при наличии водных и топливных ресурсов, в местах, где несущая способность грунтов, глубина залегания и другие природные характеристики благоприятны для строительства. При этом развитие экономики, деловая активность, соответствующие законы определяли стиль и уровень жизни и поведения людей.

Ключевые слова: оценка бизнеса, недвижимое имущество, цены, оценочная стоимость, ставка капитализации.

**THE ENTERPRISE VALUE
IN ASSESSING THE
METHODOLOGICAL
APPROACH****Introduction**

The history of mankind shows that people always aimed to live in the best natural environment – in the fertile lands, have convenient harbors in auspicious climate, the presence of water and fuel resources, in areas where the bearing capacity of soil, the depth and other natural characteristics auspicious for construction. Staying in such places, people built houses, public buildings, religious buildings, industrial and farm buildings, public facilities, combined their roads auspicious territory settlements, adapted them for life. Economic development, business activity, the relevant laws determined the style and standard of living and behavior.

Experimental part

All evaluation method involves a preliminary analysis of certain information base and the corresponding calculation algorithm. All methods of assessment can determine the value of the business at a specific date and all the methods are market because take into account the current market conditions, market expectations of investors, market risks associated with the business are measured, and the expected «response» of the market with the purchase and sale transactions valued. There are two methods of evaluation to determine the income method is used in the world: the direct capitalization method and the discounted cash flow method. This is the most universal method for assessing the value of different types of property of the company.

Results and discussion

The income approach is one of the most important concepts is the income capitalization. It is measured in terms of potential profit opportunities in the value of the object, methods and collections. The acquisition of real property appraiser using the income approach measures the current value of future income. Stream of income during the period of ownership and re-capitalization ratio using the current value of the profit from the sale of the property are capitalized.

There are two types of capitalization ratio: capitalization rate and profit margin.

Capitalization rate that the annual income of the property and that the relationship between the value of the property.

Net income indicators and identifies the capitalization rate related to the value of the property as follows:

1 Total capitalization rate. Net operating income is estimated by the ratio of the total cost of the project.

2 The own funds for the capitalization rate. Cash flow (pre-tax), purchased from the estate of the property is defined as the ratio of funds.

3 The capitalization rate for borrowings. Annual payments on the loan is determined by the ratio of the loan amount.

Taking into account all the advantages of the property at the time of purchase (ie, cash flow) is determined by the rate of return on the property as the rates of return. Practice is the value of the profit rate, considered with next opportunities:

– Using discounted cash flow value at the discount rate;

– A different level of investment of the project with the success of the initial investment and then compare the results.

The profit rate:

1 The internal rate of return is a result of the cash flow (positive and negative) rate of return of an investor from the proceeds of the contribution of each.

2 Property funds rate (the rate of return on the investment). This figure is similar to the performance of the internal rate of return. The calculation of the income from the sale of the property to repay the loan and the loan remaining after the payment of income, property funds will be used for the purchase of the property.

3 The rate of return on loans. This figure is similar to the internal rate of return. This income in the computation of bank loans in a timely and in the case of early repayment of the principal amount of the loan (loan balance) cash flows.

Sometimes the real object may correspond to the rate of capitalization and profit margin, but it is a completely different indicators and they need to be moved.

There is a correlation between the rate of capitalization and profit margin:

1. The capitalization rate is equal to the profit norm. Costs of the object or income do not change with the passage of time. Timely income shows earnings on the funds. The return of funds in full is at the time of reversiya.

2. The capitalization rate is more than the profit norm. Costs of the object or income are reduced during the period of ownership. It means, the return of funds in full might not be at the time of reversiya. Until the reversiya moment, the share of originally established investment funds needs to be returned with the timely submission of revenues.

3. The profit norm is more than the capitalization rate. Costs of the object are increased during the period of ownership. Funds in the amount of annual income will not be able to provide a rate of return, because it is only at the time of reversiya.

There are two methods of evaluation to determine the income method is used in the world: the direct capitalization method and the discounted cash flow method. This is the most universal method for assessing the value of different types of property of the company.

The direct capitalization method

In this method, the calculation of the current value of the property complex of the enterprise consists of three stages.

1-st stage – The calculation of the annual net income

Net operating income – is the calculated amount of the expected annual net income. The sum to need to take a mortgage loan and a deduction of wear of depreciation and after removal settlement reserves of property and operational costs. Definitions of the net operating income, the basis on a property rent is supposed. For calculation of the operating income it is necessary to calculate the potential income. A single payment and the total size of the market in the last year before the date of the assessment are shown as other income. The obtaining the potential income it is supposed that you can rent and it is free. The appraiser needs to know that valued property is on the rental market during the calculating of potential total income. The appraiser needs to compare the valued property with other same objects on market and to amend the difference between them. The best method of amending is to select the relative pairs of leased object. If such objects are similar, but there is a significant change in some parts, amendments can be calculated on the basis of market information.

In the absence of market data to prove the amount of the adjustment, the appraiser determines by expert (expert) way. The owner of property may get other funds except the single rental payment. They are in the process of acquisition of the property, shall be as follows:

- Payments for the use of parking and garage;
- To set up the advertising payments;
- Stationary antenna and other payments;

The appraiser needs to add income from the acquisition of the property to a total income of market renting to determine the potential total amount of the revenue. But taken account of the potential income may be changed due to the lack of a job or a single payment. The appraiser should not forget about possibility not to get the part of rent at the date of acquisition of the property. The most effective way to receive an information about it – is to consider details of payment of rent of similar objects of property. In addition, to calculate effective total income – the expenses of change of tenant or in case of non-payment are excluded from the gross income. Due to the analysis of estimated expenses the net operating income is defined. The costs of the property of the owner of the complex are divided into three groups: permanent (fixed costs), operating (operating) costs and replacement reserves. Direct costs include property tax and insurance costs. It is defined as the fixed expenses, and expenses on property aren't connected with the level of use of property. Operating expenses contain of maintenance of property, leasing services to maintain the flow of income.

The list of operating expenses of property objects:

1. Control of payment for services rendered;

2. Public utilities: electricity, gas, heating fuel, coal, telephone, water, sewer, water supply;
3. Garbage and waste disposal;
4. Compensation;
5. The wage tax;
6. Employee benefits;
7. Repair and maintenance;
8. Agreement: fire-extinguishing system, elevator, telephone, security, etc.
9. Foreign and color profile (if it is building, construction);
10. The office maintenance, cleaning, etc;
11. Bank charges;
12. Legal Services for the transfer;
13. Advertising;
14. Balance of payment for services;
15. Car expenses.

Reserve to take the place of (reconstruction). In use of the property object the funds of owner is reserved to a following: to repair the water supply system; furniture; the roof of the house; elevator; phone system, etc. The appraiser can know about that that the owner doesn't use these means, but has to take into account at a property assessment. Example of calculating NOI:

1. The rental office area of buildings – 1000 s.m.
2. A single rate – 200 \$/sq m.
3. The operational costs will be increased by 5% annually – 30 \$/sq m.
4. Regular rooms: (1st year) up to – 10% (2nd year) up to – 5%

Table 1 – Net operating income for the 1st and 2nd year

Indicators:	1 st year, dollars	2 nd year, dollars
Potential gross income	200000	200000
Regular discount	20000	10000
Effective gross income	180000	190000
operating costs	30000	31500
NOI	150000	158500

The appraiser have to be able to define, what type of the income have to be used for capitalization, during an assessment of property of the company. The income comes because of a choice kind of property. If some elements are worn out or there are outdated devices of the estimated property, the net profit is taken into account. If the balance cost of property doesn't change eventually, the speed of a stream of net profit is taken as a basis. Income for the company's financial condition or operating

system requires analysis of the object, measured in a few years. In accordance with the form of statements, balance sheet and net profit are analyzed in the report. According to the results of the analysis of annual net income (monetary units) volume was assumed. And then net income multiplied by a coefficient. It shows a share of objects of property in the capital of industrial system. If as indicators of the income the pure cash flow undertakes, it calculates on this formula.

$$\begin{aligned} \text{Pure cash flow} = & \text{Net profit} + \text{Depreciation} + \\ & + \text{The growth of long-term loans} - \\ & - \text{Ownership increase in working capital} - \\ & - \text{Capital investments.} \end{aligned}$$

The company uses the following indicators of income in the practice of assessment of property:

- The total property is a part of the complex, for private property – «net operating income»;
- For worn out or outdated property – «net profit»;
- For a stable complex with the carrying value of the property – «net cash flow».

2nd stage – The calculating capitalization rate

There are several ways to get the rate of capitalization. In the simplest of which is determined using the data collected by market information. Capitalization rate of net operating income is determined by dividing the value of the property:

$$\text{Capitalization rate} = \text{NOI} / \text{property value}$$

CR = 25000 / 200000 = 0,125 (Capitalization rate).

Defined in such a way, the capitalization rate is called «general rate». The appraiser shouldn't try to define a capitalization rate only on the basis of the general data. When determining a rate of capitalization the most effective source of information is the corresponding object of property to the estimated object. Thus, among the existing analysis methods the method of comparative sales is the most effective. The capitalization rate by method of comparative sales is received in the presence of information about comparable objects of property. Relative to the measured object and functional objects and the estimated level of risk to the income or the amount necessary to meet the expenses of the funds used to purchase the property. And at opportunity compliance in the following cases is required:

- The amount of income;
- The relationship between gross profit and operating costs;
- Physical similarities;
- Location;
- Changes in the expected value.

Each comparable property must be collected the following data:

- The sale price;
- Net income;
- Ratio of operating costs;
- Financing of the transaction;
- Market conditions at the time the transaction.

At a choice of the last rate of the capitalization used at a property assessment the following conditions have to be satisfied:

- Must comply with all the characteristics of the objects to be compared;
- Comparative information on the objects to be reliable. If these conditions are satisfied, the appraiser defines the estimated property as an average arithmetic rate of capitalization.

3rd stage – The calculation of the current value of the property of the company

According to the income approach, the 3rd stage, the estimated amount of net operating income at the date of transfer is the value of the property. This process is called capitalization and net operating income capitalization rate is determined by dividing:

$$\text{Price of property} = \text{Income} / \text{Capitalization rate}$$

Using the direct capitalization method, make some assessment of the property.

Conclusion

The income approach is one of the most important concepts is the income capitalization. It is measured in terms of potential profit opportunities in the value of the object, methods and collections. The acquisition of real property appraiser using the income approach measures the current value of future income. Stream of income during the period of ownership and re-capitalization ratio using the current value of the profit from the sale of the property are capitalized. Net operating income – is the calculated amount of the expected annual net income. The sum to need to take a mortgage loan and a deduction of wear of depreciation and after removal settlement reserves of property and operational costs. Definitions of the net operating income, the basis on a property rent is supposed. For calculation of the operating income it is necessary to calculate the potential income. A single payment and the total size of the market in the last year before the date of the assessment are shown as other income. The obtaining the potential income it is supposed that you can rent and it is free. The appraiser needs to know that valued property is on the rental market during the calculating of potential total income. The appraiser needs to compare the valued property with other same objects on market and to amend the difference between them. The best method of amending is to select the relative pairs of leased object. If such objects are similar, but there is a significant change in some parts, amendments can be calculated on the basis of market information.

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