

DISCOUNTED CASH FLOW METHOD WHEN ASSESSING THE VALUE OF THE ENTERPRISE

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. Estimates of the rights of the owners of the company, is the primary indicator of the company's profit potential over time. Its capitalization is determined by the formula:

$$V = I / K$$

V - the current value

I - income

K - the leverage ratio

The income approach is the basic principle is the principle of waiting. Method of discounting future revenues, as the present value of the future income from the acquisition of objects, successfully used for the assessment of real estate. The benefits of real estate transactions in the future, future revenues and reversiyanı time in the form of income during the period of ownership, ie the profit from the sale of the property at the end of the period of ownership.

Discount methods in the following sequence:

1. The determination of the length of the period of the Income;
2. Each year cash flow forecast for the period of ownership.

Cash flow is the main functional activities, the company's annual results. Discounted cash flow of the first details of the process are:

- The amount of income and nature of change;
- A sequence of income (monthly, quarterly, semi-annual, annual);
- The length of time that is expected of the successful.

3. The discounted cash flow, based on the use of the theory of the time value of money, the future cash flows for the period, and to determine the present value of all the current is determined on the basis of a set of values.

4. The appraiser issues facing a cash flow discount:

- Net operating income;
- Pre-tax investment income;
- Investment income, after tax;
- Income on bank loans;
- The success of the lease agreement the lessor.

5. The discount rate is defined as the average profit margin. Directly proportional to the rate of risk. If you have a high level of risk, the higher the discount rate will be higher, according to which the present value of the future income will be lower.

6. At the end of the term of the present method of acquisition of calculating earnings from the sale of real estate property and assume it without the discount rate by the current value.

7. Income from the sale of flow and the present value of (reversion) revenues.

8. The enterprise value - the amount of income for several years and calculated as the difference between the amount of the borrowed funds are involved. Generates future income, expenses and cash flows.

Future costs and the results of the evaluation of the company is to be determined within the reporting period and the amortization horizons.

Computer horizons measured by the number of steps of the calculation. Discounted cash flow method, the assets of the enterprise value of their cash income is measured by the ability to import.

The net cash flow is a key indicator of this methodology. Cash flow direction has characterized monetary income and cash outflow.

Net cash flow time is defined as the difference between the input and output of cash. Enterprise work carried out during the three types of services: operating, investing and financing.

To assess the value of the company by discounting future revenues, cash is necessary to evaluate the input and output.

Operating and investment activity is referred to as the difference between their actual cash flows.

Real money balances of the three types of enterprise all the difference between profit and cash flow.

Operating activities	
Cash	charges for the sale of raw materials
loans receivable on revenue	Salary Rent payment , Taxes
Investment services	
Income of investment in securities	Purchase of fixed capital
Proceeds from the branches	Budget costs
Proceeds from selling assets	Investment funding
<i>Financial services</i>	
Payment for sale securities	Dividends and proceeds
Borrowing	Repayment of obligations under the bond and credit

Figure 1– Monetary income and expenses of the company are shown.

Business income, mainly due to:

Sell their goods for cash, receive payments for goods and lent debtors;

- Within the country or abroad, or income from investments in securities transactions in branches;

- Different types of securities, and sell;

- Do not need one or more off the assets;

- Refuse loans, etc.

Business cash outflow due to the following:

- Attract and raw materials for its activities;

- Pay its employees, its capital has the ability to work with and implement new investments;

- Dividends and interest paid on loans obtained;

- The amount of the loan principal on bonds and loans, etc.

The final result after tax net income of the company. However, this depreciation can be added to the funds. This increases the value of the enterprise funds.

Actual cash flows include certain types of income and expenses.

1. Operating services:

1. Sales volume;

2. Price;

3. Profit (1 * 2);

4. The income from the sale;

5. The variable costs;

6. Fixed costs;

7. depreciation of the building;

8. Depreciation of equipment;
9. Interest on loans;
10. Profit before tax receipt of $(3 + 4 - 5 - 6 - 7 - 8)$;
11. Tax payments and savings;
12. The projected net income;
13. Depreciation and amortization $(7 + 8)$;
14. The net operating income $(12 + 13)$;

2. *Investment services:*

1. Earth;
2. Buildings and structures;
3. Machinery and equipment;
4. Intangible assets;
5. Total: fixed capital formation $(1 + 2 + 3 + 4 = 5)$;
6. The increase in working capital;
7. All investments $(6 + 5)$.

3. *Financial services:*

1. Equity capital (shares, subsidies);
2. Short-term loans;
3. Long-term loans;
4. Loan repayment of loans;
5. The payment of dividends;
6. The balance of the financial activities of $(1 + 2 + 3 - 4)$ for a project;
 $(1 + 2 + 3 - 4 - 5)$ -recipient.

To determine the actual cash flows from the investment activity, it is necessary to determine the net cost of the destruction of the object:

1. Market value;
2. Costs;
3. Accumulated depreciation;
4. The amount of time in the step $(2 - 3)$;
5. Remove costs;
6. The increase in the cost of capital income;
7. Operating Income $(1 - 4 + 5)$;
8. Taxes;
9. Clean the residual value $(1 - 8)$.

If the company considers free cash investment, which actually uses the money collected to determine the actual balance of the cash flows.

All cash payments or losses are recorded. For example, the purchase of inventory or property, including money, real money out, but these costs are not.

There are a number of methods for the calculation of cash flows:

1. Net operating income - this is the real gross income minus all operating costs of the remaining income. In the form of an annual amount.

2. The pre-tax cash flow and calculated that the amount of amortization payments on borrowings, a portion of the net operating income.

Amortization of capital used in the operating activities of the company in its main physical and moral degradation compensation purposes, providing cash transfers.

Depreciation is dependent on three factors:

- Which is the main production funds, the carrying value of plant and equipment;

- Equipment services to the planned date for the release of the balance sheet;

- The company selected the method of calculating the depreciation rates.

Of the final 2 makes adjustments to the value of the enterprise. The first one includes the cost of operating assets unfit for service. The other owners the advantages of working funds (+) loss (-).

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