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A VALUE ASSESSMENT OF A MIDDLE-SIZE BUILDING ENTERPRISE WITH AN ENDEAVOUR FOR A SYSTEMIC ACCESS

STANOVENÍ HODNOTY STŘEDNÍHO STAVEBNÍHO ZÁVODU SE SNAHOU O SYSTÉMOVÝ PŘÍSTUP

Abstract

This contribution is aimed at the problems of a value assessment of a middle-size building enterprise with an endeavour for a systemic access and it is a part of the forming dissertation thesis on the theme „The Modelling of The Development of The Middle-Size Building Enterprise Value in The Real Competition of The Czech Republic.“ It deals with the systemic access to an enterprise value assessment, enterprise value characterizations, a financial crisis modelled as a breakdown on a system and a formal structure of an enterprise evaluation document.

It is possible to divide the article into theoretical and practical parts. While the theoretical part is intent on a contemporary state of the solved problems and explains the basic concepts connected with the given theme (for example an enterprise, an enterprise evaluation, a breakdown, a method, a property substantial method, a formal structure of an enterprise evaluation document), the contents of the practical part are the basic data about the examined building enterprise as well as its detailed financial analysis and evaluation by a property substantial method which are elaborated in a form of the enterprise evaluation document. The aim of the contribution is to demonstrate on the created model of the middle-size building enterprise of a regional significance an external negative influence of a critical character. By reason of a fulfilment of this aim, the value assessment of the examined building enterprise is set in the year 2010 when the most marked negative effect of the financial crisis on its economic results was observed.

Introduction

Nowadays, an enterprise evaluation is the youngest developing subbranch of a forensic engineering which started to profile after the year 1990 which was required of a period need. The enterprise evaluation process includes in itself diverse branches' needs and from a point of view of a wide reach of particular partial disciplines necessary for the evaluation, it is then a further subbranch belonging to a scientific branch Forensic Engineering.

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Many authors engage in the enterprise evaluation problems whereupon Miloš Mařík, Dana Dluhošová and Eva Kislingerová are considered to be the most significant in the Czech Republic. The main foreign sources respected in the world are works concerning evaluations of enterprises and investments written by Aswath Damodaran. In Brno, the enterprise evaluation problems were solved in the dissertation theses written by Mojmír Sabolovič and Lenka Bradáčová; Institute of Structural Economics and Management at Faculty of Civil Engineering of Brno University of Technology engage in these problems as well.

Contemporary State of The Solved Problems

Enterprise

- is an unique less liquidate asset (it is such an asset which can be converted quickly and without great costs or losses into an exchange means – into money) for which very few effective markets exist
- is a planwise organized economic unit in which material estates and services are made
- is a functional whole – an entity which is gifted by an ability to bring a certain utility, to generate a certain return at present and also in the future
- is a purposeful combination of material and immaterial values whose sense is to have saved up a profit
- is an organized set of assets which an entrepreneur created and which serves for running its activity of his own will; it is assumed that an enterprise is created by everything that serves as rule for its operation

Evaluation Process

- is a process, then a succession of steps which lead to a determinate objective which is a valuation of a probable value
- is a value expression by means of an added monetary equivalent; this sum can but does not have to be connected with a really realized price

Evaluation

- is a resulting state which is reached by the evaluation process

Enterprises' Evaluation Process

- is multifactors' problems and therefore a result of a solution (the evaluation) depends on a purpose of the evaluation, appraiser´s experience, an amount and a quality of accessible information and an amount of time determinate to an elaboration of the evaluation

Enterprise Evaluation

- reprezents a valuation of a company value at a given moment namely on the basis of taking its up to now, contemporary and future activities, an economic environment, an industrial (entrepreneurial) branch, an analysis of a financial situation, an use of relevant evaluation methods into consideration

Enterprise Value Characterizations

- an enterprise does not have by itself an unambiguous objective, materially substantiatable, documentary and independent value of conditions and circumstances

and therefore the only generally valid ”correct“ universal evaluation does not even exist

- a value isn't an objective property of an enterprise
- an enterprise value can be characterized as a belief in the future expressed in money

Breakdown

- results in a conclusion of an object ability to fulfil a requisite function

Method

- is a process how to gain correctly pieces of knowledge about a certain entity; it is a means of a cognition

Property Substantial Method

- is based on an analysis of particular property components which are evaluated to an evaluation date and under a presumption that an enterprise will continue doing its activity

Formal Structure of Enterprise Evaluation Document

- isn't defined obligatory by any rules, but its following form is recommended:

1. Introduction
   - 1.1. Evaluation Claimant
   - 1.2. Evaluation Purpose
   - 1.3. Evaluation Day
   - 1.4. Evaluation Extent
2. Basic Data
   - 2.1. Enterprise Introduction
   - 2.2. Enterprise Activity Object to Evaluation Date
   - 2.3. Enterprise History
   - 2.4. Basic Evaluation Presumptions
   - 2.5. Specific Evaluation Presumptions
3. Enterprise Evaluation and Its Analysis
   - 3.1. Survey of Enterprise Property and Operating Areas
   - 3.2. Enterprise Financial Characterization
   - 3.3. Description of Enterprise Entrepreneurial Activity
   - 3.4. Enterprise Financial Analysis
   - 3.5. Property Evaluation by Substantial Value Assessment
4. Final Report

Case Study

The contents of the case study are the evaluation document of the building enterprise X_1 s.r.o.

Introduction

Evaluation Claimant

Business title: X_1 s.r.o.

Law form: a limited corporation

Place of business: Svitavy

Establishment year: 1992

Employees' number: 55

Enterprise management: 2 managers

Basic assets: 1 000 000 Czech crowns

Evaluation Purpose

The evaluation purpose is to assess a market value of the building enterprise X_1 s.r.o. for internal needs of the claimant**.**

Evaluation Day

The value assessment is carried out according to a state of relevant, especially accounting data to 31.12.2010 which is the evaluation day.

Evaluation Extent

During the evaluation it is taken the enterprise history, its goodwill, financial state and specific enterprise conditions into account because these factors could influence significantly the enterprise value.

Basic Data

Enterprise Introduction

Business title: X_1 s.r.o.

Law form: a limited corporation

Place of business: Svitavy

Establishment year: 1992

Employees' number: 55

Enterprise management: 2 managers

Basic assets: 1 000 000 Czech crowns

Enterprise Activity Object to Evaluation Date

The building enterprise X_1 s.r.o. specializes in the following activities (their percentage shares in total receipts are stated in parentheses):

- Productions of steel constructions of halls (60%)
- Locksmithery, tinsmithery, carpentry and slatery (15%)

- Constructions of family houses, industrial halls and agricultural structures (15%)
- Complete realizations of stuctures including complete repairs and reconstructions (10%)

Enterprise History

The building enterprise X_1 s.r.o. was founded in the year 1992 by two partners who are also its managers.

Basic Evaluation Presumptions

The basic ways out for the chosen evaluation method represent decisive law, economic and the other general presumptions which are:

- an evaluated period – from an evaluation's point of view, a state of the building enterprise to the evaluation date 31.12.2010 is considered to be decisive
- a law form – the enterprise X_1 s.r.o. is a limited corporation
- accounting principles – the evaluation was carried out in accordance with Czech Accounting Practice
- tax politics – the income tax of corporations amounted 19% in the year 2010, 20% in the year 2009, 21% in the year 2008, 24% in the years 2007 and 2006 and 26% in the year 2005

Specific Evaluation Presumptions

The building enterprise evaluation is based on specific presumptions or basic ways out to which belong:

- a starting balance – the compilers of the evaluation received from the entrusted people of the building enterprise X_1 s.r.o. a definition of the enterprise in the balance form to 31.12.2010
- a building enterprise economy – is recorded in the received statement of a profit and a loss elaborated in the course of the year 2010
- the other presumptions – the evaluation goes out from accounting data and takes only information given by the entrusted people of the building enterprise X_1 s.r.o. into consideration

Enterprise Evaluation and Its Analysis

Survey of Enterprise Property and Operating Areas

The following table contains the survey of property and operating areas of the building enterprise X_1 s.r.o.

Table 1: Property and Operating Areas (Data in Thousands Czech Crowns)

(Source: Balances and Statements of A Profit and A Loss of The Building Enterprise X_1 s.r.o., 2005-2010)

Property Area (Symbol)	Year					
	2005	2006	2007	2008	2009	2010
Total Assets (K)	20 118	29 721	36 447	28 805	27 239	23 109
Fixed Assets (SA)	9 868	9 559	9 679	9 664	9 459	9 544
Circulating Assets (OA)	10 136	20 120	25 483	18 489	17 356	13 558
Equity (VK)	6 346	7 339	7 873	7 994	8 053	10 063
Debts (CK)	13 169	21 741	26 767	20 205	18 809	12 746
Short-Termed Debts (KCK)	9 702	19 074	23 720	18 486	18 348	12 624
Long-Termed Debts (DCK)	3 467	2 667	3 047	1 719	461	122
Long-Termed Capital (DK)	9 813	10 006	10 920	9 713	8 513	10 185
Working Capital (PK)	-55	447	1 241	49	-946	641
Operating Area (Symbol)	2005	2006	2007	2008	2009	2010
Total Returns (V)	63 896	84 056	116 958	88 947	80 439	62 544
Total Receipts (T)	62 123	78 981	117 058	84 271	79 662	58 903
Value Added (PH)	20 930	24 806	29 141	26 473	27 031	21 093
Operating Economic Earnings (PHV)	-265	1 914	1 396	699	347	2 773
Economic Earnings from Financial Operations (HVFO)	-807	-1 001	-764	-703	-625	-770
Economic Earnings from Extraordinary Operations (HVMO)	84	130	305	160	338	7
Economic Earnings before Taxes (HZ)	-988	1 042	937	156	60	2 010
Accounting Economic Earnings (ZD)	-991	993	593	121	59	2 010

Enterprise Financial Characterization

From a financial point of view, the ratios characterizing the enterprise are included in the table stated below.

Table 2: Ratios to The Evaluation Day (Data in Thousands Czech Crowns) *(Source: Statements of A Profit and A Loss of The Building Enterprise X_1 s.r.o., 2005-2010)*

Returns and Expenses (Symbol)	Year					
	2005	2006	2007	2008	2009	2010
Total Returns (V)	64 483	84 273	117 382	89 324	81 106	62 622
Total Expenses (N)	65 754	83 280	116 591	89 177	81 121	60 636
Value Added (PH)	20 930	24 806	29 141	26 473	27 031	21 093
Operating Economic Earnings (PHV)	-265	1 914	1 396	699	347	2 773
Economic Earnings from Financial Operations (HVFO)	-807	-1 001	-764	-703	-625	-770
Earnings before Taxes (HZ)	-988	1 042	937	156	60	2 010
Earnings after Taxes (ZD)	-991	993	593	121	59	2 010
Receipts from Own Performances and Services (T)	62 123	78 981	117 058	84 271	79 662	58 903
Material and Energy Consumptions (SME)	28 067	31 717	34 781	30 482	29 843	18 138
Services (S)	14 900	27 533	53 037	31 992	23 566	23 313
Personal Expenses (ON)	21 040	22 125	26 025	25 063	25 764	17 638
Depreciations (OD)	684	644	653	620	694	531
The Other Operating Expenses (OPN)	9	10	760	27	22	48
Financial Returns (FV)	4	6	7	11	192	3
Financial Expenses (FN)	812	1 008	771	714	817	773

Description of Enterprise Entrepreneurial Activity

Most orders of the building enterprise X_1 s.r.o. concern Svitavy and its close surroundings.

The company gains orders by three basic ways namely:

- on the basis of selective proceedings
- from stable customers
- by casual or unrepeated ways

The building enterprise X_1 s.r.o. has established and stable circulation suppliers whereupon most of them don't have chartered positions. Business contacts of the enterprise with suppliers are on a good level.

Enterprise Financial Analysis

The calculated values of the basic ratios of the financial analysis are stated in the following table.

Table 3: Basic Ratios of Financial Analysis

(Source: Balances and Statements of A Profit and A Loss of The Building Enterprise X_1 s.r.o., 2005-2010)

Ratios (Symbol)	Calculation	Year					
		2005	2006	2007	2008	2009	2010
1. Debt Ratios (Data in %)							
Equity Ratio (SFN)	100 x VK / K	31,54	24,69	21,60	27,75	29,56	43,55
Debt Ratio (SZ)	100 x CK / K	65,46	73,15	73,44	70,14	69,05	55,16
2. Fixed Assets Coverage Ratios (Data in %)							
I. Grade of Fixed Assets Coverage (I.SKSA)	100 x VK / SA	64,31	76,78	81,34	82,72	85,14	105,44
II. Grade of Fixed Assets Coverage (II.SKSA)	100 x DK / SA	99,44	104,68	112,82	100,51	90,00	106,72
3. Liquidity Ratios (Data in %)							
Cash-Position Ratio (L1)	100 x FM / KCK	26,05	29,05	33,79	54,41	20,86	16,49
Quick Ratio (L2)	100 x FM + POHLK / KCK	93,15	83,20	104,70	81,95	81,52	79,82
Current Ratio (L3)	100 x OA / KCK	104,47	105,48	107,43	100,02	94,59	107,40
4. Turnover Ratios							
Inventories Turnover (OZÁS)	T / ZÁS	56,53	18,58	180,37	25,24	30,14	15,81
Total Claims Turnover (OPOHL)	T / POHL	9,54	7,65	6,96	16,55	7,16	7,37
Equity Turnover (OVK)	T / VK	9,79	10,76	14,87	10,54	9,89	5,85
Total Capital Turnover (OK)	T / K	3,09	2,66	3,21	2,93	2,92	2,55
5. Profitability Ratios (Data in %)							
Return on Sales (RT)	100 x ZDIT	-1,60	1,26	0,51	0,14	0,07	3,41
Return on Equity (RVK)	100 x ZD / VK	-15,62	13,53	7,53	1,51	0,73	19,97
Return on Total Capital (RK2)	100 x ZD / K	-4,93	3,34	1,63	0,42	0,22	8,70
6. Expenses' Ratios (Data in %)							
Material and Energy Consumption Shares (PME)	100 x SME / N	42,68	38,08	29,83	34,18	36,79	29,91
Services' Share (PS)	100 x S / N	22,66	33,06	45,49	35,87	29,05	38,45
Personal Expenses' Share (PON)	100 x ON / N	32,00	26,57	22,32	28,10	31,76	29,09
Depreciations' Share (POD)	100 x OD / N	1,04	0,77	0,56	0,70	0,86	0,88
The Other Expenses' Share (POST)	100 x POST / N	0,97	0,98	1,20	0,72	0,86	1,14
7. Enterprise Financial Health Evaluation							
Altmann's Index of Enterprise Financial Health (A)	0,717 x X1 + 0,847 x X2 + 3,107 x X3 + 0,420 x X4 + 0,998 x X5	3,377	3,052	3,572	3,288	3,292	3,407

In the table stated above, the calculations of Debt Ratios, Fixed Assets Coverage Ratios, Liquidity Ratios, Turnover Ratios, Profitability Ratios, Expenses' Ratios and Altmann's Index of Enterprise Financial Health on whose bases it is possible to evaluate a financial situation of the building enterprise X1 s.r.o. were carried out.

Equity Ratio (SFN) expresses a rate of an enterprise financial independence and ascertains its capital strength. It pays that if reached results of this ratio are lower than 20%, an enterprise is strongly undercapitalized. On the contrary, in case of results over 80% it is possible to say that an enterprise is financially stable, however, there is a detriment to a

profitability (it means that an enterprise is overcapitalized – it has a surplus of resources on its assets' coverage but they aren't used). It stands to reason from the table that the best result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2010 when Equity Ratio was the highest (SFN = 43,55%).

Debt Ratio (SZ) expresses an amount of assets covered by debts; it defines then a share of debts in total liabilities. Further on, it is necessary to know a relation of long-termed debts to short-termed ones because it pays that a great share of short-termed debts could lead to an enterprise financial unstability in the end. Because the building enterprise X_1 s.r.o. disposes of an outstanding share of short–termed obligations it is possible to say that the enterprise reached the best result of this ratio in the year 2010 when Debt Ratio was the lowest (SZ=55,16%).

I. Grade of Fixed Assets Coverage (I.SKSA) demonstrates a fixed assets coverage relation to equity. It pays that it is more advantageous for an enterprise to dispose of short–termed debts connected with minimal expenses than long-termed equity associated with considerable and by means of a lost profit expressed expenses in case of investments of these means in other more advantageous projects. It is generally said that a relation between equity and debts should be 40:60 which means that debts should exceed equity. It goes out from the table that the best result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2005 when I. Grade of Fixed Assets Coverage was the lowest (I.SKSA = 64,31%).

II. Grade of Fixed Assets Coverage (II. SKSA) demonstrates a fixed assets coverage relation to long-termed equity and debts. This ratio is connected with Working Capital. Working Capital (PK) is calculated so that fixed assets (SA) are subtracted from long-termed equity and debts (DK). It pays that if a value of Working Capital is negative, it is considered to be a long-termed unmaintainable situation. On the contrary, in case of a positive value of Working Capital it is possible to say that an enterprise has an optimum structure of assets and resources of their coverage. The building enterprise X1 s.r.o. reached the best result of this ratio in the year 2007 (II.SKSA = 112,82%) when the value of Working Capital was the highest (PK = DK – SA = 10 920 -9 679 = 1 241). Working Capital is considered to be an insurance capital component which ensures a part of assets (especially circulating ones) because of their security in a period of unfavourable sways requiring heightened expenses.

Cash-Position Ratio (L1) demonstrates an enterprise ability to redeem its immediate obligations by means of free financial resources. The interval from 0,2 to 1 (20% - 100%) is considered to be an usual value of this ratio. It pays that if Cash–Position Ratio is greater than 1, an enterprise should be immediately able to redeem its short-termed debts. It stands to reason from the table that the best result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2008 when Cash-Position Ratio was the highest (L1=54,41%).

Quick Ratio (L2) measures an enterprise ability of payment after a subtraction of inventories from circulating assets. Usual values of this ratio are found within the interval from 1 to 1,5. It stands to reason from the table that the building enterprise X1 s.r.o. reached the best result of this ratio in the year 2007 when Quick Ratio was the highest (L2 = 104,70%).

Current Ratio (L3) measures an enterprise ability of payment from a shorter period's point of view (it is usually calculated monthly); the interval from 1,8 to 2,5 is considered to be acceptable values of this ratio. Current Ratio demonstrates an enterprise ability to redeem its obligations by means of circulating assets. It stands to reason from the table that the best

result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2007 when Current Ratio was the highest (L3 = 107,43%).

Inventories Turnover (OZÁS) defines how many times during the year inventories are converted into the other forms of circulating assets up to a sale of complete products and a repeated purchase of inventories. It stands to reason from the table, that the building enterprise X1 s.r.o. reached the best result of this ratio in the year 2007 when Inventories Turnover was the highest (OZÁS = 180,37).

Total Claims Turnover (OPOHL) shows an utilization of claims or payments from customers for a sale of products or goods within a scope of the whole enterprise operation. It goes out from the table that the best result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2008 when Total Claims Turnover was the highest (OPOHL = 16,55).

Equity Turnover (OVK) expresses an utilization of equity within a scope of the whole enterprise operation. It goes out from the table that the building enterprise X1 s.r.o. reached the best result of this ratio in the year 2007 when Equity Turnover was the highest (OVK = 14,87).

Total Capital Turnover (OK) defines an utilization of whole assets within a scope of the whole enterprise operation. It stands to reason from the table that the best result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2007 when Total Capital Turnover was the highest (OK= 3,21).

Return on Sales (RT) shows how many crowns of a profit are created from one crown of sales by an enterprise. It goes out from the table that the building enterprise X1 s.r.o. reached the best result of this ratio in the year 2010 when Return on Sales was the highest (RT = 3,41%).

Return on Equity (RVK) determines how many crowns of a net profit fall on one crown invested by owners of an enterprise and it expresses a profitability or a valorization of enterprise equity. This ratio is significant for owners because it expresses a valorization of their investment invested in an enterprise. It stands to reason from the table that the best result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2010 when Return on Equity was the highest (RVK = 19,97%).

Return on Total Capital (RK2) expresses the whole efficiency or a productive enterprise strength. It goes out from the table that the building enterprise X1 s.r.o. reached the best result of this ratio in the year 2010 when Return on Total Capital was the highest (RK2 = 8,70%).

Material and Energy Consumption Shares (PME) express percentage shares of consumed material and energy in total expenses. It stands to reason from the table that the best result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2007 when Material and Energy Consumption Shares were the lowest (PME = 29,83%).

Services' Share (PS) records a percentage share of consumed services from external suppliers (for example subsupplies, leases, telephone charges, postal services, advertisements) in total expenses. It goes out from the table that the building enterprise X1 s.r.o. reached the best result of this ratio in the year 2005 when Services' Share was the lowest (PS = 22,66%).

Personal Expenses' Share (PON) defines percentage shares of wage expenses as well as the other personal expenses of employees, partners and members of cooperatives in total

expenses. It stands to reason from the table that the best result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2007 when Personal Expenses' Share was the lowest (PON = 22,32%).

Depreciations' Share (POD) expresses a percentage share of depreciations of long-termed immaterial and material assets in total expenses. It goes out from the table that the building enterprise X1 s.r.o. reached the best result of this ratio in the year 2007 when Depreciations' Share was the lowest (POD = 0,56%).

The Other Expenses' Share (POST) records a percentage share of the expenses not mentioned above in total expenses. It stands to reason from the table that the best result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2008 when The Other Expenses' Share was the lowest (POST = 0,72%).

Altmann's Index of Enterprise Financial Health (A) reprezents one of the possibilities by means of which it is possible to evaluate a total financial health of an enterprise. This ratio is assessed by means of the only number consisting of five ratios and including in itself a profitability, an indebtedness, a liquidity and a capital structure whereupon weights of particular ratios are added to them. Altmann's Index belongs to bankruptcy models which are put together in order to ascertain an enterprise financial stability which means that they analyze a company from its possible bankruptcy's point of view. It pays that if a calculated value of Altmann's Index is higher than 2,9, an enterprise is financially healthy and it isn't endangered by a bankruptcy before long. If this ratio acquires a value higher than 1,23 and lower than 2,89 at the same time, it means that an enterprise is found in a so-called grey zone (it means that an enterprise reaches average results and it isn't possible to decide unambiguously about its health). In case that an enterprise reaches a lower value of Altmann's Index than 1,23, it means that an enterprise is financially healthy and it isn't endangered by a bankruptcy. The best result of this ratio was reached by the building enterprise X1 s.r.o. in the year 2007 when Altmann's Index of Enterprise Financial Health was the highest (A = 3,572).

Property Evaluation by Substantial Value Assessment

In this property access to an evaluation, each property component is evaluated in a definite way; a complex of their utility values creates a gross substantial value of enterprise assets. Components are objectively evaluated to an evaluation date and under a presumption that an enterprise will continue doing its activity.

Total Enterprise Assets (Gross Substantial Value)

The following table gives a survey about total assets of the building enterprise X1 s.r.o. to 31.12.2010.

Table 4: Total Assets (Data in Thousands Czech Crowns)

(Source: The Balance of the Building Enterprise X_1 s.r.o., 2010)

B.I	Long-Termed Immaterial Assets	0
B.II	Long-Termed Material Assets	9 299
B.II.1	Pieces of Land	593
B.II.2	Structures	7 394
B.II.3	Separate Movable Things and Sets of Movable Things	942
B.II.8	Given Advance Payments on Long-Termed Material Assets	370
B.III	Long-Termed Financial Assets	245
B.III.3	The Other Long-Termed Securities and Shares	245
C.I	Inventories	3 726
C.I.1	Material	1 026
C.I.2	Incomplete Production and Pre-Made Products	2 700
C.III	Short-Termed Claims	7 995
C.III.1	Claims from Business Relations	7 571
C.III.7	Short-Termed Given Advance Payments	424
C.IV	Short-Termed Financial Assets	1 837
C.IV.1	Money	235
C.IV.2	Banking Accounts	1 602

It goes out from the table that fixed assets of the building enterprise X1 s.r.o. are created only by long-termed material assets because the company doesn't own any long–termed immaterial assets. As far as long-termed material assets are concerned, they are largely created by structures, further on separate movable things and their sets, pieces of land and given advance payments. Long-termed financial assets are consisted of long-termed securities and shares.

Circulating assets of the building enterprise X1 s.r.o. contain inventories, short-termed claims and short-termed financial assets. Two thirds of inventories are created by an incomplete production and pre-made products and their one third is consisted of a material. When it comes to short-termed claims, they are created above all by claims from business relations and a minor share of short-termed given advance payments. The value of short-termed financial assets is created by a sum of nominal values of money in banking accounts, cash and securities.

The building enterprise X1 s.r.o. has several non-interest-born claims as well as claims after their maturity terms which have to be recounted on prezent values. It pays generally that a value of a claim falls the more, the longer its maturity term is. The evaluations of claims after their maturity terms are stated in the following table.

Table 5: Claims' Evaluations after Their Maturity Terms (Data in Thousands Czech Crowns)

(Source: The Accountancy of The Building Enterprise X_1 s.r.o., 2010)

Customers' Names	Claims' Values	Days' Numbers after Maturity Terms						Coeff.	Claims' Values after Recounts
		0	15	30	60	180	365		
Manapo Svitavy	1561,720	X						1	1561,720
ZŠ Felberova	1527,380	X						1	1527,380
Ing. Jan Hikele, s.r.o.	815,000		X					0,9	733,500
Socar servis, s.r.o.	750,500			X				0,8	600,400
Jema Svitavy, a.s.	645,400			X				0,8	516,320
Haly biz s.r.o.	598,000				X			0,7	418,600
Agropodnik a.s.	489,500				X			0,7	342,650
Fryc s.r.o.	376,500					X		0,5	188,250
P-D Refractories CZ a.s.	375,000					X		0,5	187,500
Šela Stavel s.r.o.	288,000					X		0,5	144,000
Agro Vysočina Bystré	144,000						X	0,1	14,400
Total Claims	7571,000								6234,720

Modified Claims.....6 234,720 thousands Czech Crowns

Short-Termed Given Advance Payments..... ....424,000 thousands Czech Crowns

Total Claims' Value.....6 658,720 thousands Czech Crowns

The following table gives a survey about modified assets of the building enterprise X_1 s.r.o. to 31.12.2010.

Table 6: Recapitulation of Modified Assets (Data in Thousands Czech Crowns)

(Source: The Balance of the Building Enterprise X_1 s.r.o., 2010)

Long-Termed Immaterial Assets	0
Long-Termed Material Assets	9 299,000
Long-Termed Financial Assets	245,000
Inventories	3 726,000
Claims	6 658,720
Short-Termed Financial Assets	1 837,000
Total Marketably Modified Assets (Au)	21 765,720

Total marketably modified assets (a gross substantial value) of the building enterprise X_1 s.r.o. amounts 21 765,720 thousands Czech Crowns.

Equity in Market Value (Net Substantial Value)

The following table gives a survey about debts and the other liabilities of the building enterprise X_1 s.r.o. to 31.12.2010.

Table 7: Debts and The Other Liabilities (Data in Thousands Czech Crowns)

(Source: The Balance of the Building Enterprise X_1 s.r.o., 2010)

B.I	Reserves	0
B.II	Long-Termed Obligations	122
B.II.10	Postponed Tax Obligation	122
B.III	Short-Termed Obligations	9 124
B.III.1	Obligations from Business Relations	6 914
B.III.5	Obligations to Employees	1 068
B.III.6	Obligations from Social Security and Health Insurance	609
B.III.7	State-Tax Obligations and Grants	405
B.III.11	Other Obligations	128
B.IV	Banking Credits and Stopgaps	3 500
B.IV.2	Short-Termed Banking Credits	3 500
C.	The Other Liabilities-Transient Acounts of Liabilities	300
C.I	Time Difference	300
C.II	Conjecture Passive Accounts	0
Total Debts and The Other Total Liabilities (Pu)		13 046

Total debts and the other total liabilities of the building enterprise X_1 s.r.o. amount 13 046 thousands Czech crowns.

Equity in Market Value (Net Substantial Value): (Au – Pu) = (21 765,720 – 13 046) = 8 719,720 thousands Czech crowns.

The value of the building enterprise X_1 s.r.o. assessed by the property substantial method amounts 8 719,720 thousands Czech crowns to 31.12.2010.

Final Report

The task of this document was the value assessment of the building enterprise X_1 s.r.o. to 31.12.2010.

On the basis of the carried out calculations, the following result was reached: The value of the building enterprise X_1 s.r.o. assessed by the property substantial method amounts 8 719,720 thousands Czech crowns to 31.12.2010.

Conclusions

The task of the compilers of the document about a price valuation (the evaluation document) was the assessment of the market value of the building enterprise X_1 s.r.o. for internal needs of the claimant.

The introductory chapters of the document about a price valuation contain information about the claimant, further on the evaluation purpose, day and extent, the object of the activity and history of the evaluated building enterprise, the basic and specific evaluation presumptions. These pieces of information were gained by means of external sources to which the extract from the business records, information about the building enterprise published on the Internet and in advertising printed matters belong. In the further chapter of the document about a price valuation, the detailed financial analysis of the examined building enterprise is carried out and this contains the calculations of Debt Ratios, Fixed Assets Coverage Ratios, Liquidity Ratios, Turnover Ratios, Profitability Ratios, Expenses' Ratios and Altmann's Index of Enterprise Financial Health. The contents of this chapter are also the property evaluation of

the building enterprise X_1 s.r.o. namely by the assessment of the substantial value. The data for the financial analysis and the property evaluation stated above were the internal sources (balances, statements of a profit and a loss and accounting books of the building enterprise X_1 s.r.o.). The last chapter of the enterprise evaluation document is represented by the final report.

On the basis of the ascertained results of the carried out financial analysis and property evaluation it stands to reason, that a function of building enterprises as national-economic systems is extraordinarily susceptible to changes in a demand for their production. Changes in this economic category (especially reductions) can bring a real breakdown in a behaviour of a building enterprise system whose consequence can be a contingent conclusion of an enterprise ability to realize building orders (it means a conclusion of an enterprise activity) or restrictions of some requisite functions' fulfilments of a building enterprise as a system.

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