

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ  
ХАРКІВСЬКИЙ НАЦІОНАЛЬНИЙ ЕКОНОМІЧНИЙ УНІВЕРСИТЕТ  
ІМЕНІ СЕМЕНА КУЗНЕЦЯ

"ЗАТВЕРДЖУЮ"  
Заступник керівника  
(проректор з науково-педагогічної роботи)

  
А. А. Красовицький Афанасєв А. В.

ОЦІНОЧНА ДІЯЛЬНІСТЬ У ПІДПРИЄМНИЦТВІ


робоча програма навчальної дисципліни

Галузь знань 07 «Управління та адміністрування»  
Спеціальність 076 «Підприємництво, торгівля та біржова діяльність»  
Освітній рівень перший (бакалаврський)  
Освітня програма 076 «Підприємництво»

Вид дисципліни  
Мова викладання, навчання та оцінювання

вибіркова  
англійська

Завідувач кафедри підприємницької діяльності

 д.е.н., проф. Гонтарева І.В.

Харків  
ХНЕУ ім. С. Кузнеця  
2019

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
SIMON KUZNETS KHARKIV NATIONAL UNIVERSITY OF ECONOMICS

"ЗАТВЕРДЖУЮ"

Заступник керівника  
(проректор з науково-педагогічної роботи)



*Олександр Григорович Григорович О.В.*

VALUATION ACTIVITIES IN ENTREPRENEURSHIP

робоча програма навчальної дисципліни

Галузь знань	07 «Управління та адміністрування»
Спеціальність	076 «Підприємництво, торгівля та біржова діяльність»
Освітній рівень	перший (бакалаврський)
Освітня програма	076 «Підприємництво»

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Type of discipline  
The language of teaching,  
learning and rating is

selective  
English

Kharkiv  
S. KUZNETS HNUe  
2019

APPROVED

at the meeting of the department of entrepreneurial activity

Protocol No. 5 dated November 09, 2018

DEVELOPER

Lytvynenko A. A, Ph.D., associate professor of the department of business activity

**Letter update and approve the work program of the discipline**

Academic year	Date of the meeting of the department	Protocol number	Signature of the head of the department

## 1. Introduction

### **Annotation:**

With the transition of Ukraine's economy to market relations, the significant expansion of business rights in the field of financial and economic activity, the role of timely and qualitative analysis of the financial state of business, assessment of their liquidity, solvency and financial stability and the search for ways to increase and strengthen financial stability is considerably increasing. «Valuation activities in entrepreneurship» is a basic discipline for management and administration specialists, since it covers the main sections of applied economics, organization and efficiency of management at the level of the main structural part of social production, provides the necessary set of theoretical and practical knowledge on market economy management at the present stage of its development in Ukraine.

The key task of the business is to achieve and maintain the adequate level of competitiveness of modern business in the short and long term. It is supposed that financial and business activities of the business should ensure the growth of the welfare of its owners and employees. It is impossible to achieve this without an adequate solution in the daily work of the set of issues of increase in profit and increase profitability. Valuation activities in entrepreneurship as a science examines the patterns and rules for using certain, strictly limited resources for the production of useful products (services) and their distribution among different consumers at the enterprise.

«Valuation activities in entrepreneurship» is an integral part of the optional discipline "Assessment of business efficiency" and is studied in accordance with the curriculum for the training of specialists in the educational level of the level "master" in the field of knowledge 07 "Management and administration" of all forms of training.

The purpose of mastering the discipline is to master students methodical approaches and methods to assess the value of property, business, perform complex economic calculations on the identification of cost factors and management of the enterprise aimed at changing its value. The subject of studying discipline is the process of assessing the value of an enterprise or business, directed primarily to its growth as components, which includes the interests of the majority of enterprises associated with the company.

«Valuation activities in entrepreneurship» is closely linked with fundamental subjects as statistics, macroeconomics, microeconomics, with professionally oriented subjects: business economics, finance and others. Knowledge of these disciplines will help students understand the problems of theory and implement in practice the assessment of business value, and determine the factors that shape the value of the enterprise.

**The purpose of the discipline:** the formation of a system of professional competencies regarding the use of the basics of methods of organizing methodological approaches and methods for assessing the value of property, use information to identify cost factors and enterprise management in general.

To achieve the goal set the following main **tasks**:

mastering the legal and regulatory framework for business valuation of different organizational and legal forms;

study of economic processes occurring in industrial and commercial business systems;

determination of the parameters of the implementation of the production process and the basics of business management;

assimilate the essence of business value, methodological approaches, methods, techniques and indicators of business value assessment;

mastering the skills of independent use of methods for assessing the value of business and assessing the effectiveness of business functioning on the criterion of changing its value;

mastering the methodology of determining the income, expenses, financial results and the efficiency of the operation of the business as a whole;

mastering the achievements of the theory and practice of business management.

**The object** of discipline is cost systems and processes that reflect different aspects of enterprises (businesses).

**The subject** of the discipline is economic decisions and related results of valuation of enterprises (businesses).

Course	<b>3</b>	
Semester	<b>2</b>	
Amount of credits ECTS	<b>5</b>	
Audit lessons	<b>lectures</b>	<b>32</b>
	<b>practical</b>	<b>32</b>
Independent work	<b>86</b>	
Form of final control	<b>test</b>	

### Structural and logical framework study of discipline

Previous disciplines	Following disciplines
Entrepreneurship	Венчурне підприємництво
Системи якості	Управління ефективністю розвитку підприємництва
Інноваційне підприємництво	Міжнародне підприємництво
Планування, стратегія та розвиток підприємництва	Культура підприємництва
Оцінка ефективності бізнесу	Соціальне підприємництво

### 2. Competence and results of studying in a discipline

Competence	Results of studying
Understanding and the ability to critically understand the conceptual foundations of economic theory related to finance, and generalize the principles and regularities of the functioning and development of financial systems.	Ability to differentiate existing approaches to defining the concept of a market base and business valuation purposes.
	Ability to determine the legislative provision of valuation activities in Ukraine.
	Ability to justify the approaches used in assessing the market value of property.
	Ability to compile a report on the assessment of the value of the enterprise.
Ability to learn and understand information about the current state and trends of financial systems development.	Ability to analyze existing approaches to the organization of valuation activities.
Ability to use the theoretical and methodical tools of financial, economic, mathematical, statistical, legal and other sciences for diagnosing the state of financial systems.	Ability to apply the method of discounting cash flows.
	Ability to identify the scope of the cost-effective approach to business valuation.
	Ability to choose an approach to valuing shares in business.

	Ability to choose and apply the most acceptable model for calculating the market value of shares and bonds.
	Ability to determine the value of an innovation project at different stages of its implementation.
	Ability to determine the conceptual framework for assessing the effectiveness of business value management.
Ability to determine the process of enterprise management and to justify the type of organizational structure of management.	Ability to make decisions about the formation of an enterprise management system and the development of the organizational structure of management.
Ability to plan and forecast business activity.	Ability to make decisions in complex and unpredictable conditions, which requires the application of new approaches to planning the activities of the enterprise.

### 3. The discipline program

#### Content module 1 CONCEPTUAL BASIS FOR BUSINESS VALUATION

##### LECTURE 1. SUBJECT AND CONTENT OF BUSINESS VALUATION

###### 1.1. *The concept of business valuation and the area of its application.*

Legal bases of valuation of property, property rights and professional evaluation activity since 2001 regulates the Law of Ukraine «On valuation of property, property rights and professional evaluation activity in Ukraine».

The evaluation of a business entity value, as any other object of property, is a systematic, purposeful process of determining the value of an object in monetary terms, taking into account the present and future time in a market environment.

The purpose of this process is to calculate the monetary value of the object (business) which may be the most probable selling price and characterize the business property as a commodity, so its usefulness and costs necessary to achieve this usefulness.

###### 1.2. *Objects and subjects of valuation.*

The evaluator is a specialist who has special knowledge to evaluate a specific type of property and has an appropriate certificate.

To get qualification certificate, the evaluator must: have higher education, do training, do internship within one year, pass qualification examination.

The certificate of the subject of the valuation activity - the entity is a document certifying the right of the entity for valuation activity to include it in the State Register of valuation entities which carry out valuation activities in the form of practice to value property and which are recognized as subjects of valuation activities in the areas of property valuation as indicated in it.

###### 1.3. *Purpose and principles of valuation.*

The evaluation activity is carried out by observing certain principles.

Principles of evaluation are basic socio-economic factors and patterns of forming property value which are the basis for methodological approaches to evaluation which reflect socio-economic factors and patterns for forming the cost.

They are sufficiently numerous, so it is useful to differentiate them into four groups which the evaluators call the *fundamental principles*:

- 1) the principles based on the owner's (user's) ideas;
- 2) the principles associated with the object's maintenance;
- 3) the principles associated with the external market environment;
- 4) the principle of the best and the most effective use.

#### *1.4. Evaluation bases. Types of costs used in the valuation.*

Cost is not a fact of money payment; it is the estimated value of the value of specific goods and services at a specific time according to the chosen interpretation of value.

In accordance with National Standard No. 1 «General Principles of Property Evaluation and Property Rights», the value is the equivalent of the assessment of valued object expressed in the probable sum of money. The probable amount of money is the largest amount of money that the seller can receive and the buyer can agree to pay.

Instead, the price is the actual amount of money paid for the object of valuation or similar property. Consequently, the price is the fact that it records the value of the property in a monetary amount at which the sale took place on a certain date. The price paid by the buyer for the property becomes for him the cost of acquiring the property. The price depends on many factors: the cost of creating the product, the rates of profit and profitability, the ratio of supply and demand to a particular product, the purchasing power of money.

The economic concept of value reflects the market view of the benefits acquired by those who become the owner of these goods or use these services.

## **LECTURE 2. ORGANIZING THE EVALUATION ACTIVITY AND ITS LEGISLATIVE SUPPORT**

### *2.1. Organizational and legal management of business valuation*

Managing property valuation and professional valuation activity is a system of mechanisms to ensure (guarantee) the authenticity and objectivity of valued property, as well as forming and developing the appropriate infrastructure.

The main tasks of regulation in the field of valuation are:

- ensuring compliance with legislation on valuation activities by governmental authorities, local self-government bodies, subjects of valuation activity, valuers, individuals and legal entities;
- preventing violation of legislation in the field of valuation activities, timely identification of such violations and taking appropriate measures to eliminate them;
- developing the effective prerequisites for evaluating investments;
- supporting the development of infrastructure evaluation to attract more investments;
- developing effective mechanisms of functioning the evaluation activity market.

### *2.2. Regulatory and legislative basis for conducting valuation activities in Ukraine*

Methodological regulation of the property valuation is carried out in relevant normative legal acts on property valuation: Provisions (national standards) of property valuation approved by the Cabinet of Ministers of Ukraine, methods and other normative legal acts that are developed considering the requirements of provisions (national standards) and approved by the Cabinet The Ministers of Ukraine or the State Property Fund of Ukraine.

### *2.3. The process of conducting business evaluation and its main stages. Contract to evaluate an enterprise (business)*

Independent property valuation is a process of determining its value at the valuation date according to the procedure established by regulatory legal acts for the property valuation resulting from the practical activity of the entity of valuation activity.

The evaluation process is a sequence of actions that are performed at determining the value. It consists of several stages.

An independent property valuation is preceded by a preparatory stage where the following is carried out: familiarization with the object of valuation, specific terms of

agreement, for which the evaluation is being conducted; defining the basis of evaluation; submitting the proposals to the customer regarding the essential terms of the contract to conduct the evaluation.

### **LECTURE 3. METHODOLOGICAL TOOL FOR VALUING BUSINESS VALUE.**

3.1. The concept of income and cash flow of an enterprise (business), to calculate its market value. The concept of income and cash flow of the enterprise (business), the results of financial, investment and operating activities of the company, used to calculate its market value.

3.2. Types and models of cash flow calculation. Types and models of cash flow calculation. Temporary valuation of cash flows. Six Functions of the Currency Unit.

3.3. Risks of market value of business and how they are taken into account in the process of valuation. The system of risks affecting the value of the market value of different property objects. Methods of their consideration during the evaluation process.

3.4 Methodological Approaches to Business Valuation. Harmonization of the results of business valuation. Business valuation report. Methodological approaches to business valuation. Advantages and disadvantages of evaluation methods. Harmonization of the results of business valuation. Business valuation report.

## **Content module 2**

### **VALUATION OF BUSINESS FOR SPECIFIC PURPOSES**

#### **LECTURE 4. APPROACH TO ASSESSING THE VALUE OF A BUSINESS**

4.1. Characteristics and scope of the income approach to business valuation. The economic essence and patterns of the income approach to the assessment of various objects of ownership. The place of the income approach in the system of valuation. The main benefits of business valuation in the income approach. Conditions, range of application, system of abstraction and tolerances within the framework of the income approach. Cost factors that are taken into account when evaluating from the position of the income approach. Types of value and principles of the income approach to assessing the value of the enterprise.

4.2. Method of capitalization of incomes. Method of capitalization of incomes. Choice of financial base. Basic steps and methods for calculating the cost. Comparative characteristics of methods of income approach.

4.3. Method of discounting cash flows. Model Gordon. Methods of income approach. Method of discounting cash flows.

#### **LECTURE 5. COMPARATIVE APPROACH TO BUSINESS VALUATION**

5.1. General characteristics of the comparative approach and the conditions of its application. General characteristics of the comparative approach. Terms of use and peculiarities of using the comparative approach in assessing Ukrainian enterprises.

5.2. Methods of comparative approach. Price multipliers. Methods of comparative approach. Analogue method or capital market method. Algorithm and method of calculation of market value by the analogue company method. Selection of comparable enterprises, selection criteria for similar companies, benchmarking and financial ratios. Selection and calculation of price multipliers range of their application. Formation of the total value of the cost.

5.3. The main stages of assessing business from the standpoint of a comparative approach. Harmonization of previous results of business valuation by comparative approach.



The main stages of assessing business from the standpoint of a comparative approach. Information base and peculiarities of financial analysis using methods of comparative approach.

## **LECTURE 6. COST-EFFECTIVE APPROACH TO BUSINESS VALUATION**

6.1. The economic content and scope of the cost approach. Economic content methods of the cost approach. Features of the cost-effective approach to assessing various property objects. Methodological regularities and principles of the cost approach to estimating the value of an enterprise (business). Market value of the enterprise as a difference between the market value of its assets and liabilities.

6.2. The method of net asset value. Methods of cost approach, peculiarities of their application for evaluation of Ukrainian enterprises. General characteristics of the asset value method.

6.3. Liquidation cost method of the liquidation cost method. Place in the system of bankruptcy proceedings. The main stages of the method. Development of the calendar schedule for liquidating company assets, adjusting the carrying amount of assets and liabilities. Determining the costs associated with the elimination of the enterprise. Calculation of the liquidation value in business.

### **4. Procedure for assessment of learning outcomes**

The system of evaluation of the developed competencies of students takes into account the types of occupations, which according to the curriculum include lectures, seminars, practical classes, as well as independent work. Assessment of the developed competencies among students is based on a 100-point accumulation system.

Control measures include: current control, carried out during the semester during lectures, practical classes, seminars and is estimated by the sum of the points scored (the maximum amount is 100 points; the minimum amount that allows the student to score is 60 points); modular control conducted in the form of a colloquium as an intermediate mini-exam on the initiative of the teacher, taking into account the current control of the corresponding content module, and aims to integrate the evaluation of the student's learning outcomes after studying the material from the logically completed part of the discipline-content module; final control, conducted in the form of a semester credit, according to the schedule of the educational process.

The procedure for carrying out the current assessment of students' knowledge. Assessment of student's knowledge during seminars, practical classes and individual tasks is carried out according to the following criteria: understanding, degree of assimilation of the theory and methodology of the problems under consideration; the degree of assimilation of the actual material of the discipline; acquaintance with the recommended literature, as well as contemporary literature on the issues under consideration; the ability to combine theory with practice when considering production situations, solving tasks, performing calculations in the process of performing individual tasks and tasks submitted for consideration in an audience; logic, structure, style of presentation of the material in written works and speeches in the audience, ability to substantiate their position, to generalize information and to draw conclusions; the arithmetic correctness of the implementation of an individual and complex settlement task; ability to conduct critical and independent evaluation of certain problem issues; the ability to explain alternative views and the presence of their own point of view, position on a particular problem issue; application of analytical approaches; quality and clarity of reasoning; logic, structuring and substantiation of conclusions about a specific problem; independence of performance; literacy of presentation of the material; use of comparison methods, generalization of concepts and phenomena; job registration.

The general criteria for evaluating the non-audited independent work of students are:

the depth and strength of knowledge, the level of thinking, the ability to knowledge on specific topics, the ability to make informed conclusions, the possession of categorical apparatus, skills and techniques for performing practical tasks, the ability to find the necessary information, to organize its systematization and processing.

Student should be considered qualified if the sum of points obtained by the results of final / semester verify performance, equals or exceeds 60.

The final score in the discipline is calculated on the basis of the points obtained during the exam and the points obtained during the current control over the accumulation system. Total result in points per semester is "60 or more points - Accepted", "59 or less points - do not count" and entered into a valid "Statement of the success of" discipline.

**Distribution of points in weeks**  
(*evaluation tools according to the technological map*)

Module theme			lectures	practical	articles	presentation	tests	checking	colloquium	Total
<b>Module 1</b>	<b>LECTURE 1</b>	1 week	2	2						4
	<b>LECTURE 1</b>	2 week	2			2				4
	<b>LECTURE 1</b>	3 week	2	2						4
	<b>LECTURE 2</b>	4 week	2	2					12	16
	<b>LECTURE 2</b>	5 week	2	2						4
	<b>LECTURE 2</b>	6 week	2			2				4
<b>Module 2</b>	<b>LECTURE 3</b>	5 week	2	2						4
	<b>LECTURE 3</b>	6 week	2	2						4
	<b>LECTURE 3</b>	7 week	2	2						4
	<b>LECTURE 4</b>	8 week	2			2				4
	<b>LECTURE 4</b>	9 week	2	2						4
	<b>LECTURE 4</b>	10 week	2	2						4
	<b>LECTURE 5</b>	11 week	2			2				4
	<b>LECTURE 5</b>	12 week	2	2						4
	<b>LECTURE 5</b>	13 week	2		10		2			14
	<b>LECTURE 6</b>	14 week	2	2				12		16
	<b>LECTURE 6</b>	15 week	2							2
	<b>LECTURE 6</b>	16 week	2	2						4
<b>Total</b>			32	24	10	8	2	12	12	100

## Grading scale

Total points for all the educational activities	Estimate	Estimate of the national scale	
		for exam, course project (work), practice	for test
90 – 100	A	well	accepted
82 – 89	B	good	
74 – 81	C		
64 – 73	D		
60 – 63	E	normally	not accepted
35 – 59	FX	not normally	
1 – 34	F		

### 5. Recommended literature

The main

1. Law of Ukraine «On property valuation, property rights and professional evaluation activity in Ukraine» No. 2658-III dated July 12, 2001.
2. National Standard No. 1 «General Principles of Property and Property Rights Evaluation», approved by a resolution of the Cabinet of Ministers of Ukraine dated September 10, 2003 No. 1440.
3. National standard No. 2 «Evaluation of the real estate», approved by a resolution of the Cabinet of Ministers of Ukraine dated October 28, 2004 No. 1442.
4. National standard No. 3 «Evaluation of integral property complexes», approved by a resolution of the Cabinet of Ministers of Ukraine dated November 29, 2006 No. 1655.
5. National Standard No. 4 «Evaluation of Intellectual Property Rights» approved by a resolution of the Cabinet of Ministers of Ukraine dated October 3, 2007, No. 1185.
5. The Law of Ukraine «On Land Valuation» dated December 11, 2003 No. 1378.

Additional

6. The Law of Ukraine «On Privatization of State Property» dated March 4, 1992, No. 2163-XII.
7. The Law of Ukraine «On Lease of State and Municipal Property» dated April 10, 1992, No. 2269-XII.
8. The resolution of the Cabinet of Ministers of Ukraine «Methodology of property valuation» dated December 10, 2003, No. 1891.
9. The resolution of the Cabinet of Ministers of Ukraine «On Approval of the Procedure for Alienating State-Owned Property Objects" dated June 6, 2007, No. 803.
10. The resolution of the Cabinet of Ministers of Ukraine «On Approval of the Methodology for Estimating the Cost of Lease Objects, the Procedure for Buying Leaseholders of Turnaround Material and the Procedure for Granting the Lessee the Funds and Securities on the Loan» dated August 10, 1995, No. 629.
11. The resolution of the Cabinet of Ministers of Ukraine «On Approval of the Procedure for Maintaining the State Register of the Evaluators for Expert Evaluation of Land Plots» dated July 18, 2007, No. 941.
12. The resolution of the Cabinet of Ministers of Ukraine «Procedure for evaluating for tax and accruals purposes, to pay other mandatory payments which are charged according to the law» dated March 4, 2013, No. 231.
13. Methodology to evaluate Intellectual Property Rights dated June 25, 2008 No. 740.

14. The order of the State Property Fund of Ukraine No. 49/121 «On Approval the Regulation on the Procedure for the Analysis of the Enterprises' Financial Condition as Subject of Privatization» dated January 26, 2001, registered in the Ministry of Justice of Ukraine on February 8, 2001 No. 121/5312.

15. The order of the State Property Fund of Ukraine No. 1291 «On approval of standard forms for reviewing property valuation reports» dated August 3, 2007.

16. Instructional Letter of the State Property Fund «Clarification of some provisions of the Methodology for Property Valuation, approved by the Resolution of the Cabinet of Ministers of Ukraine dated December 10, 2003 No. 1891» dated 23 January 2004 No. 10-36-835.

#### Information resources Internet

17. Господарський Кодекс України від 16.01.2003р. № 436-IV / [Електронний ресурс]. – Режим доступу : <http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=436-15>

18. Податковий Кодекс України від 02.12.2010р. № 2755-VI / [Електронний ресурс]. – Режим доступу : <http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=2755-17>

19. Положення (стандарти) бухгалтерського обліку: [Електронний ресурс] . – Режим доступу : <http://zakon.nau.ua/doc/?uid=1046.172.0>