Vladimir Grdinić[1]
Jasmina Šmigić Miladinović[2]
Miloš Pavlović[3]
Miloš Ranđelović[4]

SPECIFICITIES OF CAPITAL VALUATION OF YOUNG COMPANIES BY YIELD BASIS METHOD

ABSTRACT

The capital valuation of young companies differs from the assessment of mature and developed companies. Namely, some of these companies achieve business results that are negative or at a low level. Even when they can generate a higher level of profit, the history of their existence is short, it depends on the possibility of borrowing capital, which makes the assessment through the yield method significantly more difficult than usual. Regardless of the industry in which they operate, the sector, the production, and sales arrangement, and the degree of innovation, these companies face not only the usual risk but also the risk of survival and uncertainty that the future brings.

In estimating the value of the capital of young companies, standardized and traditional valuation methods can be used, and thus the yield basis method. Regardless of the chosen method of assessment, the assessor faces a lack of information about the history of "existence". For this reason, for the assessment, all parameters involved in the capital evaluation process must be adjusted.

The subject of this paper is capital valuation. The aim of this paper is to show how it is possible to estimate the value of capital using the yield method and to point out the specifics of this procedure. The object of this research are young companies. In this paper, we will first present the characteristics of young companies, and then the possibilities of estimating their capital by discounting cash flows as a type of yield basis method of capital valuation.

Key words: *capital valuation, young companies, yield basis method.*
JEL: *M40, G30.*

---

1 Professor of applied studies, e-mail: vladimir.grdinic@bpa.edu.rs, Belgrade Business and Arts Academy of Applied Studies, Belgrade, Serbia

2 Professor of applied studies, e-mail: jasnacs0411@yahoo.com, Kosovo and Metohija Academy of Applied studies, Leposavić, Serbia

3 Professor of applied studies, e-mail: milospavlovic84@hotmail.com, Belgrade Business and Arts Academy of Applied Studies, Belgrade, Serbia; Faculty of Economics, University of Pristina, Kosovska Mitrovica, Serbia

4 Professor of applied studies, e-mail: milosrandja1@gmail.com, Academy of Vocational Studies South Serbia, Leskovac, Serbia

1. INTRODUCTION

The yield method in capital valuation, also called the net cash flow discounting method, is the most widespread valuation method in the world, but the valuation results are usually combined with the valuation results using a market approach (Pratt, 2003). However, the application of the market valuation method requires, among other things, the development of the capital market and its long history of existence, due to the valuation parameters that are necessary for the application of this method. The use of the yield method requires extensive experience of the appraiser, on the one hand, and a good knowledge of the elements for calculating the discount rate, on the other hand, regardless of whether it is obtained by "masonry method" or calculated using CAPM method which, in essence, represents a correction of the "masonry" method. Since the application of the latter model for calculating the discount rate is based on market parameters, the return value obtained based on the CAPM method certainly represents a more accurate approximation of the value of capital concerning the return value obtained using the "masonry" method during the capital market history.

Different ways of calculating the discount rate can lead to different estimated values of capital, but it is necessary to emphasize that, regardless of that, it does not deviate from the most common method of assessment - the return method. In other words, changes in the parameters of determining the price of capital when applying the return method affect the estimated value of capital, but do not change the essence of the assessment and the fact that the return method, which is based on discounting estimated net cash flows, allows the best approximation, estimated value of capital. The discount rate is a basic parameter in estimating the value of capital using the yield valuation method.

Capital value estimation is specific for young companies, for several reasons. The one and main are that such companies don't have the history that can be used for future projections. Because of that, the process of capital estimation of young companies is different from of mature and well-known companies.

In this paper we will first point out the main characteristics of the young companies and, after that, we will discuss some problems and specifics of cash flow estimation, discount rate and adjusting for the purpose of capital valuation of the young companies.

2. Literature review

According to Goldman (2008), every start-up company must consider its chances and possibilities. These are economically feasible ideas that are attractive, long-lasting and recognized in time. Chances require sufficient resources (financial, human, etc.) for a young company to survive the competition and environmental risks. The chances defined in this way enable the creation of positive net cash flows and high rates of return on invested capital. The chances for such a scenario increase, if, after the company enters a certain market, there are strong barriers to the entry of competition in the same. Having this in mind, the capital valuation of young companies has its specificities.

According to Kumar (2015), there are three basic approaches for capital valuation of young companies:

1. Yield method
2. Method of analysis of comparable transactions and
3. The method of net assets of the enterprise.

However, regardless of the chosen valuation method, the evaluator faces a lack of information about the history of "existence". This may be due to a lack of accounting data (no data on revenues and results), lack of market information (no comparable companies or direct competitors), or a large part of the company's assets are intangible assets (Miloud, Apelud, Cabrol, 2012).

According to Dusatkova, Zinecker (2016) the problem lies in the fact that existing valuation models require additional information, and that none of the mentioned methods takes into account the environment in which the investor invests capital, ie the model does not consider external factors to the business success of young (start-up) companies.

Therefore, standardized and traditional valuation methods can be used when estimating the value of capital of young companies, and thus the yield method, but for the purposes of valuation, all parameters that participate in the capital evaluation process must be adjusted.

When estimating the value of capital by the yield method of mature companies, several sources of information are used. The first and basic source is the current financial statements of the company on the basis of which it is possible to determine the profitability of the company, how that profitability affects the generation of future growth and the number of potential investments. Business history can be viewed through historical data on business results, company income and market share prices.

The third source of information is related to comparable companies on the basis of which it can be determined whether the company is better or worse than the competition, which provides potential determinants for projecting net cash flows, potential growth rates and risk premiums.

Young companies have a great lack of all this information, which means that it is necessary to replace this information with some other, to a greater or lesser extent, depending on the possibility of finding new data sources. For example, the lack of business history of young companies can be replaced by data on industry averages. Also, certain companies may operate in completely new economic sectors, which can lead to additional problems in gathering information. Such companies have a very short business history, especially bearing in mind that this is a new sector of the economy. The financial statements of these companies offer very little data on the financial structure of assets, and the expected growth is an important component of the value of capital. The companies in question are leaders and not imitators, so there is a lack of information for comparison with the competition, because there is no competition.

As a result, the task of the evaluator is to find new, additional sources of information, use all the possibilities of limited existing sources, and adjust the obtained evaluation results. Regardless of the numerous offered methods and ways of valuing young companies, the return valuation method gives the most realistic estimated value of capital, provided that the necessary modification of the basic parameters of the model were made: projected net cash flows, discount rates, stable growth rates and residual values.

Goldman (2008) believes that when assessing the value of capital of young companies using the return method, the effect of the following factors should be considered:

- Availability of potential customers and possible degree of their loyalty;
- What is the added value created by the new products of the young company, for customers and how attractive are their products;
- Size, growth rate, and level of market competitiveness;
- Investment needs and barriers to entry into the target market; Efficiency and other advantages of young companies in relation to competitive companies;
- Availability of resources of a young company - human and financial capital;
- Expected time until the first sale and entry into the profit zone;
- Seasonal character and cyclicality;
- Technology, legislation, unions, economic conditions in the country;
- The concentration of buyers and suppliers of goods and services.

3. Methodology

The subject of this paper is capital valuation. The aim of this paper is to show how it is possible to estimate the value of capital using the yield method and to point out the specifics of this procedure. Young companies are the object of this research. In this paper, we will first present the characteristics of young companies, and then the possibilities of estimating their capital by discounting cash flows as a type of yield basis method of the capital valuation from the theoretic point of view. The hypothesis that we will try to prove is that the capital valuation of young companies has its specifics in relation to the same process of mature companies. This will be proven through analyzing the available literature and the views of different authors.

4. Results of the research and discussion

4.1. Characteristics and life cycle of young companies

Young companies derive most of their value from the business perspective, ie from the possibility of generating net cash flows in the future. These companies, in the initial stages of growth, can generate high cash losses, and, regardless of that, the estimated value of capital is at a high level. Young companies do not have large investments in land, office buildings and construction facilities, and other fixed assets, but owe a large part of their value to intangible investments. Given that, business losses, lack of business history, and small amounts of material investments characterize these companies in the initial stages of development and business, and in relation to other, already existing, mature companies, which are in higher stages of the life cycle. A capital valuation of such companies may be required by a potential investor even when young firms do not yet have a market for their products.

Start-ups are usually small and represented only a small part of a country's national economy. However, Damodaran (2009) believes that these companies have a disproportionately large impact on the economy for several reasons, namely:

- There is evidence that young companies increase employment rates, creating new jobs;
- Young companies bring innovations. Namely, it is not realistic to expect significant innovations from mature companies, since they can lose more than they gain, but from young companies that bring innovations, since they "have nothing to lose";

- The formation of new companies stimulates economic growth. The economies of some countries have experienced rapid growth based on the establishment of start-up companies. For example, the US economy experienced significantly higher growth than the economies of Western European countries in the 1990s, as it was based on the establishment of smaller companies that introduced new technological innovations;

According to Damodaran (2002), all the already mentioned characteristics of young companies can be sublimated as follows:

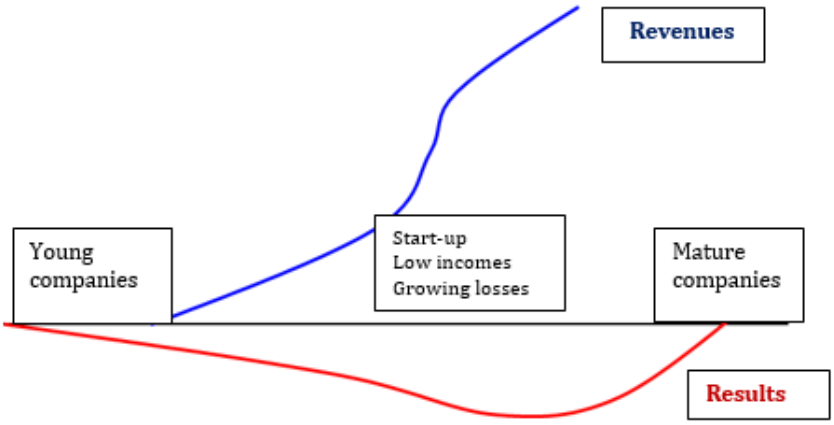
1. They do not have a business history – the business data of these companies are very limited. Many companies have only data from one, possibly two years, regarding business and finances, and financial statements are often incomplete;
2. Small or non-existent revenues, significant losses - The revenues of these companies are very low or non-existent, and the costs are usually related to the costs of establishment, rather than to the costs that generate revenues. As a result, they face high losses;
3. Young companies depend on private capital - At the beginning of the business, the sources of the capital comes from the founders, often family and friends. As the business of the company becomes promising over time, investors who want to invest capital to participate in the ownership of the company appear;
4. Many young companies do not "survive" - Many young companies cannot survive the market test of competition. Wattson and Everett (1996) conducted research in Australia and found that 64% of businesses cease to exist within the first ten years of establishment. Knaup (2005) determined, on the basis of data on the business of young companies in the United States in 1998-2005 period, that only 44% of established companies in 1998 managed to survive for four years, and only 31% "celebrated their 7th birthday";
5. Investments in young companies are illiquid - Investments of private capital in young companies are illiquid comparing to the investments in larger companies listed on the stock exchange.

Every company goes through several phases of the life cycle: the initial phase, the phase of accelerated growth, the phase of high growth, the phase of stagnation and the phase of decline. The following diagram shows the life cycle of young companies.

At the very beginning of the business, start-ups suffer high losses because their revenues are not enough to cover high amounts of fixed costs.

Even when they start generating revenue, their losses grow because they have to invest more in order to be able to meet the increased demand for their own products. Given the above, it is clear that the performance of the past of young companies cannot be used to assess future performance.

Graphic 1: Life cycle of young company



Source: *Damodaran, A. (2001). The dark side of valuation. Englewood Cliffs, Prentice Hall, New York.*

The place of young companies in the life cycle of the company indicates the limited information needed for evaluation. Namely, in the first phase of the life cycle (established companies), the products of young companies have not yet been "tested", and companies do not have a developed sales market. Current operations are of low intensity, there is no business history and comparable companies, so the overall value of the capital of young companies can only be reported from potential growth in the future. This indicates that the initial inputs for the estimation must be subject to estimation, which can lead to estimation errors. The potential growth rate is, to a large extent, related to the expertise and quality of management and the ability to commercialize ideas.

Young companies, their life cycle, continue through a phase of expansion and accelerated growth. When they attract potential customers and create a sales market, so that the company's revenue growth begins, it can easily happen that the financial statements continue to show losses. Current business operations may indicate expected growth, but realized operating margins cannot be the basis for projecting future results. The business history of these companies is still very limited and very variable from period to period. Still, a large part of the projected capital value of these companies is due to the expected potential growth in the future.

Assessing the capital of such companies is somewhat easier compared to newly established companies, but sources of information are still very limited and unreliable.

As companies enter higher stages of the life cycle, the availability and quality of information for assessment is at a significantly higher level. This information can be a solid basis for estimating the value of capital. In further phases, young companies have found their place in the market competition, gained their competitors, have a business past, relatively stable financial results, so the application of the yield method implies significantly less correction of its parameters.

If the young company is in the initial stages of the life cycle, due to possible errors, the appraiser determines a significantly larger range between the upper and lower limits of the projected value of capital. Appraisers who agree to appraise young businesses usually receive significantly higher compensation, as they are usually reluctant to participate in the evaluation due to potential errors that could lead to a decline in their reputation. A higher fee, in that case, is compensation for taking on a higher risk of misjudging the value of capital.

4.2. Specifics of net cash flow projections of young companies

Designing the net cash flows of companies with a long business history is based on historical financial statements, financial analysis results, defining the growth rate of the elements of the periodic result, based on the appraiser's assessment and, in that sense, does not create significant problems or lead to the large standard error of assessment. However, the design of net cash flows of young enterprises is based on limited information and involves finding alternative ways of estimating. Namely, international valuation standards (IVSC, 2017) recommend the application of the yield method as a simulation method in cases where there is significant uncertainty regarding future net cash flows or the moment when the flows will be generated.

The issue of projecting the net cash flows of young companies was mostly dealt with by Damodaran. According to Damodaran (2002), there are two approaches to projecting net cash flows:

1. Estimation of the potential market for products and services of a young company - In this phase, it is necessary to define: products and services that will be offered by the company, assess the size of the market and predict market movements in the future. If the offered range of products of a young company is narrow, then the potential market will be small, and vice versa. When defining a potential market, it is necessary to measure its size. For these purposes, the information offered by professional assessment services is used. Namely, there are many companies that specialize in collecting information about the business, for consulting purposes. Finally, it is necessary to analyze how the potential market will move, over time;

2. Assessment of market share - Based on the information from the previous phase, the potential market share of a young company is estimated, in the long run. This assessment depends on the quality of services that provide information and how they measure market share. It is best to analyze the companies that have the largest market share, and then evaluate the place of the young company in that market, as opposed to the competition. Potential market share depends on the ability of the management of the young company to commercialize the offered product and the available sources of financing of young companies that should enable the creation of the desired market share. Namely, the products are not sold alone, but it requires significant investments in capacities, both material and marketing investments;
3. Estimation of operating costs and operating margin - Estimation of income may be the most important item for investors, but a young company has value only if it generates results. At this stage, it is necessary to estimate the operating costs that generate the estimated operating income. During the assessment, the assessor faces a lack of information but also data on high business losses that are immanent to young companies, at the time of the assessment. The first focus should be on estimating operating margins at a time when a young company is stabilizing its business, usually based on data from mature competing companies. This operating margin is the target to be reached, and then the assessment emphasizes the expectations about the movement of the operating margin of the young company over time. The appraiser can use two approaches in the appraisal: a general approach when assessing the operating margin and potential profit of a young company or an individual approach, when assessing in detail the cost of earnings, material costs, advertising costs and the like. The second approach generates more accurate estimates, only if the assessor has sufficient information for the assessment, otherwise the first approach is applied;
4. Young Business Growth Assessment - Young business owners are usually optimistic about revenue growth at an exponential growth rate and rapid entry into the profit zone. This creates an optimistic value of the company's capital. However, such defined growth has its price. The basic question is to estimate how much the company needs to reinvest in order to provide optimistically projected growth. This includes the assessment of additional investments not only in research and development and new patents, but also investments in quality human capital. When assessing the growth of a young company, one should pay attention to two things: first, additional investments are associated with significant cash outflows and, second, reinvestment in young companies can result in negative net cash flows, which then require additional capital raising.

5. Designing the effects of taxes - In mature companies, designing these effects is a simple job and comes down to multiplying the expected operating profit before tax by the tax rate; for young companies, the assessment problem stems from the fact that these companies, in general, have not paid taxes in the past, as they have not generated profits. This trend can be predicted soon, so the question arises when the young company will enter the profit zone. Appraisers, as a result, project tax effects based on data on the tax effects of mature companies that are comparable;
6. Internal Consistency Check - Since business profit and reinvestment are assessed, in this assessment approach, it is necessary to check the consistency of these estimates (Goldman, 2008). For example, it may be estimated that the amount of reinvestment is low and that the estimate of expected results and growth rates is disproportionately high. Damodaran (2009) proposes the following consistency test, by calculating the "imputed" rate of return:

$$\text{Imputed rate of return} = \frac{(\text{Expected operating profit (t)})}{(\textit{Capital invested in the company } (t-1))}$$

The denominator of this term represents the cumulative amount of reinvestment up to the period (t-1) to which the initial capital of the young company is added. The rate of return calculated in this way is compared with the industry average. If the "imputed" growth rate is far above the industry average, it means that the amount of reinvestment is underestimated in the estimate and insufficient to generate the estimated operating profit. If the rate is below the industry average, the projected value of the investment is overestimated relative to the targeted operating profit.

The bottom-up approach to projecting net cash flows begins with an analysis of the investment capacity of a young company, and, based on that, a projection of income and net cash flows is performed. According to Damodaran (2009), this approach can be divided into several phases:

1. Assessment of the size of capacity and investment of a young company - The assessment begins with the estimation of investments' necessary for the operation of a young company, which generates production potential. Larger investments in the present allow the company to sell more products and the future, but more capital (both financial and human) is needed to ensure this. Depending on the limitations of financial and human capital, the projected production capacity will also depend on;

2. Estimate of the number of products sold and revenue - When the appraiser estimates the production capacity, it is necessary to estimate the number of products sold in the future, for each year of appraisal, as well as sales prices. At this stage, not only the potential market of the young company is taken into account, but also the competition in that market. It is clear that if a lower selling price is projected, it is estimated that the young company will sell larger quantities of products, which, as a rule, does not necessarily lead to an estimate of higher profits in the future;
3. Design of operating costs - Based on the revenue plan, the appraiser projects the production costs of sold products, for all projection years. In addition to these costs, the appraiser must estimate the costs of sales, administration and other costs so that these costs are consistent with the estimate of the number of products sold;
4. Tax assessment - Revenues and expenditures projected in the previous phases are used for projections of the taxable result, by years of projection;
5. Assessment of the need for additional investment - After the necessary investments have been projected, in phase 1, it is necessary for the appraiser to anticipate the additional investments necessary to generate the targeted production capacity and the number of expected results. The task of the appraiser is to predict in which areas of business it is necessary to reinvest capital, which will ensure the generation of projected results.

The application of the bottom up approach in the design of net cash flows leads to lower values of the projected net cash flows and results, since the projections are based on the existing capacity of the young company. This approach is recommended for assessing the value of the capital of young companies if there are significant restrictions in the market in obtaining additional capital and if the success of the company depends on the concept of the "key" person of the company.

4.3. Adjusting the discount rate for the needs of capital value estimating of a young company

The calculation of the discount rate by the CAPM method is based on the assessment of the beta coefficient, and the risk of expected rates of return refers to the assessment of market risk that cannot be diversified, while there is no specific risk that can be fully diversified by a marginal investor. For young companies, this assumption is not valid, for several reasons. First, young companies are usually not listed on the stock exchange. Consequently, it is not possible to determine the beta coefficient based on regression analysis, based on previous rates of return.

Second, the assumption that the only significant risk to assess is risk assessing, which cannot be diversified, cannot be accepted, but investors demand compensation for a specific risk. This leads us to the conclusion that the discount rate of young companies will be significantly higher in relation to mature companies, regardless of the way it is calculated.

Metrick (2007) found that discount rates ranging from 30% to as much as 70% are commonly used to assess the value of young companies 'capital. These discount rates are significantly higher than the discount rates used to estimate smaller and mature firms, which range between 12.1% and 17.8% (Ibbotson, Sinquefiled, 1988). According to Amihud and Mendelssohn (1986), the main reason for high discount rates lies in the illiquidity of young companies' assets.

Given the fact that young companies are not listed on the stock exchange, Damodaran (2009) proposes an alternative procedure for assessing the risk of young companies. The substitute for the beta coefficient of young companies can be the beta coefficients of listed companies, which are in the early phase of their lives cycle. Based on the regression analysis, the beta coefficient of young companies can be calculated, as follows:

$$\beta u \text{ for sector} = \frac{(\text{Average beta of enterprises in the early phase of the life cycle})}{(1+(1-tax\,rate * average\,D/E\,of\,the\,sector))}$$

A beta determined in this way can be a good approximation of the market risk of young companies.

Since the owners of young companies are not diversified, the absence of diversification has a significant effect on the beta coefficient, ie adjustments must be made for insufficient diversification. In this way, the adjusted beta coefficient will, in addition to market risk, also include compensation for a specific risk. The value of the beta coefficient, in this case, can be reached as follows:

$$\beta u \text{ of young company} = \frac{(\text{Market beta group of selected companies})}{(Degree\,of\,correlation\,with\,the\,market\,group\,of\,selected\,companies)}$$

The beta coefficient calculated in this way is significantly higher in relation to the market beta, which leads to the calculation of a higher discount rate and a lower estimated value of the capital of young companies.

Young business owners, in some cases, are reluctant, at least in the early stages of a business life cycle, to use borrowed capital (Goldman, 2008). However, if a company has to borrow capital, the estimated debt ratio, based on the assessment of the company's management, can be used to calculate the company's beta ratio, in order to calculate the discount rate.

Since the expected changes in the life cycle of the company are included in the projected net cash flows, it is expected that the expected rate of return on equity will also change. Namely, the growth of young companies opens opportunities for additional capital lending, so positive effects of using financial leverage on the projected discount rate are expected.

As already mentioned, one of the basic problems of young companies is the illiquidity of funds. Given this, it is to be expected that the discount rate of young companies must be higher by the amount of compensation for taking on the risk of illiquidity. At this point, it is important to emphasize that if the illiquidity risk is covered through an increased discount rate, then this risk is not covered through the calculation of the terminal value, in order to avoid double counting (Damodaran, 2002).

According to Goldman (2008), the existence of two types of risks should be taken into account when estimating the discount rate of young companies:

1. The risk that is already an integral part of the discount rate (market and specific risk - in the case of young companies) and
2. The risk that reflects the probability of survival of the company (bankruptcy risk).

Based on the conducted research, Goldman (2008) observed that the value of many young companies is not derived from high discount rates, but their value is significantly lower than that of mature companies, due to the high risk of possible bankruptcy.

According to Festel, Wuermseherb, Cattaneoc (2013) the measure of the

market risk of young enterprises - the beta coefficient should be further adjusted depending on the risk profiling each young enterprise, separately. This risk is determined based on the business plan of the company, conversations with owners and managers, and on applied technology, products, implementation of plans, organizational structure, financial aspects of a particular company and the like.

According to Dusatkova, Zinecker (2016), the discount rate intended for assessing the value of young companies should be modified so that, among other things, it reflects the external determinants of the environment. The essence of their proposal is reflected in the fact that the beta coefficient without leverage calculated for mature companies in the industrial sector in which the young company operates should be increased by the estimated risk of young companies, which arises from five factors: technology, production, implementation, organization and finance. This assessment should be performed by experts in these fields.

Then, the effect of the environment is added to the projected discount rate, in the sense that if the ambient conditions for additional investments of companies that want to invest in young companies are good, then the discount rate decreases and vice versa.

This means that the beta coefficient, which is a measure of market risk and determines the amount of the discount rate, is obtained as follows:

$$\beta\text{mod.} = \beta\ (sector) + additional\ risk\ (5\ factors) \pm risk\ of\ external\ environment$$

Such a modified measure of market risk participates in the calculation of the discount rate, and the equation clearly shows the amount of the discount rate depends on the risk of the listed five factors and the risk of the external environment. Based on this method for calculating the beta coefficient as an element of the discount rate, the following conclusions can be drawn:

Young companies that have a lower additional risk based on factors: technology, production, implementation, organization, and finance, with other unchanged conditions of the model, have a lower beta coefficient and a lower discount rate;

Young companies operating in a favourable business environment, with other unchanged model conditions, have a lower beta coefficient and a lower discount rate, and vice versa.

5. CONCLUSION

Based on all the presented research results, the following conclusions can be drawn:

1. The discount rate, regardless of the calculation method, has a decisive influence on the estimated value of equity. With other unchanged conditions of the return valuation model, any increase in the discount rate leads to a decrease in the estimated value of capital, and each decrease leads to an increase in the estimated value of the company's equity;
2. The discount rate, as a crucial factor in the assessment, is conditioned by market developments, varies over time, depends on the subject of the assessment and must be adjusted for all types of risks and adjusted for the effect of inflation; The discount rate of young companies is significantly higher compared to mature companies, since investors demand compensation for specific risks: bankruptcy risk and illiquidity risk of young company's assets;
3. Young companies derive a significant part of their value from residual (terminal) value;
4. Insufficient amount of information on the business of young companies, short business history and subjectivity of appraisers when applying the return method in assessing the value of capital of young companies, makes the results of the assessment insufficiently reliable.

LITERATURE

1. Damodaran, A., 2001. The dark side of valuation. Englewood Cliffs, Prentice Hall, New York.
2. Damodaran, A., 2002. Investment Valuation, Tools and Techniques for Determining the Value of Any Asset, Second Edition, John Wiley&Sons, Inc, New York
3. Damodaran, A. (2003). Country Risk and Company Exposure: Theory and Practice. Journal of Applied Finance, Vol. 13 Issue 2, 63-76.
4. Damodaran, A. (2005). Value and Risk: Beyond Betas. Financial Analysts Journal, Vol. 61 Issue 2, 38-43.
5. Damodaran, A. (2009). Valuing Young, Start-Up and Growth Companies: Estimation Issues and Valuation Challenges, available at: http://dx.doi.org/10.2139/ssrn.1418687 (date of access: 23.07.2021).
6. Dusatkova, M. S., Zinecker, M. (2016). Valuing start-us - selected approaches and their modification based on external factors. Business: Theory & Practice, Vol. 17 Issue 4, 335-344.
7. Festel, G. Wuermseherb, M., Cattaneoc, G. (2013). Valuation of early stage high-tech start-up companies. International Journal of Business, 18(3), 216-231.
8. Fishman, J., Pratt, P.S., 2006. PPC's Guide to Business Valuations; Vol 1, 2, & 3. PPC., Texas.
9. Frykman, D., Tolleryd, J., 2003. Corporate valuation, Prentice Hall, London.
10. Gautrieaud, S. (2002). Le risque pays: approche conceptuelle et approche pratique. ATER – Centre d'Economie du Developpement – Universite Montesquieu Bordeaux IV; available at: http://ideas.repec.org/p/mon/ceddtr/72.html (date of access: 28.07.2021.).
11. Goldman, M. 2008. Valuation of Startup and Early-Stage Companies. The Value Examiner. avaliable at: http://www.michaelgoldman.com/Publications/Goldman%20Valuation%20of%20Start-ups.pdf (date of access: 01.08.2021).
12. Grabowski, R.J. (2008), Problems with Cost of Capital Estimation in the Current Environment—Update. Business Valuation Review, Vol. 27, No. 4, 209-220.
13. Ibbotson, R.G., Sinquefield, R.A., 1988. Stocks, bonds, bill, and inflation. SBBI 1988 Quarterly Market Reports, Ibbotson Associates, Chicago, IL.
14. International Valuing Standard Council 2017, International Valuation Standards 2017, IVSC, United Kingdom.
15. Knaup, A.E. (2005). Survival and longevity in the Business Employment Dynamics data. Monthly Labor Review, 50–56.
16. Kumar R., 2015. Valuation: Theories and Concepts. Academic Press Elsevier, USA.
17. Metrick, A., 2007. Venture Capital and the Finance of Innovation, Wiley, New York, NY.
18. Pratt, P.S., 2003. Business Valution Body of Knowledge, John Wiley & Sons INC, Danvery USA.

Vladimir Grdinić

Jasmina Šmigić Miladinović

Miloš Pavlović

Miloš Ranđelović

SPECIFIČNOSTI PROCENE VREDNOSTI KAPITALA MLADIH PREDUZEĆA PRINOSNOM METODOM

SAŽETAK

Procena vrednosti kapitala mladih preduzeća koja imaju kratku istoriju postojanja razlikuje se u odnosu na procenu zrelih i razvijenih preduzeća. Naime, neka od ovih preduzeća ostvaruju rezultate poslovanja koji su negativni ili su na niskom nivou. Čak i kada su sposobna da generišu viši nivo profita, istorija njihovog postojanja je kratka, ona zavise od mogućnosti pozajmljivanja kapitala što čini procenu putem prinosne metode značajno težom u odnosu na uobičajene slučajeve. Nezavisno od industrije u kojoj posluju, sektora, proizvodno-prodajnog arannžmana i stepena inovativnosti, ova preduzeća susreću se, ne samo sa uobičajenim rizikom već i rizikom opstanka i neizvesnosti koju donosi budućnost. Pri proceni vrednosti kapitala mladih preduzeća mogu se koristiti standardizovane i tradicionalne metode procene, samim tim i prinosni metod. Bez obzira na izabrani metod procene, procenitelj se suočava sa nedostatkom informacija o istoriji "postojanja". Iz tog razloga se za potrebe procene, mora izvršiti prilagođavanje svih parametara koji učestvuju u postupku evaluacije kapitala.

Predmet ovog rada jeste procena vrednosti kapitala. Cilj rada jeste da se pokaže na koji način je moguće izvršiti procenu vrednosti kapitala prinosnom metodom i da se ukaže na specifičnosti u ovom postupku. Objekat istraživanja su mlada preduzeća. U radu ćemo prvo prikazati karakteristike mladih preduzeća, a zatim mogućnosti procene njihovog kapitala uz pomoć diskontovanja novčanih tokova kao vrste prinosnog metoda procene vrednosti kapitala.

Ključne reči: *procena vrednosti kapitala, mlada preduzeća, prinosni metod.*

JEL: *M40, G30.*