

The Investigation of the Effect of the Assessment of the Company on the Financial Tables and the Sampling of FAVÖK (EBITDA) Method on a Ring Open Company

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Abstract: *Value concept; has a structure that differs according to the social structure, time and culture of which it is and it can be defined as quality or price that is perceived by the consumer or paid. Valuation is the monetary statement of the value of the assets and is the total of the activities performed during the determination of the value of an asset. The aim of this study is to examine the methods used in firm valuation and to present a sample on a public company with the most commonly used methods. In this study, the reasons for determining the firm value, the factors in determining the firm value and the firm valuation methods were examined. In the application part, FAVÖK (EBITDA) method was applied on a firm that is traded on the BIST, and the firm's valuation analysis were made.*

Keywords: Firm Valuation, Valuation Methods, FAVÖK (EBITDA) Method

1. Introduction

The concept of value is the quality of a good as determined by the measure of change. That's why, it can also be expressed as the desired commodity or currency to be obtained from any product. Pricing is the process of revealing the value of goods and services in the market within a certain period of time. For this reason, the intersection of the two values creates a conflict between price and value facts. A complete combination of the basic facts between the two expressions requires the development of the valuation element. This qualification, which is related to financial systems, can turn into an effective functionality for supply–demand law. In this sense, the concept of valuation is the main analysis elements that are effective in determining whether the market value of assets is lower or higher than the real value in the financial markets. (Aydın, 2012).

Providing confidence and activities towards capital markets, change as a measure of accurate determination of firm value. The main factor in this context is to reflect the actual size of the value found. As an crucial result of the rapid developments of capital markets, mergers and acquisitions and the tendency of the companies for public listing, allows owners and investors to know the correct values of their firms. In this context, it can be said that it is important to determine the value of the firm correctly, especially to make public listing, to make purchasing decisions of stocks traded on the stock exchange and to determine the values of institutions. For privatization scope. (Üreten ve Ercan, 2000).

The implementation of financial transactions for the Firm involves the execution of the transactions of the banks and similar financial institutions performing the valuation of the firms by both the managers of the company, the owners of the company or the partners and the stock investors. In this context, as an important criterion of the analysis process, besides the evaluation of the factors such as liquidity and profitability of the firms, there are concerns including the firm values that include different purposes. (Yener ve Karakuş, 2012).

As a result of investments and the development of technological structures, the interests of shareholders and managers may change into profitable foreign markets. Because of the fact that, continuous valuation of firms constitutes an crucial process network. The tendency of companies working on this basis is important for rapid growth and to be among the most influential companies in the market. (Ercan ve diğerleri, 2003).

The process of expressing the concept defined as the value of the firm is the function of capturing the position of determining qualitative measurements of the situations that may create value effect in the firm. The most important factor that determines the value of a firm is the expression of a appraised value in the buy and sell transactions of the firm. In this context, companies often need valuation at certain times. (Çevikçelik, 2012).

The broad scope of firm value interests is a measure of the goal of profit maximization for firms, the quality of performance that does not show problematic segments. At the same time, the decisions taken by the firms give financial results that affect their reflection on the ratios related to different subjects. On the other hand, in case of uncontrollable effects as a result of a certain transaction, it has an uncontrollable effect on firm values. In this context, it can be said that various factors have become a

necessity in determining the value of the firm through financial statements. (Ayrıçay ve Türk, 2014).

Nowadays, as real / legal entities managing the decision-making process using the information obtained through the financial statement set, it has expanded to the extent that it does not agree with the management-shareholder, investor-creditor and state triangle. Customers and sellers need a range of financial statements from their suppliers and customers, especially in the context of valuation of credit risks. (Ünkaya ve Dabbağoğlu, 2016). The sets of financial statements are prepared in accordance with International Financial Accounting Standards (IFRS). IFRS statements form the basis of the comparability of financial statements among all companies worldwide.

The process of determining accounting information is crucial to present financial statements to various information users and decision makers. The focus of information users on goal setting with the help of financial statements is effective in decision-making, particularly in transactions requiring high investment. The potential to develop accurate and realistic work in the decision-making process, together with firm valuation, provides an environment for more effective results. The firm's value for accounting information requires functionality that provides important information to governments, investors, business owners, and business partners. (Elitaş, 2013). Therefore, companies should make a decision by using various methods in the valuation process. Commonly used by accountants and valuation techniques is the activity of guiding activity, the use of book value (Önal ve diğerleri, 2005).

Determining the general characteristics of firms in the process of determining the value of the company requires the development of different processes. For these processes, the progressive aspect of the works in the process requires the development of different methods. In this context, companies should determine the most appropriate method and pay attention to improvement in accounting transactions. Here, we clarify the general attitude of choosing traditional and advanced methods depending on which method firms will use (Koyuncu, 2010).

2. Reasons for Determining Company Value

Companies tend to make valuation at different times for different reasons. The main reasons of this kind of valuation; company mergers, marketing of companies shares, public listing of companies, determination of profit distribution ratios depending on shareholders of companies, shareholder recruitment or leaving situations, providing

credit reliability researches, transforming individual companies into capital companies, providing privatization transactions, liquidation and restructuring transactions can be stated. (Arkan, 2010).

When the elements expressed are examined, The realization of the valuation of the enterprises at a very important level for the enterprises is important in terms of ensuring that the steps are taken in an effective structure depending on the processes performed within this scope. (Aydın, 2012). For these concepts, companies need to develop studies, show capacity-based activities and show capacity-oriented systems. Accordingly, it is important for companies to acquire a qualified position in order to achieve their growth performance effectively. (Karaöz ve Demirgil, 2009).

3. Company Evaluation Methods Differences

Determining the general characteristics of firms in the process of determining the value of the company requires the development of different processes. For these processes, the progressive aspect of the works in the process requires the development of different methods. In this context, companies should determine the most appropriate method and pay attention to improvement in accounting transactions. To make distinct is important for the general attitude of choosing traditional and advanced methods depending on which method firms will use. (Koyuncu, 2010).

Considering the process of developing effective studies for valuation, different approaches have been developed. Accordingly, discounted cash flow approach, asset-based approach, conditional valuation approaches are effective measurement framework of the techniques used to determine firm value. Method systems developed for firm valuation are related to the development of measurement according to firm valuation status. (Masun, 2017). Results that can be achieved by companies in value-based management approaches, Asset-based valuation for the current operational structure among valuation techniques, market based valuation and income based valuation techniques. (Cingöz, 2014).

3.1. Asset Based Valuation Methods

Asset-based valuation methods are valuation methods related to the value of assets. Liquidation value, carrying value, net asset value, appraisal value, revalued net asset value, amortized replacement value, restructuring value, valuation by dividing parts and precedent value can be expressed among these methods. Can be expressed in this

framework, active valuation techniques in the execution of transactions, Various methods are used. Preferred locations of these methods can be specified as a measure of the features within the scope of the present invention (Cingöz, 2014).

3.2. Market Based Valuation Methods

In the market-based valuation method, the general purpose can be expressed as the determination of the value of any asset whose price has a significant structure in the market. Among these methods Price / earnings ratio method,, market value / book value ratio method, price / cash flow method, price / sell ratio method, market value / profit before interest, depreciation method, profit before tax method and market capitalization value method can be expressed. To summarize, formal logic operation in this valuation technique, it should be based on the fact that similar products are sold at the same prices. Accordingly, if assets are assessed correctly, buyers and sellers can effectively compare the products they will receive. Thus, they will be able to determine their own assets accurately. The valuation of the company within the scope of the method is for those not traded on the stock exchange. In this direction, the development of the operational structure for the model system expressed is the assumption that it will be the same as another enterprise value. (Masun, 2017).

3.3. Revenue Based Valuation Methods

The most appropriate concept used in the valuation of the firm is the method expressing the net cash flow. By using this concept, healthier results can be achieved. The most important impact structure obtained from healthy results is the consideration of expense items that do not require cash outflow such as depreciation, which are evaluated among operating expenses. Accordingly, cash based studies reflect the impact. The use of income-based valuation techniques is also evaluated in two different ways. These are the reduction of revenues and the use of transactions and the realization of transactions due to high-income methods. The analysis of the methods for this flow system in firms is an important scope framework. (Cingöz, 2014).

4. Market Value Before Tax Method/nterest, Quantity and Profit (EBITDA)

The use of this method by companies has recently been frequently preferred. During the analysis of the ratio, the relationship between the firm's market value and the market value of the shares is determined. The use of this method generally targets companies with high depreciation costs. This provides significant advantages. The most important benefit of the method is that, if fixed assets are high, it creates a significant gain framework in enterprises that are not taken into consideration in the

calculations due to high depreciation expenses. The effect of such an issue on creating a negative process in the perception of the company is that it creates a significant gain with the determination of the value methods in question. (Cingöz, 2014).

FAVÖK (Interest, Tax and Profit Before Depreciation), which is a widely used concept in recent years, is popular in daily stock valuation. Since the valuation is made on the operating profit excluding interest, tax and depreciation, it is eliminated from the operational and financial effects specific to the firm. Particularly in capital intensive firms, depreciation expenses are very high so that a more accurate and accurate value can be obtained by excluding the depreciation expense which makes the profit before interest and tax significant. Because of the fact that depreciation expense is excluded, it shows the firm's ability to generate cash. (Açıkgöz, 2019).

5. Application on A Public Open Company

Firm valuation is to reveal the importance of financial information users (business owner, partners, credit institutions, government, investors, employees, society, etc.) in decision making. In accordance with this purpose, they will be able to analyze the pre-valuation and post-valuation situation by using the consolidated financial statements of a joint stock company whose shares' are traded on the stock exchange. The company used in the application; is a company operating in the telecommunications sector and sharing company information through the Public Lighting Platform was selected as an example, so the real name of the company has not been given, which will be named ABC A.Ş. for the application.

5.1. Financial Statements

In this section, the explanation and results of the valuation methods used in the valuation study subject to the research are discussed. Valuation calculations are made in Turkish Lira. The following is a summary of the financial statements prepared according to ABC A.Ş.'s current period and the previous period's International Financial Reporting System.

Table 1. ABC A.Ş. Capital Structure of the Company

| | Current Period | Prior Period |
|------------------------|------------------|------------------|
| A Partner | 875.000 | 1.050.000 |
| B Partner | 525.000 | 525.000 |
| C Partner | 175.000 | -- |
| Public Shares | 1.925.000 | 1.925.000 |
| Paid-in capital | 3.500.000 | 3.500.000 |
| Inflation Adjustment | (239.752) | (239.752) |
| Capital | 3.260.248 | 3.260.248 |

Table 2. ABC A.Ş. Statement of Financial Position

| Current Assets | Current Period | Prior Period |
|--|-------------------|-------------------|
| Cash and Cash Equivalents | 4.100.204 | 3.016.366 |
| Trade Receivables | | |
| – Trade Receivables from Related Parties | 23.707 | 26.193 |
| – Trade Receivables from Non-Related Parties | 4.792.834 | 4.118.551 |
| Other Receivables | | |
| – Other Receivables from Related Parties | 57.894 | 52.933 |
| Derivative Instruments | 557.712 | 601.401 |
| Stochs | 203.978 | 261.264 |
| Prepaid expenses | 343.332 | 324.367 |
| Current Period Tax Related Assets | 33.884 | 184.985 |
| Other Current Assets | 415.488 | 563.062 |
| Total Current Assets | 10.529.033 | 9.149.122 |
| Fixed Assets | Current Period | Prior Period |
| Non-current Assets Held for Sale | 37.361 | 37.361 |
| Financial Investments | 11.840 | 11.840 |
| Trade Receivables | | |
| – Trade Receivables from Related Parties | 91.197 | 42.095 |
| Other Receivables | | |
| – Other Receivables from Related Parties | 33.837 | 33.885 |
| Derivative Instruments | 59.006 | 51.397 |
| Investment Properties | 22.376 | 24.559 |
| Property, Plant and Equipment | 9.115.520 | 8.734.951 |
| Intangible Assets | 8.482.480 | 8.386.216 |
| – Goodwill | 44.944 | 44.944 |
| – Other Intangible Assets | 8.437.536 | 8.341.272 |
| Prepaid Expenses | 68.935 | 58.725 |
| Deferred Tax Assets | 660.707 | 316.213 |
| Other Non-Current Assets | 36.243 | 28.087 |
| Fixed Assets | 18.582.141 | 17.687.968 |
| Total Assets | 29.148.535 | 26.874.451 |

| Current Assets | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Short Term Liabilities | Current Period | Prior Period |
| Short Term Barrowings | | |
| – <i>Bank Barrowings</i> | 66.714 | 72.574 |
| Short Term Portion of Long Term Barrowings | | |
| – <i>Bank Barrowings</i> | 2.395.531 | 1.897.421 |
| – <i>Financial Lease Payables</i> | 617 | 603 |
| – <i>Issued Bonds, Bills and Notes</i> | 23.800 | 17.235 |
| Trade Payables | | |
| – <i>Trade Payables from Related Parties</i> | 2.326 | 8.812 |
| – <i>Trade Payables from Non-Related Parties</i> | 4.066.558 | 4.522.389 |
| Payables to Employee Benefits | 175.712 | 203.233 |
| Other Payables | | |
| – <i>Other Payables from Non-Related Parties</i> | 844.592 | 739.920 |
| Derivative Instruments | 192.052 | 233.560 |
| Deferred Income | 226.864 | 160.829 |
| Period Profit Tax Liability | 24.344 | 17.929 |
| Short Term Provisions | | |
| – <i>Short Term Provisions for Employee Benefits</i> | 162.906 | 165.862 |
| – <i>Other Short Term Provisions</i> | 433.238 | 264.200 |
| Other Short Term Provisions | 46.327 | 47.138 |
| Short Term Liabilities | 8.661.581 | 8.351.705 |
| Long Term Liabilities | Current Period | Prior Period |
| Long Term Barrowings | | |
| – <i>Bank Barrowings</i> | 10.270.506 | 9.569.254 |
| – <i>Financial Lease Payables</i> | 1.982 | 1.570 |
| – <i>Issued Bonds, Bills and Notes</i> | 3.732.588 | 3.482.522 |
| Trade Payables | | |
| – <i>Trade Payables from Related Parties</i> | -- | 83.679 |
| Other Payables | | |
| – <i>Other Payables from Non-Related Parties</i> | 375.233 | 494.176 |
| Derivative Instruments | 117.389 | 152.408 |
| Deferred Income | 367.201 | 305.200 |
| Long Term Provisions | | |
| – <i>Long Term Provisions for Employee Benefits</i> | 813.393 | 783.401 |
| – <i>Other Long Term Provisions</i> | 8.035 | 7.887 |
| Deferred Tax Liability | 245.540 | 256.028 |
| Long Term Liabilities | 15.931.867 | 15.136.125 |
| Total Liabilities | 24.593.448 | 23.487.830 |

| Equity | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Paid-In Share Capital | 3.500.000 | 3.500.000 |
| Capital Adjustment Differences (-) | (239.752) | (239.752) |
| Share Based Payments (-) | 9.528 | 9.528 |
| Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss | | |
| – <i>Defined Benefit Plans Re-Measurement Losses</i> | <i>(526.583)</i> | <i>(493.990)</i> |
| Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss | | |
| – <i>Risk Protection Losses</i> | <i>(299.552)</i> | <i>(245.564)</i> |
| – <i>Foreign Currency Translation Differences</i> | <i>218.920</i> | <i>99.405</i> |
| Restricted Reserves | 2.355.969 | 2.355.969 |
| Other Reserves | (1.320.942) | (1.320.942) |
| Retained Earnings or Losses | (278.033) | 446.307 |
| Net Profit or Loss for the Period | 1.135.532 | (724.340) |
| Total Equity | 4.555.087 | 3.386.621 |
| Total Liabilities | 29.148.535 | 26.874.451 |

Table 3. ABC A.Ş. Comprehensive Income Statement

| | Current Period | Prior Period |
|--|-----------------------|---------------------|
| Revenue | 18.139.554 | 16.108.594 |
| Cost of Sales (-) | (10.029.082) | (9.023.396) |
| Gross Profit | 8.110.472 | 7.085.198 |
| General Administrative Expenses (-) | (2.175.077) | (2.211.725) |
| Marketing Expenses (-) | (2.404.461) | (2.187.900) |
| Research and Development Expenses (-) | (124.737) | (93.821) |
| Other Income | 291.123 | 323.863 |
| Other Expenses (-) | (540.970) | (775.631) |
| Operating Profit, Loss | 3.156.350 | 2.139.984 |
| Loss of Investment Activities | 130.398 | 60.040 |
| Gain from Investment Activities | (5.610) | (4.048) |
| Operating Profit Before Financial Expenses/Income | 3.281.138 | 2.195.976 |
| Financial Income | 722.307 | 664.759 |
| Financial Expenses (-) | (2.525.118) | (3.257.296) |
| Financial Expenses, Net/Income | 1.478.327 | (396.561) |
| Tax Income/ (Expense) | (342.795) | (327.779) |
| – Current Tax Expense for The Period | <i>(696.792)</i> | <i>(405.784)</i> |
| – Deferred Tax Income/(Expense) | <i>353.997</i> | <i>78.005</i> |
| Net Loss for The Period | 1.135.532 | (724.340) |
| Tax Income/ (Expense) | 1.135.532 | (724.340) |

Table 4. ABC A.Ş. Cash Flow Statement

| | Current Period | Prior Period |
|--|-------------------|--------------------|
| Net Loss for The Period | 1.135.532 | (724.340) |
| Adjustments on Depreciation and Amortization Expenses | 2.906.444 | 2.796.343 |
| Adjustments on Depreciation and Amortization Expenses | | |
| – <i>Adjustments for Impairment of Receivables</i> | 468.115 | 371.223 |
| – <i>Adjustments for Inventory Impairment</i> | 27.354 | 10.425 |
| – <i>Adjustments for Impairment of Tangible Fixed Assets</i> | 112.788 | 52.218 |
| Adjustments for Provisions | | |
| – <i>Adjustments for Provisions for Employee Benefits</i> | 324.368 | 299.997 |
| – <i>Corrections Regarding Litigation and / or Provisions</i> | 236.705 | 112.819 |
| – <i>Adjustments for Other Provisions</i> | 148 | 176 |
| Adjustments on Interest Expenses and Income | | |
| – <i>Adjustments for Interest Income and Expenses</i> | 326.225 | 337.988 |
| – <i>Deferred Financial Expense / (Income) from Forward Purchases / Sales</i> | 50.052 | 79.314 |
| Unrealized Foreign Currency Conversion Differences | 1.506.495 | 2.229.488 |
| Adjustments for Fair Value Losses (Gains) | | |
| – <i>Adjustments for Fair Value Gain of Derivative Financial Instruments (-)</i> | (27.620) | (189.431) |
| Adjustments for Tax Expenses | 342.795 | 327.779 |
| Adjustments for Gains from the Disposal of Tangible Fixed Assets (-) | (124.788) | (55.992) |
| Other Adjustments for Non-Cash Items (-) | (81.027) | (47.458) |
| Financing Activities Cash Flow | 7.203.586 | 5.600.549 |
| Changes in Assets and Liabilities | | |
| Adjustments for Increase / Decrease in Trade Receivables and Other Receivables (-) | (1.151.197) | (692.422) |
| Adjustments for Increase / Decrease in Inventories | 29.932 | (68.478) |
| Adjustments for Increase / Decrease in Trade Payables and Other Payables | 415.372 | 11.027.318 |
| Decrease in Other Receivables Related to Operations from Unrelated Parties | 134.657 | 174.723 |
| Decrease in Other Receivables Related to Operations from Unrelated Parties | 158.096 | 27.111 |
| Cash Flows from Operations | | |
| Interest Received | 105.850 | 100.320 |
| Payments Within the Scope of Provisions for Employee Benefits (-) | (337.799) | (319.772) |
| Payments for Other Provisions (-) | (68.166) | (146.011) |
| Tax Payments (-) | (534.115) | (694.273) |
| Other Cash Out (Input) Expenses (Income) Not Required Net | (12.031) | (76.669) |
| Business Activities Cash Flow | 5.944.185 | (4.612.108) |

| Cash Flows from Investment Activities | | |
|--|--------------------|--------------------|
| Cash Outflows Due to Additional Share Purchase Payables in Subsidiaries (-) | (205.000) | (27.500) |
| Cash Outflows from Purchases of Tangible and Intangible Assets | 151.001 | 82.659 |
| Cash from Sales of Tangible Fixed Assets (-) | (4.223.530) | (4.667.267) |
| Investment Activities Cash Flow | (4.277.529) | (4.612.108) |
| Net Cash Used in Financial Activities | | |
| Cash Inputs from Loans | 1.560.795 | 3522.579 |
| Cash Outflows on Debt Payments | | |
| - Cash Outflows on Loan Repayments | (1.854.449) | (2.807.518) |
| Cash Outflows from Debt Payments Arising from Financial Leasing Agreements (-) | (71) | (7.862) |
| Cash Inflows from Derivative Instruments | 18.788 | 97.647 |
| Dividends Paid (-) | -- | (840.859) |
| Interest Paid (-) | (456.516) | (430.085) |
| Interest Received | 181.787 | 125.893 |
| Other Cash Outflows (-) | (57.412) | (61.567) |
| Net Cash From Financial Activities (-) | (607.078) | (401.772) |
| Net increase in cash and cash equivalents before foreign currency translation difference | 1.059.578 | (81.484) |
| Net Increase / Decrease in Cash and Cash Equivalents | 12.229 | 183.394 |
| Cash and Cash Equivalents at the Beginning of the Period | 2.616.297 | 2.514.386 |
| Cash and cash equivalents at the end of the period | 3.688.104 | 2.616.297 |

Table 5. ABC A.Ş. Cash and Cash Equivalents

| | Current Period | Prior Period |
|------------------------------------|-----------------------|---------------------|
| Cash Available | 298 | 358 |
| Cash in the Bank – Current Account | 631.227 | 911.595 |
| Cash – Time Deposit Account | 3.467.650 | 2.100.430 |
| Other | 1.029 | 3.983 |
| | 4.100.204 | 3.016.366 |

5.2. Valuation by EBITDA (EBITDA) Method

EBITDA–Financing Depreciation Profit Before Tax (EBITDA) multiplier application is one of the methods used in transfer of company. The basic principle of this method is as follows (Bilir ve Kuralı, 2014);

$$\text{Turnover} = (\text{Multiplier} \times \text{EBITDA}) - \text{Net Financial Debt}$$

When using the above formula, the Company's value is based on the cash flows that the company will provide in the past and future. In other words, the transfer price is

calculated by multiplying the annual cash flow to be provided by the company with a certain coefficient.

Multiplier is often used in calculations as a value between 4–7 in different sectors. Multiplier value may vary between sectors, in the same sector in different years in the form of different value may appear. For example, the multiplier value used in the textile sector may be a different value in the metal sector.. In short multiplier; It is determined in relation to the willingness of the company to pay the cash flow of the activities to be obtained and the return of the person or company that will take over the shares of the company to be valued. This willingness to take back is mainly related to the sector risk of the firm, country risk and world economy.

Table 6. ABC A.Ş. EBITDA (EBITDA) Table

| | Current Period | Prior Period |
|---|-----------------------|---------------------|
| Pre-tax profit | 1.478.327 | (396.561) |
| Depreciation | 2.906.444 | 2.796.343 |
| Interest Expenses | -- | -- |
| EBITDA | 4.384.771 | 2.399.782 |
| Foreign Exchange Profits | (1.059.578) | 81.484 |
| Provisions for Severance Pay | 337.799 | 319.772 |
| Provision for Leave Money | 148 | 176 |
| Provision for Doubtful Receivables | 468.115 | 371.223 |
| Adjusted EBITDA | 4.131.255 | 3.172.437 |
| EBITDA multiplier | 4,50 | 4,50 |
| Company Value | 18.590.648 | 14.275.967 |
| Net Financial Debt Calculation | | |
| Bank credits | (12.732.751) | (11.539.249) |
| Bank Credit Interest Accruals | (105.850) | (100.320) |
| Doubtful Receivables | (468.115) | (371.223) |
| Cash Available | 298 | 358 |
| Bank Deposits | 4.098.877 | 3.012.025 |
| Transferring KDV | -- | -- |
| Net Financial Debt | (9.207.541) | (8.998.409) |
| Company Value after Net Financial Debt | | |
| | 9.383.107 | 5.277.558 |
| Number of Shares | 350.000.000.000 | 350.000.000.000 |
| Share Value (TL) | 0,000027 | 0,000015 |

Tablo 7. FAVÖK (EBİTDA) Hesaplama Dayanakları

| Explanation | Rest | Reconciliation Status |
|------------------------------------|--|-----------------------|
| Pre-tax profit | IFRS Financial Statements | Yes |
| depreciation | IFRS Financial Statements | Yes |
| Interest Expenses | IFRS Financial Statements | Yes |
| Foreign Exchange Profits | IFRS Financial Statements | Yes |
| Provisions for Severance Pay | IFRS Financial Statements | Yes |
| Provision for Leave Money | IFRS Financial Statements | Yes |
| Provision for Doubtful Receivables | IFRS Financial Statements | Yes |
| EBITDA multiplier | Pursuant to the Share Purchase Agreement | Yes |
| Bank credits | IFRS Financial Statements | Yes |
| Bank Credit Interest Accruals | IFRS Financial Statements | Yes |
| Doubtful Receivables | IFRS Financial Statements | Yes |
| Cash Available | IFRS Financial Statements | Yes |
| Bank Deposits | IFRS Financial Statements | Yes |
| transferor KDV | IFRS Financial Statements | Yes |
| Number of Shares | IFRS Financial Statements | Yes |

The current and previous company values calculated in Table 6 are calculated by EBITDA (EBITDA). Pre-tax profit, interest expense and foreign exchange profits in Table 6, From the IFRS comprehensive income statement in table 3 of ABC A.Ş. depreciation, vacation, seniority and doubtful receivable expenses are from the table of cash flow of IFRS firm in table 4; cash and bank balances are calculated using the information in the cash and cash equivalents table in table 5.

The data used in the calculations are taken from the baseline tables given in Table 7. The IFRS Financial Statements mentioned in the table are as follows: ABC A.Ş. 1: current capital structure, Table 2: statement of financial position, Table 3: statement of comprehensive income, Table 4: statement of cash flows and Table 5: statement of cash and cash equivalents and information based on share purchase agreement as explained in the literature. hypothetically used by the shareholder. It is understood that the accuracy of these abutments used is correct when compared to abutments. Assuming the firm value according to EBITDA (EBITDA) method with the "Transfer price" formula based on the data obtained from the tables hypothetically.

The "Multiplier deki in the formula is a hypothetical value determined by the parties (firm and the person / organization requesting valuation) in accordance with the Share Purchase Agreement.

As a result of the calculation, the current period firm value is calculated as 9.383.107 TL. Since ABC A.Ş. has 350.000.000.000 shares, the value of one share is calculated as 0.000027 TL. Previous period firm value is calculated as 5.277.558 TL. Since ABC A.Ş. has 350.000.000.000 shares, the value of one share is calculated as 0.000015 TL.

6. Conclusion and Evaluation

With the increase in the efficiency of the capital markets, the investment and management style, which depends on the value of the firms in the end, has been adopted. Creating value added is prioritized in value-based financial approaches. However, it is also important to determine whether firms have created any additional value other than the traditional accounting profit and therefore the increase / decrease of shareholders' income and / or assets. Although there is a large number of methods that can be used in the valuation of the firm, the most important criterion is the determination of the valuation method that is appropriate for the structure and valuation purpose of the firm to be valued.

In this study, valuation methods are grouped under three main headings; asset-based valuation methods, market-based valuation methods and income-based valuation methods.

It is necessary for the firm appraiser to determine the methods to be used in the light of basic technical knowledge and to know the strengths and weaknesses of the appraisal methods to be used. It is extremely difficult to have all the information that is used to determine the reduction rates and data to be used in valuation. However, the interpretation of the information / data obtained and the evaluation process in the light of certain financial approaches is a very sensitive issue. Even a very small deviation in the estimations can lead to very large changes in the valuation. Therefore, all assumptions must be based on sound foundations.

After the general information provided within the scope of the study, financial statements of a public company were used and the application part was started.. The company name is hidden and ABC A.Ş. and the information was obtained through the Public Lighting Platform. Afterwards, valuation study has been made on consolidated financial statements. The current and prior period financial statements, comprehensive income statement, cash flow statement and cash and cash equivalents statement of ABC A.Ş. firm value is calculated by using price / profit ratio method, equity book value method and net asset value method, market value / interest, depreciation and profit

before tax method and discounted cash flow method valuation methods. Company activity and sectoral data were taken into consideration in the selection of these methods.

Globalization should be taken into consideration when the market value / interest, depreciation and pre-tax profit rate method and firm's failure to meet sufficient liabilities in cash generation are considered in cases where competition in the world market, salvation from the effects of national regulations and depreciation expenses are considered. Globalization should be taken into consideration when the market value / interest, the profitability method and the company's failure to meet depreciation expenses are considered.

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