Evaluation for special purposes

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Abstract. This article aims to present the principles of international accounting standards and regulations on how Romanian accepted recognition of assets in financial reports.Company's financial reports include financial statements and other statements / reports of the directors.At the same time, it will insist on base / type of value that can be used by evaluators to harmonize concepts and especially the bases of valuation for balance sheet recognition of assets.Currently identity is observed near or approaches of International Financial Reporting Standards (IFRS, formerly IAS) on the property valuation of assets of the optical approach the International Valuation Standards (IVS) and the European Valuation Standards (EVS). Addresses IFRS measurement bases in the context of recognition of the various categories of assets and recording their correspondent accounts.

Keywords : IVSC, TEGOVA, IFRS. SEV.

1. Introduction

Valuation of assets is achieved through an evaluation report prepared by an expert real property appraiser (EB) that evaluates a variety of active and is obliged to recognize the different premises of value. These assumptions can be classified, in general, into three categories, distinguished in principle by the anticipated use of an asset:

- sale to transfer to a similar or alternative use;
- continued use (or installed) of the asset to which it was designed or acquired;
- liquidation.

Thus, the term value or market value of the property is modified or refined to create special definitions that meet the needs of a particular assessment. These changes provide a specific value premises to guide assessor ANEVAR work.

2. Evaluation for the perparation or financial reports

2.1. The financial statements of the company

Financial statements are prepared by the economic units at least annually and are a key source of information for a wide range of users, namely: existing and future owners, creditors, employees, suppliers and customers, various governmental bodies.

Financial statements provide financial information in the form of value indicators, indices and financial ratios that expresses a synthetic, results management of an enterprise, therefore, that economic reality is expressed more accurately in these situations, it is justification for taking decisions economic as replacing or

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rewarding managers, total or only a / subdivisions of the company, maintaining and acquiring shares or vice versa etc. others.

According to International Accounting Standard 2002 - IAS 1 - Presentation of financial statements contain the following five components:

- balance;
- profit and loss;
- statement of changes in equity;
- cash flow statement(cash-flow);
- accounting policies and explanatory notes.

Financial reporting practice of developed countries outside the five essential components of those financial statements, many companies develop and report more or less detailed, non-financial information such as business development policy (planned investments, growth turnover, profit, dividends), environmental policy, management of intellectual capital of the company and its results, etc.

2.2 The regulatory framework of the valuation of assets

Valuation of assets is directly involved in developing information on the company's financial position, which reflects the relationship between assets, liabilities and equity recorded in its balance sheet. Also, by changing the value of assets during the financial year, the valuation of assets has an impact on other digital components of financial statements.

Basic principles of valuation of assets, to their recognition in the balance sheet are:

a) **going concern**, which is the presumption that a company will continue its normal activities in the foreseeable future, so there is no intention or need to interrupt business activity, including the liquidation;

b) the principle of fair representation, under which records the balance sheet should reliably reflect the transactions and other events are reflected in equity, assets and liabilities at the dates the components of financial statements.

Difficulties faced by the evaluator in identifying relevant transactions in comparable assets assumptions ensuring the application of appropriate assessment methods (eg flow of earnings from a property, or the remaining economic life of an asset depreciation of fixed assets or a intangibile asset, etc..) generates the risk of errors in evaluation occurs.

Therefore, reasonable assessments is essential for recognizing the value of assets on the balance sheet. Market evidence, based on reliable market information, support must be essential to ensure credibility of evaluators.

c) neutrality, meaning that assessments made should not be influenced by reasoning subordinate to achieve a predetermined result or goal.

Valuation standards applicable to the valuation of assets to their recognition in the balance sheet are as follows:

IVSC	International Valuation Application 1 – Valuation for Financial Reporting (IVA 1), edition 2003;
TEGOVA	Standard 5 – Valuation for the purpose of Financial Reporting.

Application of the two evaluation standards set involves, necessarily, knowledge of the methodology, rules and regulations of the essential provisions of national accounting as international ones.

International Accounting Standards IAS 2002, which made reference to evaluate various asset classes to their recognition in the balance sheet are:

IAS 15	Information reflecting the effects of price changes
IAS 16	Property
IAS 17	Leases
IAS 22	Business Combinations
IAS 28	Accounting for investments in associates
IAS 29	Financial reporting in hyperinflationary economies
IAS 36	Impairment of Assets
IAS 38	Intangible
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Property
IAS 41	Agriculture

According to accounting terminology :

"An asset is a resource controlled by the enterprise as a result of past events and who is expected to generate future economic benefits for the enterprise".

Assets held by an enterprise or resulting from past transactions or from past events. For example, assets may come from the purchase of their production, bringing the contribution by the shareholders, are received from the government to encourage expansion of a certain type of activity (eg discovery of mineral reserves or CD activity).

Future economic benefits reflect the assets ability to contribute, directly or indirectly, alone or in combination of tangible and intangible, to achieving the company, the future benefits. These may come either from sales of products and /

or services or in reducing costs, or the change in other assets or their use to settle a debt or the distribution to shareholders of the company..

Future economic benefits is subject to the controlling company of the asset. The control of the asset means the power company to obtain future economic benefits and to restrict third party access to future benefits. The power resulting from legal rights that can be appealed in court. However, legal enforceability of a right is not a prerequisite for control of future benefits and therefore recognition of an asset (for example the case of know-how and other intangible assets are not intellectual nature).[2].

2.3 Recognition of the stock of assets

In terms of evaluation is absolutely necessary to know and optics accounting for **recognition of an asset** that incorporate a balance sheet item that includes identifying, under a certain name and a brief description, of the element associated with a certain amount. For recognition of an asset on the balance sheet, international accounting standards stipulates that that the following two criteria:

a) *it is likely that any future economic benefit associated to enter or leave in or enterprise*;

b) *the asset has a cost or value that can be measured reliably..*

The first criterion for recognition of an asset on the balance sheet should not be understood in the strict sense of highlighting the benefits flow on asset individually but in a broader sense, namely to contribute to future benefits from its other assets. Appropriate land and assets acquired in order to increase the safety or environmental protection. These assets meet the recognition criteria in the balance sheet if the company generated total economic benefits will be higher than those that could result if the land and fixed assets were not purchased. However, recognizing the balance of land and assets acquired in order to increase the safety or environmental protection is only if their recoverable amount plus the **recoverable amount** of other assets is higher than book value of all assets held (Definition of **recoverable amount** and book value are presented in other chapters of this book).

The second criterion requires the balance sheet or record of purchase or production cost of internally generated asset called historical cost or **asset value estimate**, if intangible nature of intellectual property and goodwill - that's the case revaluations.

IFRS (formerly IAS) assets classified according to two criteria:

- their form of existence, in tangible, intangible assets, financial assets, stocks, trade and other receivables, cash and cash equivalents;
- duration of use in enterprise, that assets and current assets(or assets).

[2] Champness P., *European professional standards approved for real estate valuation, European Group of Valuers*, (TEGOVA), Estates Gazette, 2007, pag. 15-31, 81-85;

The basic rule of recognition is an asset in the balance sheet at its initial registration **cost of the asset** called book value or **input value** or **historical cost.**

Value of the assets, accounting conventions (HGR 909/29dec.1997 Methodological Norms for applying Law no. 15/1994) can be represented by:

a) the acquisition cost for fixed assets acquired for consideration.

It consists of:

- purchase price;
- duties;
- tax debts;
- supply transport costs;
- expenses directly attributable to the introduction of asset, including:
  - Cost of development of the site;
  - Initial delivery and handling costs
  - Installation costs;
  - Architects, engineers, etc..;
  - Estimated costs for removing and installing the asset, ie site restoration costs.

b) the cost of production of capital goods manufactured or produced in asset unit, which includes:

- purchase cost of raw materials and materials consumed;
- other direct costs of production;
- share of indirect production costs as determined rationally related to manufacturing;
- General administrative expenses, selling and financial expenses usually are not included in cost of production;
- interest bank loans contracted for products with long manufacturing cycle, the period of production, can be included in production costs..

c) input value reassessed based on relevant rules;

d) the present value for fixed assets acquired free of charge, estimated their inclusion in the asset based on proposals made by experts and approved by the board of the entity;

e) the amount of input accepted by the parties for fixed assets entered in assets at the association, merger, etc.. based on the provisions of statutes or contracts and compliance with art. 160 of Law no. 31/1990 on commercial companies, as amended;

f) the acquisition cost if purchased assets, with the normal use Expired.

After recording the accounting entry value (given by a) to f)), subsequent expenses related to an item of fixed assets and land to be added to book value only if it is expected that the company will obtain future economic benefits in addition to performance originally estimated. In other words, subsequent expenditure is capitalized shall have the effect of improving the performance of the asset to which it relates.

Some examples are:

- costs incurred to increase production capacity of a machine;
- costs for extending the useful life;
- costs for adapting a production process in order to reduce production costs;
- modernization of equipment, machinery, etc.. to improve product quality;
- renovation of a building.

Since the aim of keeping future benefits generated by assets, maintenance and repair expenses of fixed assets is accounted for in current expenditure position.

Subsequent to initial recognition in the balance sheet as an asset, tangible or intangible asset should be treated as restrained:

- **the benchmark treatment** (ie the historical cost) asset shall be recorded at cost less related accumulated depreciation and any accumulated impairment losses (called net book value);

- **the allowed alternative treatment**, after initial recognition as an asset, it must be recorded at a revalued amount, which represents **fair value at the time of reassessment**, which may be **market value** or **net replacement cost** (for assets sold rare).

2.4. Basis of assessment

Business Valuation as a whole, as shown in EVS 5 - "Business Valuation", fully compatible with IVS GN 6 Business Valuation is not recognized as such in the International Valuation Standards. However, assessing an enterprise as a whole is required for the accounting treatment for acquisitions of businesses, according to IAS 22 - Business Combinations. Thus, "*acquisitions accounting involves determining the cost of acquisition, cost allocation to identifiable assets and liabilities of the acquired company and accounting for goodwill or negative goodwill, arising both at acquisition and subsequently (IAS 22).*"

Professional evaluators are directly involved, sometimes even explicitly required their services in a business valuation. Explicit reference to the offices of assessors are in:

- IAS 16 - Property, plant and equipment (Article 30), in the case review, as "fair value of land and buildings is usually their market value. This value is determined based on assessments made, usually by authorized assessors. "

- IAS 36 - Impairment of Assets, in the case of calculating the recoverable amount of a cash-generating units as follows: "*In some cases the company may require external evaluation of recoverable amount. External evaluation is a separate technique itself. Council (IASC did not) believe that if used external evaluations, the company must verify that external assessments comply with IAS 36.* "

- IAS 40 - Investment Property, further evaluation on initial recognition of investment property as follows: "*An enterprise is encouraged, but not required to determine the fair value of investment property on the assessment made by an*

independent valuer who holds a qualification recognized and relevant professional and has recent experience in the location and category of investment property that is assessed. "(art. 26). This article makes a clear reference to the services of an external assessor of property of the International Valuation Standards sense.

Summarizing these provisions / recommendations of the 4 International Accounting Standards, that are required assessors of real estate services, of tangible and enterprises, on two occasions:

- categories of asset revaluation, and
- allocation of total value of the company on its assets;

Therefore, a key task of evaluators is the acquisition of the provisions contained in IASs and sites in IVS (International Valuation Standards).

Essential provisions shall cover the bases for evaluation, recognized by IAS and IVS's sites

The optical IAS measurement bases are:

a) **historical cost**, that assets are recorded at the amount paid in cash or cash equivalents at fair value of the consideration made since their purchase;

b) **current cost,** which is the amount of cash or cash equivalents that would be paid if the same asset or a similar one should be purchased now. Assessment based on current cost approach is found in a number of different methods in general use **replacement cost** as the primary basis for evaluation. *"The cost of replacing an individual asset is usually derived from the current cost of acquisition of a similar asset, new or used, or an equivalent capacity of production or service potential."* (IAS 15 art. 13)

c) **the market value**, which represents the amount of cash or cash equivalents that could currently be obtained (on assessment) through the normal sale of assets;

d) **the present value**, which is the present value of future net cash flows to be generated by the normal course of business.

The common assessment is **historical cost**, **current cost** but also to be reflected changing book value of assets due to changes in prices. In some cases combined **assessment of both worlds**. For example:

- when replacement cost is higher than net realizable value and present value, the assessment is the greater of net realizable value and present value (IAS 15);
- recoverable amount of an asset is based on the maximum assessment of net selling price and value in use of that asset (IAS 36);
- the stock assessment is the lower of cost and net realizable value (IAS 2).

Standard on Review with the title International Valuation Application 1 (IVA 1) - Valuation for Financial Reporting, 2003 edition, contains the following comments on the evaluation of **different types of property, in order to prepare financial reports** of companies:

(a) To adopt an evaluation basis is required to classify assets being valued, made by company managers, at the request of the evaluator. Classification should be made:

(a_1) required active normal operation, and

(a_2) outside the active exploitation:

- property held for future development;
- investment property;
- assets in excess of operating needs .

(a) Basis of valuation of assets in financial reporting purposes are:

(b_1) all non-specialized properties, including commercial units profiled (hotels, gas stations, restaurants, etc..) Will be assessed at **market value**, according to Standard Evaluation IVS 1 - Market value.

(b_2) specialized properties will be evaluated by using as a basis for assessing the **Net Replacement Cost.**

(b) If necessary, the assessor will estimate the residual value of assets to determine accurately the depreciable amount as the estimated remaining useful life of assets.

(c) reporting method (ie the report of assessment must be consistent with the requirements of IVS 3 - Reporting assessment (edition 2003) and contain the information required by Article 64 of IAS 16 - Property, plant and 66 of IAS 40 - Investment estate. The information requested by the two standards above are contained in any evaluation reports that meet the evaluation standards.

Basis of assessment, classification of assets subject to evaluation, are presented in IVA 1to the next scheme.

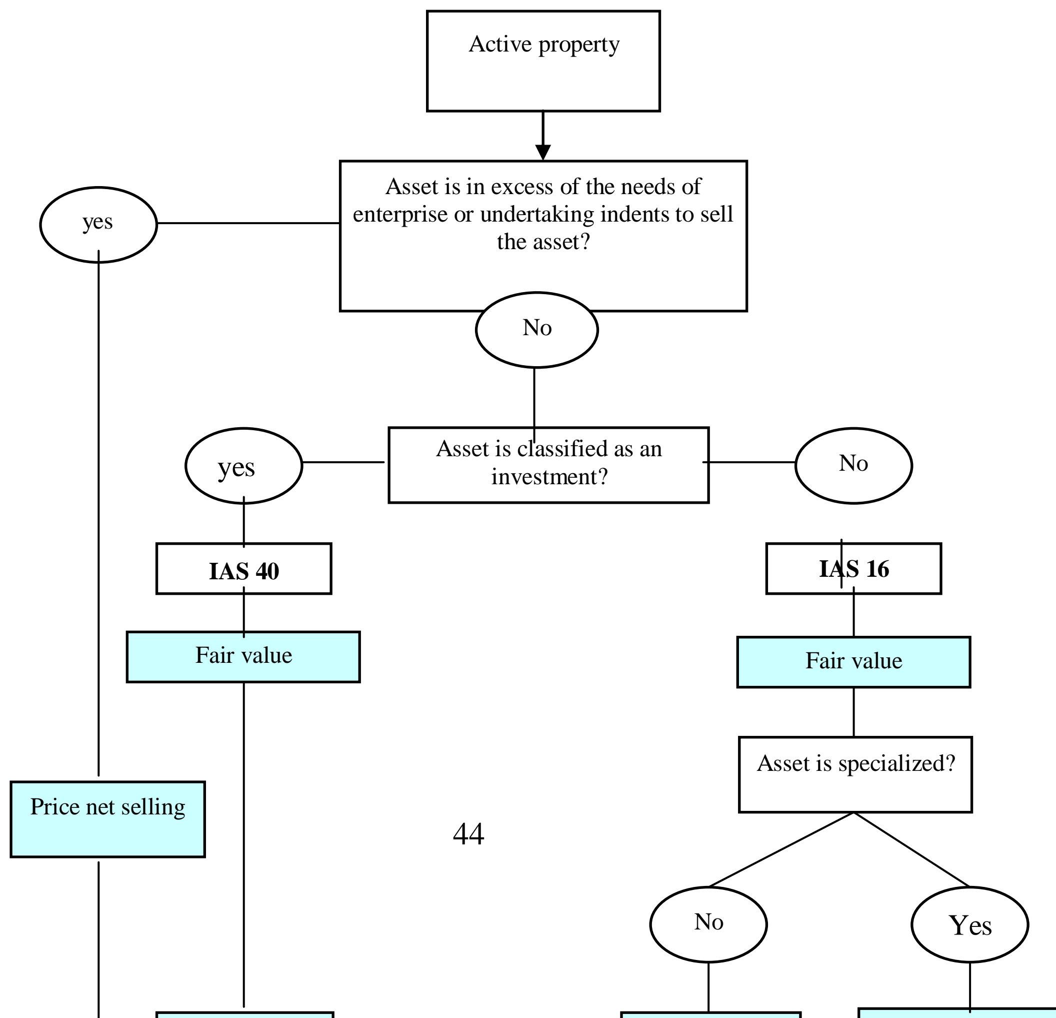

Figura 1 Classification of assets to apply IAS 16 and IAS 40 for evaluation purposes

3. Evaluation purpose of mergers

It is well known that one of the main drivers of the market economy is the transfer of ownership. In many cases the financial efforts of investors to acquire majority stake active or diminish resources usually required to enhance the potential of these enterprises. In these conditions, have developed a number of other operations on the market that can lead to value assets or business. Of these operations, most common in countries with functioning market economy, as mergers of companies..

Fusion is defined in accounting standard IAS 22 with another concept called union interests as *"a business combination in which shareholders of the combining enterprises join control of all net assets and operations in order to share risks and benefits from the resulting entity, so that neither side can be identified as the acquirer. "*The merger is aimed mainly at increasing profitability or utility assets belonging to companies that come together. Therefore, the assessment of equity shareholders in the entity resulting from merger, meaning the international valuation standards is based on the income approach.

Romanian law, the merger is defined more directly by OMF 1223/1998 as *"an operation whereby two or more companies transfer assets to another company decide and conduct joint operations."* This definition indicates the propensity of officials to direct attention to heritage enterprises that are associated, once so useful low inclination of most Romanian companies and the market economy function in the local economic environment. Under this definition, equity is necessary to determine an approach based on assets (property).

In practice, the evaluation used to determine the value of the merging companies must be suitable if each undertaking separately. For example, if an undertaking has a high rate of return on capital merges with a firm in difficulty, the recommended

methods of evaluation will be different, ie the first business income and asset base for the second. In most cases, we recommend consideration of both valuation bases for that opinion is based evaluator.

One thing is certain, namely that the carrying amount may not be, only in exceptional cases, a basis for determining shareholders' equity in the company resulting from a merger.

From a procedural viewpoint, how to achieve the merger of two or more undertakings is held both by the Companies Law - Law no. 31/1990 and the Accounting Law - Law no. 82/1991 republished and OMF no. 1223/1998.

According to art. 233 of Law 31/1990, the merger can be achieved by **acquisition** or **merger**.

If the merger by absorption, usually stronger and better company located on the property market over weaker companies and shareholders. It is needed in setting up a new company, but the absorbed companies are dissolved without the need for liquidation. Merger by acquisition is one of the most common operations due to the relatively short time to achieve, reduced costs and benefits to be gained by eliminating the costs of liquidation, if firms in difficulty.

Merger by fusion involves the establishment of a new company to take over the assets and business activities that unite and operation is rarely seen, due to time and cost required. This operation is encountered, the enterprises of the same caliber that usually operate in the same field or related fields, but not a very reliable on the market. Again there is the advantage dissolution without liquidation of companies merging.

The steps to be taken by the merger of two or more undertakings are.

Merger by acquisition **involves the following steps:**

1. Inventories and valuation of property (assets and liabilities) - art. 8 and 9 of the Law no.82/1991 republished. Revaluation of fixed assets is their fair value, usually based on evaluations conducted by authorized assessors.

Fair value is the amount for which an asset could be exchanged or a liability can be settled, voluntarily, between knowledgeable parties concerned in a transaction objectively determined price (IAS 22).

2. Întocmirea bilanţurilor contabile de fuziune prin corectarea valorii activelor şi pasivelor societăţilor, pe baza evaluării.

3. FUSION determining net assets (TNA) which is Corrected net assets as assets and liabilities at fair value.

4. Determining the exchange ratio of shares acquired companies (shares) as OMF 1223/1998. It is an action that includes:

- determine the corrected value of the shares for the merging companies, the formula is: TNA / number of shares;
- determining the value of the shares by formula capital / number of shares;

- determine the number of shares (shares) issued by the company to be absorbed, it is the ratio of TNA of the acquired company and the corrected value of a share of the company that absorbed;
- determining capital absorbed by multiplying the number of shares with par value of shares acquired company absorbs;
- determining the exchange ratio of shares to shareholders absorbed by the ratio of unit values corrected actions;
- calculating the difference between the first fusion TNA corrected net capital of the company being acquired and absorbed.

Absorbed companies are dissolved (Bătrâncea I., 2008, pp. 12-106).

Example - merger by acquisition

Balance sheet S.C. **X** S.A. absorbing:

ACTIV	lei	PASIV	lei
1. Assets	8.000.000	1. Capital *	4.000.000
2. Stocks	1.000.000		
3. Claims	1.500.000	2. Reserves and funds	2.000.000
4. Available	250.000	3. Liability	4.750.000
TOTAL ASSETS	**10.750.000**	**TOTAL LIABILITIES**	**10.750.000**

* 400.000 shares x 10.000 lei nominal value of shares.

Balance sheet S.C. **Y** S.A. consumption:

ACTIVE	lei	PASSIVE	lei
1. Assets	5.000.000	1. Capital *	3.000.000
2. Stocks	700.000		
3. Claims	500.000	2. Reserves and funds	500.000
4. Available	50.000	3. Liability	2.750.000
TOTAL ASSETS	**6.250.000**	**TOTAL LIABILITIES**	**6.250.000**

* 300.000 shares x 10.000 lei nominal value of shares

Fair value assets S.C. **X** = 14.000.000; correction = 6.000.000

Valoare justă active imobilizate S.C. **Y** = 7.500.000; correction = 2.500.000

TOTAL ASSETS S.C. **X** = 10.750.000 + 6.000.000 = 16.750.000

TOTAL ASSETS S.C. **Y** = 6.250.000 + 2.500.000 = 8.750.000

NET ASSETS CORRECTED S.C. **X** = 16.750.000 – 4.750.000 = 12.000.000

NET ASSETS CORRECTED S.C. **Y** = 8.750.000 – 2.750.000 = 6.000.000

ACTION CORRECTED VALUE S.C. **X** = 12.000.000 / 400.000 =30.000 lei

ACTION CORRECTED VALUE S.C. **Y** = 6.000.000 / 300.000 = 20.000 lei

NEWLY ISSUED SHARES NUMBER = 6.000.000 / 30.000 = 200.000 buc;

CAPITAL ABSORBED = 200.000 x 10.000 = 2.000.000 lei;

CAPITAL AFTER MERGER = 4.000.000 + 2.000.000 = 6.000.000 lei;

EXCHANGE RATIO: = 20.000 / 30.000 = 2 / 3

FIRST FUSION = 6.000.000 – 2.000.000 = 4.000.000 lei

Balance sheet S.C. **X** S.A. after the merger with S.C.**Y** S.A.:

ACTIVE	lei	PASSIVE	lei
1. Assets	14.000.000	1. Capital l*	6.000.000
	7.500.000		
2. Stocks	1.000.000	2. Raw fusion	4.000.000
	700.000	3. Diff. reevaluation	6.000.000
3. Claims	1.500.000	4. Reserves and funds	2.000.000
	500.000	5. Debts S.C. X	4.750.000
4. Available	250.000	6. Debts S.C. Y	2.750.000
	50.000		
TOTAL ASSETS	**25.500.000**	**TOTAL LIABILITIES**	**25.500.000**

* 600.000 shares x 10.000 lei nominal value of shares

For the 300,000 shares held by shareholders of SC Y S.A. they will receive 200,000 shares in S.C. X S.A.
Legal merger by fusion involves the following steps:

1. Inventories and valuation of property (assets and liabilities) - art. 8 and 9 of the Law no.82/1991 republished. Revaluation of fixed assets is their fair value, usually based on evaluations conducted by authorized assessors.

2. Preparation of fusion by correcting the balance sheets of assets and liabilities based on the assessment.

3. FUSION determining **net assets** (TNA) for the merging companies is Corrected net assets as assets and liabilities at fair value.

4. Determining the value of shares corrected by the formula: TNA / number of shares for all the merging companies.

5. Formation of new companies that have capital equal to the net assets at Fusion (corrected) of the merging companies and determine the number of shares by dividing the denomination proposed capital.

6. Determining the exchange ratio for shares of companies participating in the merger by the formula: corrected value of shares / nominal value proposed.

7. Reflecting the new company accounting social capital contribution, the rights and obligations of the merging companies are dissolved.

Features of assessment companies merging:

When evaluating the merging companies, foundations of evaluation methods used and types of estimated values are largely similar to the valuation of the transaction (sale) of majority shareholding. It is also advisable to apply, if possible, all three approaches to valuation - the asset base, income and sales comparison. As the examples noted above, in determining the elements needed for the balance sheet after the merger, the essential problem is to estimate the market value of companies involved in merger and the unit value of shares which provides control over. Net assets in the merger may be determined both by methods that are based on analysis

and evaluation of individual assets and liabilities and updating methods based on future income or capitalization.

Reference works in assessing companies often have a resemblance between the mode of analysis and assessment approach to fusion with the acquisition of companies.

In case of unlisted companies, the merger involves determining the Net Asset analysis and evaluation company, both by asset approach and based on income. Where financial markets are underdeveloped and can not rely on information provided by them, the algorithm above will apply to listed companies. (Deaconu A., 2002, pag. 1- 49).

In practice, the evaluator may encounter two situations:

- valuation of assets and liabilities at fair value results in a lower value than the value calculated by discounting future income or capitalization. This case involves a very good potential for return on invested capital, and the usefulness of operating assets is higher net replacement cost of those assets. This indicates the existence of intangible assets that contribute to maximizing financial results (profits or cash flow). Problem more difficult, in this case is the identification and evaluation of intangible assets, including goodwill (and good-Will's) that will be included in the Net Asset Merger, if and only if such intangible assets are transferred to The resulting company after the merger.

- valuation of assets and liabilities at fair value results in a higher value than the value calculated by discounting future income or capitalization. This case involves a wrong approach in determining the fair value of the company that is applying solely based on replacement cost methods. In such situations it is necessary that the value of corporate assets to recoverable amount is the potential for future profitability, so a correction value based on the costs to the level of use or the net selling price, that the liquidation value correction.

In both cases above the methods based on income must include corrections of profit and loss account to eliminate the influence of exceptional items and revenue and expenses are not recognized by the market or have a normal structure, predictable and repeatable for activity.

One of the most assessment companies merging is that this operation is usually performed only when shareholders are convinced that it is possible that fusion to earn more than the continuation of those companies, in other words, by joining (adding) heritage and companies participating in the merger activity produces a society that will have a value greater than the sum of the merging companies. Combination of activities (business) synergy is justified, such as *"two and two make five"* shows the emergence of synergy effects business.

Synergy is defined as an increase in performance (and hence value) combination of firms beyond what is expected to achieve the independent activity of these companies. This creates the problem of identifying company (ies) to generate synergies

For transactions, usually, the synergy is created by the buyer, a situation that can be extended to the merger by absorption where, in most cases, the company is

absorbing that creates synergy. Exceptions exist and can be identified synergies and the acquired companies.

For example, a clothing company that has invested resources in recent years to create a distribution network, which has obtained a footing in the market and hence an almost constant level of profits or financial flows, absorbs another company clothing that has a weak market position but has a research department - development (creation) very active. Combining the two companies could lead to a synergy value created primarily by the company being acquired. In this case, the problem is determining the value share of the synergy created by the acquiring company that is willing to accept the company absorbed

If the merger by fusion, the synergy can be determined, in a lesser or greater, of all companies involved in the operation. In this case, the evaluator will have the ability to identify elements that can create synergies across the company's business and created new synergies to quantify the value created by each of the merging companies.

A relationship which can determine and analyze synergies may be one that takes into account the net present value (VNP), calculated for the company resulting from merger activity.

$$VNP = \sum \text{synergies created by the merging companies}$$

Quantifying the value of synergies created by elements that have been identified that have the potential to increase the transferee enterprise value over the expected level of investors, can be achieved by analyzing the elements that influence whether or not the VNP.

VNP calculated taking into account the potential synergistic elements identified in X, minus the calculated VNP conditions which take into account the influence of such elements can be equal to that company due to synergies.

7. Conclusions

Financial statements provide financial information in the form of value indicators, indices and financial ratios that expresses a synthetic, results management of an enterprise, therefore, that economic reality is expressed more accurately in these situations, it is justification for taking decisions economic as replacing or rewarding managers, total or only a / subdivisions of the company, maintaining and acquiring shares or vice versa etc. others.

Assets held by an enterprise or resulting from past transactions or from past events..

It is well known that one of the main drivers of the market economy is the transfer of ownership. In many cases the financial efforts of investors to acquire majority stake active or diminish resources usually required to enhance the potential of these enterprises. In these conditions, have developed a number of other operations on the market that can lead to value assets or business. Of these operations, most common in countries with functioning market economy, as mergers of companies.

Experience has shown that credit guarantees are not appropriate for all goods. Especially in case of legal persons is found that only certain assets are supported by donors for securing bank loans.

Heritage evaluation is assigning an economic value of each asset and liability position. The value in use is based on an individual assessment of each item, but placed in all operational assets employed. If the expected return on assets producing operation, the market value of assets coincides with their use value. Outside the operating assets are estimated at their selling price on the market as a result of supply and demand..

In assessing the liquidation, the evaluator should explain, analyze and classify each asset, to establish the basis for and assumptions under evaluation.

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