

# **ADAPTING ALTMAN'S MODEL TO BULGARIAN PUBLIC COMPANIES**

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**Abstract**

Warning signals and indications of pending possible future corporate failure of a company are usually spotted at an earlier stage than that of the reported results. It is on that basis that there exist the models developed by leading financial analysts, based on an integral indicator, which predicts - in the most simplified, but at the same time in the most effective way - the future development of enterprises. In the present work there is studied the applicability - in the Bulgarian practice – of one of these models of the widest international popularity (the so-called Altman Z score). It has been ascertained that it identifies correctly only just 54.55% of the enterprises being analyzed. Based on an empirical study of 40 Bulgarian public companies conducted during a 7-year period, there is proposed a modification of the above model, which increases its predictive characteristics for the Bulgarian conditions.