

## Business Valuation Questionnaire

Client Details		
Name		
Address		
Telephone		
Email		

Business Details		
Name		
Trading Name		
Structure		
Address		
Telephone		
Email		

Ownership History	
date founded	
date incorporated	
changes in ownership	
changes in the nature of operations or markets	
acquisitions or disposals	

<b>Financial Information</b>	
5 years P&L (abridged)	
current year estimates	
budgets and projections	
balance sheet adjusted for items which will not be sold and debt free	
commentary on the past five year's results for any fluctuation or variations	

<b>Nature of Operations</b>
brief description of the business
product growth and development
industry awards
R&D details

<b>Raw Material &amp; Supplies</b>			
<b>Supplier</b>	<b>relationship</b>	<b>exclusivity</b>	<b>credit policy</b>
long term contracts – work in progress			

<b>Customers</b>

<b>Competitors</b>	<b>Advantages</b>

<b>Facilities</b>	
locations of all premises	
freehold, approx market value	
leasehold term & renewal terms	
Rental/rates	
Approx square footage	
state of repair of buildings	
planning permission	
room for expansion with existing buildings	
advantages of geographic locations	

<b>Plant</b>					
Description	Date of acq'n	cost of acq'n	WDV	replacement cost	capacity
quality of plant and any special items					

<b>Management Organisation &amp; Control</b>					
<b>Key Members</b>	<b>Age</b>	<b>Qualifications &amp; Experience</b>	<b>Years</b>	<b>Tasks</b>	<b>Remain</b>

<b>Other Staff</b>					
<b>Position &amp; Duties</b>	<b>No</b>	<b>Hours</b>	<b>O/T</b>	<b>Super</b>	<b>Union</b>

<b>Future Developments</b>	
goals	
strategies	
innovations	
new markets	
product niches	
growth	

<b>Reasons for Sale</b>	

<b>Other Information</b>	
product literature	
copies of awards	
company newsletters	

## **Tips for Handling the Sale of Business Negotiations**

1. Letter of confidentiality signed by interested parties
2. Price
  - The vendor should not give any indication of the price as will always be defending the position and inevitably will have to concede in certain areas
  - It is better to invite non-binding offers from potential buyers.
  - If the offers are in the ball-park then adopt a strategy of attacking the price offered to achieve the maximum price
  - Ask which methodology the acquirer has used to arrive at the price offered
3. Knowledge of prices at which similar businesses have been sold
4. Know the price you really want, the acceptable price and the lowest price
5. What are the alternatives for the seller and the vendor
6. Vendor concessions
  - time owner stays in business
  - lower rental on premises
  - offering to take part of the consideration for the transaction as a consultancy fee spread over the coming year, as this will be tax deductible in the books of the acquirer
  - retaining debtors, creditors and company structure
7. Buyers perspective – reason for buying

## **Tips for Structuring a Sale of Business Transaction**

1. Type of consideration
  - Cash and/or
  - shares
2. The timing of payment
  - Portion of the consideration paid at stages in the future usually dependent upon the vendor achieving certain measurable earnings levels
  - Earn-Outs – purchaser acquires the business for an initial consideration with the right for the vendor to receive deferred consideration if certain profit targets are met. Or taking a majority stake and acquiring the remaining interest in a sliding arrangement over a period of time
  - Based on mutual trust – vendor incentive to maximise profits, buyer to reduce profits