

# Business Valuation Checklist

By Jake R Brady

- Obtain Financial Information
  - Last 3 years profit and loss statements and balance sheets.
  - Last 3 years cash flow.
  - Details of all major assets.
  - Details of all major liabilities, borrowings, creditors, tax, leases, super-annuation and other employee entitlements.
  - Management accounts if any.
  - Budgets and performance to past budgets.
  - Any profit/cash flow projections.
  - Details of any contingent liabilities.
- Obtain Market Information
  - Market this business is in.
  - Competitors - check who they are and how many.
  - Check any barriers to entry.
  - Spread of customers.
  - Spread of suppliers.
  - Market share the business has.
- Information Analysis
  - Type of income.
  - Profit margins.
  - Business stability.
- Other Factors Affecting Value
  - Skills required of management and staff.
  - Quality of management.
  - Industry lifecycle.
  - Reliance on owner operator.
- Selecting a Valuation Method
  - Capitalisation of earnings.
  - Estimating future cash flows and applying a discount for the time value of money and degree of risk.

- A notional realisation of the assets of the business less the liabilities associated with them.