

Business Valuation Checklist

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- 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, superannuation 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.