

DIVORCE BUSINESS VALUATION CHECKLIST

INFORMATION REQUIREMENTS



Yes or No?	Information Items	Method of Collection
	Financial Information <ul style="list-style-type: none"> Last 3 - 4 years financial statements from accountant <ul style="list-style-type: none"> Profit & Loss Statement Balance Sheet Statement Year to date management reports (accounting software) Business tax returns Budget for business or financial projections (if exist) ATO commitments and agreements (plus current ATO balance). Assets details (if not itemised in Balance Sheet) Details of liabilities (if not itemised in Balance Sheet) Depreciation schedule (if not detailed in financial statements) 	Supplied by owner / accountant
	Business Information <ul style="list-style-type: none"> Description of business sales, operations and management. Employee agreements and arrangements Organisational chart (if relevant) Payroll details if not detailed on financial statements Details of any customer contracts or agreements Details of any supplier contracts or agreements Breakdown of customers by market segment Top 10 or Top 20 customers by % sales Accounts receivable (aged) Accounts payable (aged) Extent of systems and procedures in business Details of intellectual property Shareholder or unitholder meeting minutes (if relevant) 	Collated / requested during discovery interview
	Legal Documentation <ul style="list-style-type: none"> Legal structure of business and documented roles of all owners Shareholder or Unitholder agreements (if exist) Lease and franchise agreements (where relevant) 	Supplied by owner / accountant
	Issues Relating to Parties Involved in Matter <ul style="list-style-type: none"> Income reported to ATO for past 3 years for each party related to business Material matters where parties disagree Document past business roles of each party including average time spent in these roles per week or month. Document ongoing commitments to business and expectations, 	

- Depending on the nature of the business and circumstances, some information may not be available and/or needed. Your business valuer will indicate which information may not be required.

FREQUENTLY ASKED QUESTIONS

Who Appoints the Business Valuer?

- Where both parties agree, the parties can appoint a business valuer directly to prepare a single business valuation report.
- In some cases a single court-appointed expert business valuer will be selected from a shortlist of business valuers. The parties will recommend selection of business valuer to the court based on enquiries and proposals.
- Where parties disagree, separate business valuers are appointed by each party.
- It is usually preferable for a single expert to be appointed to avoid confusion between reports and conclusions.
- In most cases joint instructions from both parties should be issued to the business valuer.

Who Pays The Business Valuer?

- This will depend on who appoints the business valuer. Generally the cost of a business valuation is shared evenly between each party.
- In many cases full payment is made by one party and this is either taken into account in the financial settlement or through prior agreement with each party.
- We are able to issue invoices to each party for their respective share as agreed.

What Qualifications Should The Business Valuer Hold?

- There is no regulatory body or formal training for business valuers in Australia.
- Both CPA and CA hold specialisation training courses for business valuation, however these courses are not mandated by any association or regulatory body.
- In ASIC matters, the business valuer must have valuation experience within the industry that the business belongs.
- As a minimum the business valuer should be able to demonstrate:
 - Financial and business training which may include accounting, corporate finance and business management.
 - Understanding and compliance of APES 225 (Standard applied to Valuation Services as nominated by Accounting Professional and Ethics Standards Board)
 - Relevant court standards for Expert Witness reports
 - Five years' experience in conducting formal business valuations for court purposes.
 - Primary principles of formal business valuation as outlined in APES 225 and IVSC Guidelines (International Valuations Standards Council).
 - Differences between enterprise value and equity value.
 - Requirements for multiple methods of business valuation.
 - Access to market transactions and other information to support any business valuation.
- It is critical that the business valuer can not only demonstrate experience and competence, but also independence. For this reason it is important to not just engage your accountant or lawyer but a person who can investigate and opine on key valuation concepts and principles and how they dispassionately apply to your circumstances.

How Do I Know The Business Valuer Has Taken Everything Into Account?

- All business valuers should provide a documented process that will be undertaken and it should include an opportunity for each party to present information about the business. We will often undertake discovery interviews for each party to ensure everyone has the opportunity to present their understanding of the business and its performance.
- Where a party has not been involved in the operations of the business we offer an opportunity to discuss the draft valuation and to make any comments or adjustments as required before a final report is issued.
- All business valuations should be made on the basis of agreed information that presents a reasonable statement of the business and its performance.

ABOUT US

At Exit Value Advisers we believe the concept of value is at the heart of all successful businesses and should be considered in any business decision.

Our focus is to illuminate the value decisions that privately held business owners make through in-depth business valuations and innovative exit strategies.

We use detailed valuation research and the latest transaction trends to facilitate strategic exits by business owners at an attractive premium price.

Our detailed analysis and research on the value of a business is used to inform and guide business owners when:

- Buying or selling a business.
- Growing a business through organic improvement.
- Making capital investment decisions.
- Developing and implementing succession plans.
- Finding the best exit strategy for owners.
- Negotiating the exit of an owner.
- Defending or resolving a commercial dispute.
- Restructuring for tax purposes.

Our approach to quality is based on two principles:

- Extensive and illuminating evidence-based analysis that explores the roles of the business model, the business and economic environment, systems and processes and people in generating financial results.
- Using systems and processes to cross check our results against the evidence.

Our values are based around the key principles fundamental to those at Exit Value Advisers:

- Understanding the “why” of business outcomes.
- Educating people on the connection between business value and strategy.
- Research on the latest trends and theory and how this can be applied to business.
- Quality outcomes for the client and our associates.
- Embellishing fun into our serious passion.

OUR CEO

Mike Williams B App Sc, MBA



Mike is a small business valuation expert with ten years' experience in valuing privately held businesses and more than 15 years management consulting experience.

He is CEO of Exit Value Advisers Pty Ltd, Founding Principal of Maxell Consulting and a past and present director of a diverse range of small businesses. He has the knowledge, skills and experience to help any business owner when it comes to valuation, business growth, exit strategies and succession plans.

He has valued hundreds of businesses in almost every industry, for a variety of reasons including supporting selling, buying or merging businesses, tax restructuring, commercial disputes, family law matters, seeking investment and making management decisions.

His background has given him a diversity that can be applied to almost any business. He has formal training in science, mathematics, computing and business, more than 10 years management experience in the manufacturing and process industries, and more than 15 years consulting experience.

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