

# Valuing a business FAQS

## Can my business be sold?

Trading businesses are often valued on a multiple of adjusted profits, although the balance sheet must not be ignored. Deciding the most appropriate profit figure and multiple to use is a judgement and there is never a “right” answer. We use our deal experience and access to various specialist databases to reach a reasonable and defensible conclusion.

## Can you value a partial shareholding rather than the whole company?

Yes, we are often asked to value partial shareholdings, particularly when individual shareholders wish to sell their shares, or where new shares are being offered to key managers (perhaps under an EMI scheme). For a number of reasons which we can talk through with you, the valuation methodology for a partial shareholding is rarely a straight percentage of the overall company.

## What information do I need to provide?

We will provide you with a list.

## How will you present your valuation opinion to me?

We will provide our valuation opinion in a detailed report, showing our understanding of the business, key assumptions and valuation rationale. A draft report will be released to you for discussion purposes before being finalised.

## Why might I need a valuation?

Other than the obvious reason of buying or selling a business, valuations can be used:

- To support an MBO or MBI
- To help agree the price for new investment into your business
- For existing shareholders to leave the business

In addition, you may need to agree a share valuation with HMRC for tax purposes, such as for gifts, employee share schemes and probate.

## Is there a 'one size fits all' rule?

Unfortunately not. It is quite a complex assessment that considers many factors including the industry sector, current economy, growth potential, comparable deals, and of course, the strength of the business itself and its future trading prospects.