



BUSINESS
APPRAISALS LTD

BUSINESS VALUATION NEWS AND NOTES

Recent (and interesting) engagements

- **Café-large**
property relationship split, long-established, unique products, but sales declining.
- **Transport**
for business planning and partnership split. Very profitable, but low tangible assets.
- **Accountancy practice**
well-established provincial business, strong advisory content
- **Iconic restaurant/bar**
for estate purpose, great business, but no security of tenure
- **Service business**
property relationship matter, low tangible assets, difficulty in obtaining info!

Business valuation for CGT Not fair! Not practical...

Business valuation is as much art as science. Software programs that plug in some historical figures will not accurately value all businesses. Many of the value drivers do not appear on the Balance Sheet and all opinions of business value contain some subjective judgements.

It would be an impossible task to value all NZ businesses over their suggest threshold on the one day as a start point for Capital Gain consideration.

Hopefully, common sense will prevail.

Stories and numbers

Continuing the theme above we quote business value guru, Professor Aswath Damodaran – ***“stories matter, but only if they are connected with numbers. And numbers are empty, unless they are connected with narratives.”***

BizStats™ provides invaluable transaction data to assist the valuer in establishing a point of centrality, but the valuer needs to understand industry standards and judge whether the subject business is better, or worse, than average. There must also be some focus on the future earnings. Changes to minimum wage and the roll-on effect is already impacting values in the hospitality sector.

For clear, accurate and affordable business valuation

We supply independent business valuations for partnership splits, property relationship matters, business planning, expert witness, and litigation support.

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VALUERS OF BUSINESSES & COMPANY SHARES