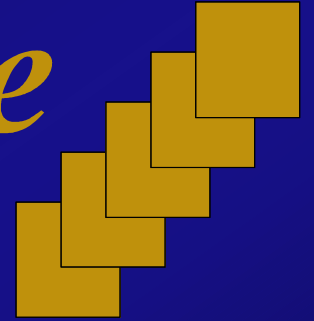
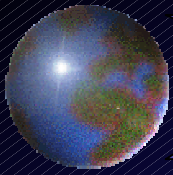


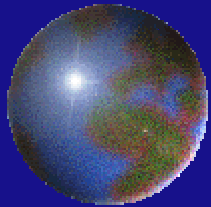
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Presents

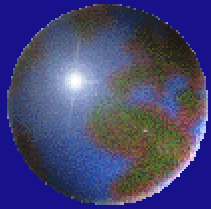


Basics of Business Valuations



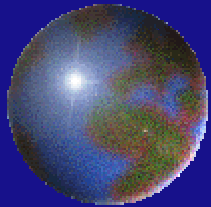
What is a Business Valuation?

A process used to assign value to a financial entity (business) or an asset.



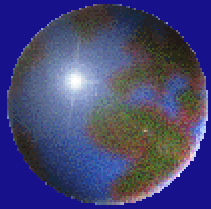
Who performs Valuations?

A business appraiser or valuator.



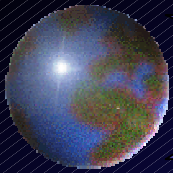
No two valuations are the same.

Circumstances may be similar, but valuation likely to have different result.



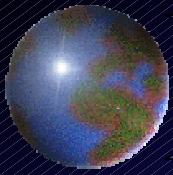
To recognize valuation need -

Listen for the key indicators.



Valuation Triggers -

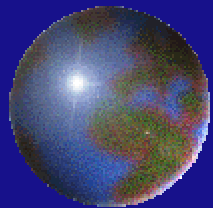
- ❖ Ready to retire; need to sell business.
- ❖ Grow business by acquisition.
- ❖ Spouse filed for a divorce.
- ❖ Partner wants to leave the business
- ❖ Financing needed for growth.
- ❖ Turn business over to family member.



Are there valuations standards?

Seven Standards of Value:

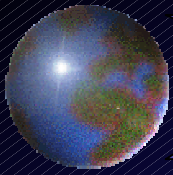
- **Fair Market Value**
- **Investment Value**
- **Fair Value**
- **Going-Concern Value**
- **Intrinsic Value**
- **Liquidation Value**



Fair Market Value (FMV)

American Society of Appraisers Defines Fair Market Value (most common) as:

The value or amount at which property would change hands between a willing seller and a willing buyer, when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts.



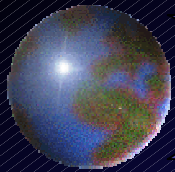
Valuation Approaches & Methods

☉ **Three Approaches:**

- ☐ **Asset**
- ☐ **Income**
- ☐ **Market**

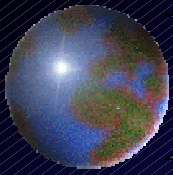
☉ **Numerous Valuation Methods:**

- ☐ **Several Asset Methods**
- ☐ **Three Income Methods**
- ☐ **Many Market Methods**



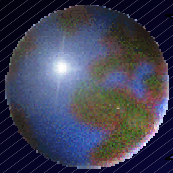
New Engagement

- ❖ **Confirm Scope of Assignment.**
- ❖ **Specify Purpose and Objective.**
- ❖ **Identify Standard and Method required.**



Valuation Process

- Interview owner(s)
- Inspect premises
- Collect Financial Data
- Complete work
- Present findings



Presented by

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