

Valuing Your Most Valuable Asset - Your Business

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It is important to understand the value of your business and a Chartered Business Valuator ("CBV") has the expertise to assist you in determining this value. Below are many instances where a CBV can prepare a business valuation that could help you in making key business decisions:

LIFE INSURANCE COVERAGE

Life insurance can be used to finance a purchase of private corporation shares after the death of a shareholder. A business valuation is useful in determining the appropriate amount of insurance.

SELLING THE BUSINESS

A business valuation can help support and maximize the sale price of your business, be it to an interested third party investor, a key employee or a family member.

EXIT OF A SHAREHOLDER

Shareholders' agreements often contemplate how a shareholder can exit the business. A business valuation is useful for both the exiting and remaining shareholders to ensure the value paid for the shares is reasonable.

INCOME TAX PLANNING AND REPORTING

For income tax planning and reporting, such as when a corporate reorganization is completed or there are other transactions with related parties, a share valuation may be required.

DIVORCE

A valuation of a business may be needed at the date of marriage and date of separation in order to determine the growth in share value during that period of time. This valuation is often the center of the divorce settlement negotiations.

OBTAINING FINANCING

A business valuation report may help you secure financing for a variety of uses, including shareholder planning, cash flows for expansion costs, or funding a succession plan.

ENHANCING BUSINESS VALUE

A business valuation provides management with insight into how their business is valued and how that value can be increased. Some actions that would increase the value of your business include improving profitability by increasing operational efficiency, reducing costs or increasing sales, documenting key customer or supplier contracts, reducing the dependence on a key shareholder, and diversifying the company's product and service offerings.

SHAREHOLDER DISPUTES OR COMMERCIAL LITIGATION

A CBV can provide litigation support in a variety of situations such as a shareholder dispute, insurance claims, breach of contract, or loss of business income.

ESTATE PROBATE AND INCOME TAX PURPOSES

A CBV can help you determine the value of an Estate's business interests, which is required for probate and income tax purposes.

For more information on how we can assist you in valuing your business, please contact your Roth Mosey advisor.

ABOUT THE AUTHOR



[JoAnne Maleyko](#), CPA, CA, CBV, Senior Client Service Manager

JoAnne specializes in providing business valuations for matrimonial, shareholder planning or disputes, corporate reorganizations, corporate financing and succession planning purposes and damage calculations for litigation support. JoAnne has experience in assisting clients in the due diligence process when they are considering the purchase of a business. JoAnne provides our clients with accounting and taxation services and is a business advisor to our owner-managed businesses, professional corporations and not-for-profit organizations.

Contact JoAnne

D: 519- 962- 5197

E: jmaleyko@roth-mosey.com

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