

Sell My Business in 10 Weeks

Learn how to value, pitch and negotiate your sale!

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&
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PODCAST

www.sellmybusinessin10weeks.com

Podcast Episodes 2 & 3 Business Value Arbitrage

	Scenario 1 Original	Scenario 2 Less Risk	Scenario 3 Arbitrage
Sales	4,000,000	4,000,000	4,000,000
Cost of Goods Sold (40%)	1,600,000	1,600,000	1,600,000
Gross Profit	2,400,000	2,400,000	2,400,000
Overheads (exc interest)	2,000,000	2,000,000	1,000,000
Net Profit	400,000	400,000	1,400,000
Add Back Wages to Owners	50,000	50,000	50,000
Add Back Private Expenses	50,000	50,000	50,000
Deduct Value of Owner's Effort	(200,000)	(200,000)	(200,000)
Total Adjustments	(100,000)	(100,000)	(100,000)
Adjusted Profit	300,000	300,000	1,300,000
Required Rate of Return	33%	20%	20%
Therefore: Capitalisation Rate	3	5	5
Business Valuation	900,000	1,500,000	6,500,000
<i>Effective Multiplier on Actual Adjusted Profit</i>	3	5	22

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BUSINESS STRATEGIES
CHARTERED ACCOUNTANTS

Trevor Monaghan



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turbocharging business systematically

Clive Jones

