



Business Books & Records....Who Cares? Your Buyers Do!

by Peter C. King, VR Business Brokers/Mergers & Acquisitions, CEO

You likely didn't go into business for yourself because you relished the idea of creating, organizing and maintaining financial documents. Financial records are part of your ongoing operations, but if you're like most business owners, you likely don't focus on them often or think about them regularly; however, if you're thinking about selling your business, your financial records are about to become incredibly important.



You've worked hard over the years to build your business and make it successful. After all of the time and money that you've invested, you're ready to start a new adventure or retire and that means selling your business. If you want to ensure that your business valuation is fair and that you make the most off of the sale, paying careful attention to your financial records is vital. That financial information will matter to buyers, and as a result, it must matter to you as you begin to prepare for a sale.

Why Do Financial Records Matter?

Anyone who is researching how to buy a business will find numerous tips on interpreting financial records. This is because income statements or profit and loss statements allow prospective buyers to analyze a company's past performance and make accurate forecasts of future performance. The financial information is the proof that your business is of value and will play a big role in influencing the decision of individuals who are interested in buying a business like yours.

Getting Your Records in Order

So what specifically do you need to do to ensure that your financial records are ideal for ensuring the highest possible business valuation and attracting buyers? You'll want to ensure that:

- 1.** Your financial records are complete. Anyone interested in buying a business will want to see at least three years of profit and loss statements. If your records are not complete, you will hold up the sale and might even shake buyer confidence.
- 2.** Your financial records are accurate. There is no room for math errors and accidental omissions in the financial records that you present to prospective buyers. Any errors that are discovered could ruin your chances of completing a sale with a qualified, anxious buyer.
- 3.** Your financial records are reviewed and recast by a professional business broker. Some of the expenses on your financial statements are not related to your ongoing business and can negatively impact business valuations. Recasting is the process of legally adjusting financial statements to remove expenses, such as depreciation, interest on loans, your salary, income taxes and one-time expenses. An experienced business broker can help you recast your financials to ensure that prospective buyers get the best possible view of your company when studying the numbers.

VR Business Brokers have been helping business owners get the best possible business valuation while assisting those who are interested in buying a business find the best investments. We can help you prepare your financial records and ensure that they are complete and accurate. Call us today to learn more about our services.



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