



The Current Sales Market

Because Tabak's focus has traditionally not involved hospitality or accommodation businesses, we are finding that post lockdown, businesses continue to sell, and in fact many have continued to perform very well. Across the country our post-lockdown sales have been in:

- ***Manufacture & sales (2)***
- ***Ag Services***
- ***Trades (2)***
- ***Import & Sales***
- ***Sales & Installation (3)***
- ***Manufacturing***

The above data does include several businesses currently undergoing due diligence. Ironically, due to the low interest rate environment, we actually have strong buyer demand, and a shortage of good businesses to be sold. Now is a good time to be a vendor!

Covid Adjustments

Anecdotally we are aware of vendors who are choosing to "sit tight" rather than sell their business, as they perceive there will be a post-lockdown caution by buyers. Moreover they believe that their business value will suffer as a result of not trading through the L4 lockdown. Clearly L4 (and even to some degree L3) lockdowns are aberrant and do not constitute "business as usual" in the longer term. Tabak maintain that some adjustments need to be made to the raw financials to provide an "apples for apples" comparison to non-Covid times, and it may well be that a business presents equally favourably now, as it did pre-lockdown – this is currently the case with several of our recent sales. We would also suggest that any adjustments and assumptions need to be clearly stated and appended separately to the accounting data from the Annual Reports or management accounts of the business. The numbers are the numbers, so actual performance must be outlined before any adjustments are proposed.

Adjustments may be as simple as including the relevant wage subsidy revenue, where a business was simply not able to trade, to partially offset staff wages & salaries; or calculating weekly revenue across the previous 12 months and relating that back to YTD weekly revenue excluding the weeks the business did not trade. We expect that each business will be different, but that whatever approach is taken, it needs to be transparent – and we would welcome your thoughts and views on this, either as accountants for the vendor **or** for the purchaser?

Tabak Presentation & CPD

Tabak has compiled a presentation from its most recent 15 years of trading to summarise a number of key variables and ratios by industry, including:

- *Intangibles ratios*
- *Sales Multiples (EBIT and EBPITD)*
- *Success Rate – listings to sales*
- *Key due diligence issues*
- *Appraisal Accuracy*

We would be happy to spend 30-40 minutes with your team, perhaps as part of their continuing professional development training, to present and discuss these facts & figures, and also provide relevant commentary and update on the business sales market. Simply respond to this email if you would like us to book a time with your team? We do understand if you would prefer to wait until the dust has settled after the wage subsidy and Covid-support to businesses, as anecdotally we are hearing that many accountancy practices currently remain busy either with compliance and/or advisory work

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Thanks & Regards

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Tabak Business

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