

## **To South Island Accountants,**

Hello and I hope this email finds you well. As we know, the world has changed after the devastating quakes in Canterbury and this has affected most Accounting Firm's in the South Island in some way. The good thing is the vibrant atmosphere of change that is starting to permeate out and the regeneration is setting in - this is offering many opportunities so keep an eye on our future newsletter's to see if there is one you, or your clients could take advantage of.

### **So what is the business of buying and selling business's looking like around Canterbury?**

- Businesses are still changing hands, we have five separate opportunities under contract at present.
- Banks are now wanting to lend money to make money, there is an increasing appetite for lending from some banks at least.
- Some business's coming to market are not in the best shape so good exit planning has never been so important.
- Canterbury is now the most exciting place in the country, for business owners and entrepreneurs, with an unbelievable amount of reinvestment about to be poured into our local economy.
- As tragic as the events since September have been, there are plenty of "silver linings" for many businesses.
- The central business district has 900 buildings to be demolished - by the time work is complete most business's will have set up permanently in the suburbs of Christchurch so the face of Christchurch will be forever changed.

### **EBIT, Depreciation & Capital Allowance**

From time to time, the depreciation schedule within a business may not fairly reflect the actual rate that new capital equipment needs to be introduced into a business. This could be due to the owners propensity to drive large, expensive vehicles; or an aggressive depreciation regime on equipment that has an actual operating life far in excess of its "accounting life". From time to time, when this is patently evident, and Tabak are calculating an EBIT for the purposes of valuation, we will use a "capital replacement" figure that may be less than the depreciation schedule. If this is the case, the capital replacement calculation will be transparent and reasonable; it is not an excuse to try and artificially inflate profit.

### **Valuing Business's**

There are now a number of Accounting Firms wanting us to value business's for them.... this is a service we are very good at and enjoy working with Accountant's on, so let us know if we can help you. Even if you just have some questions or need help on a sticky valuation just let us know.

### **In Conclusion**

The Tabak team have been hugely encouraged by the strength & resilience being shown by our business community. The Canterbury region in particular is about to go from strength to strength, and we really looking forward to helping where we can. There are a number of Business owners just wanting to "get out" and we have helped them do this where we can. If you have a client wanting to sell then chances are we have the means to find a buyer.

Tabak will continue to serve our business community in their succession planning & business sale needs for many years to come. If you do not wish to continue receiving the Tabak Tips newsletter every quarter, please advise us, and we will remove you from our database.

Thanks & Regards  
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