



HAS SOLD MORE BUSINESSES
IN THE WORLD THAN ANYONE.®

VR Business Brokers
76 Kent Street,
Charlottetown,
Prince Edward Island,
Canada
C1A 1M9

Confidential Business Profile

Business Name (or Bizex #)

Asking Price & Terms

Includes Land & Building, Assets
Overview of what is included in the Purchase Price

For more information contact:

VR Business Brokers
Address: 76 Kent Street,
Charlottetown, Prince Edward Island, Canada,
C1A 1M9
Office: (902) 370-8722
Website: www.vrpei.com
E-mail: kevin@vrpei.com

BUSINESS PROFILE

Company Name/DBA:

Sellers Name:

Address/es:

Telephone :

Fax:

Web Address:

Email:

OWNERSHIP, MANAGEMENT & SUPERVISORY BACKGROUND:

Who manages the business? What are their duties? How many hours per week does the manager work? How much is the manager paid?

-
-
-
-
-

Members of family or relatives in business:

-

PRODUCTS AND SERVICES

Primary Product or Service & Percent of Sales Derived from each:

-
-

Other products or services:

-
-
-

CUSTOMER BASE

Describe the Customer Base

-
-
-

PURCHASER understands that all of the above information is provided by the SELLER, or other sources identified by SELLER, and is not verified in any way by VR Business Sales (VR). VR has no knowledge of the accuracy of ANY information provided to PURCHASER and makes no representation, promise, or warranty, express or implied as to the accuracy or completeness of such information. PURCHASER shall be responsible to make an independent verification of said information prior to entering into an agreement to purchase any business. PURCHASER agrees to indemnify and hold VR and its agents harmless for any claims or damages which may occur by reason of the inaccuracy or incompleteness of any information provided to them with respect to any business they might purchase. It is understood and agreed that any and all information provided to PURCHASER regarding any business is to be considered confidential and proprietary, and that disclosure of any such information could result in damage to the business and/or its principals.

CUSTOMER PROFILE

Number of Regular Customers:

-

Customer's Geographical Profile:

-
-
-
-

Please list customers providing more than 10% of gross sales. Any special prices or terms?

-
-

OPERATIONS/PRODUCTS

Is the company in good standing with the government authorities to which it reports?

-

What mfg/production/marketing/financing edge does the company have over competition?

-
-
-
-

List any company technological/operating changes in past 5 years. List any recent/anticipated technological breakthroughs re: products, or product lines:

-
-
-

Number of Shifts in operation & limiting factors:

-
-
-
-
-

Does the company currently have pollution/safety/zoning problems? If so, what capital expenditures can be reasonably anticipated in this regard?

-
-
-

MARKETING

What form of advertising do you use? What forms have you tried? Should you advertise more? If you expand your sales, how would you do it?

-
-
-
-
-
-

What are the "markets" for the company's products?

-
-
-
-

How has sales/marketing effort changed in the past 5 years?

-

What would be the effect of an increase or reductions in selling prices?

-
-
-

STRENGTHS, WEAKNESS AND YOUR COMPETITORS

What are the company's most meaningful competitive advantages?

-
-
-
-

Considering these competitors, where would you rank yourself?

-
-
-
-
-

Who are your most effective competitors? Where are they located?

-
-
-

EMPLOYEE STRUCTURE (ORGANIZATION)

What days are you open? What are your hours of operation?

-
-
-

How many full time employees? How many part time employees?

-
-

What are your weaknesses and the possible remedies?

-
-

Do you pay overtime?

-

How often are the employees paid? Are they paid through employee leasing or a payroll service?

-

What benefits (vacation, health insurance, pension, etc.) do you provide?

-
-
-
-

EQUIPMENT AND OTHER ASSETS

Does your business utilize any specialized equipment? Have you composed a detailed list of all equipment that is included in the sale? List the furniture, fixtures, and equipment that are included in the sale.

-
-
-
-

PHYSICAL PREMISES AND LEASE

Describe the physical premises including square feet. Do you own or lease the facility?

-
-

If the business utilizes multiple facilities or buildings, how is each parcel used?

-
-

How long has the business been at this location? Who is the landlord?

-
-

How much do you pay as base rent? CAM? Real Estate Taxes? Who pays for repairs of the facility?

-
-
-

How many parking spaces are provided? Is the parking sufficient?

-

Could this facility be easily expanded?

-

INDUSTRY ASSOCIATIONS

Please list industry associations, include address, telephone and fax number, email/web address.

- Association Name
Street Address
City Province Postal Code
P: F: E:
-
-

LICENSES/REQUIREMENTS FOR A NEW OWNER

What licenses are required to operate the business? What are terms/restrictions for obtaining/transferring license? Please make a copy of these licenses and forward to us.

-
-
-

REASON FOR SALE

-

PURCHASER understands that all of the above information is provided by the SELLER, or other sources identified by SELLER, and is not verified in any way by VR Business Sales (VR). VR has no knowledge of the accuracy of ANY information provided to PURCHASER and makes no representation, promise, or warranty, express or implied as to the accuracy or completeness of such information. PURCHASER shall be responsible to make an independent verification of said information prior to entering into an agreement to purchase any business. PURCHASER agrees to indemnify and hold VR and its agents harmless for any claims or damages which may occur by reason of the inaccuracy or incompleteness of any information provided to them with respect to any business they might purchase. It is understood and agreed that any and all information provided to PURCHASER regarding any business is to be considered confidential and proprietary, and that disclosure of any such information could result in damage to the business and/or its principals.

Recast Summary here

Definition of SDE: **Seller's Discretionary Cash Flow or Owner's Discretionary Cash Flow**

Seller's Discretionary Cash Flow is a very important term you must know if you're looking at buying small and mid size businesses. Depreciation, amortization and interest paid by the business are items that are discretionary and generally "added back" to the bottom line of the business. Also, many, if not most, small business people pay lots of bills out of their businesses because they are deductible to the business but not to the individual. The owner may buy or lease a car or pay country club dues or use cell phones or many other things that are purely discretionary to the owner. A buyer may or may not choose to pay the same items. So, take the cash flow or profit off the bottom line of the profit & loss statement or tax return and add back items such as depreciation, interest paid, and the discretionary items mentioned above and you have Seller's Discretionary Cash Flow (also known as Owner's Discretionary Cash Flow), the MOST important number a small business buyer needs to know.

How to calculate Seller's Discretionary Cash Flow

Seller's Discretionary Cash Flow or SDCF is a common Cash Flow based measure of business earnings for owner-operator managed businesses. According to the International Business Brokers Association, SDCF can be determined as follows:

Start with the business pretax earnings.

- Add non-operating expenses and subtract non-operating income.
- Add unusual or one-time expenses, subtract non-recurring income.
- Add depreciation and amortization expenses.
- Add interest expense, subtract interest income.
- Add a single owner's total compensation.
- Adjust compensation of all other business owners to market value.

Box of Reality presents a valuation, entitled the "Box of Reality." This analysis utilizes three different methods and three ranges of values. The Net Cash Flow Multiplier method of valuation yields an implied value from \$565,358 to \$689,879, with a mean of \$627,618, including \$5,000 in inventory.

INSERT BOX OF REALITY

Cash Flow Sufficiency presents an analysis of cash flow from the Buyer's perspective. This analysis assumes that the Buyer acquires the business with the following financing:

- 50% of the purchase price (i.e. \$247,500) is borrowed from a Lender, who issues a promissory note at 8.0% annual interest rate, for 5 years, with monthly payments.
- The Buyer pays the balance (50%, or \$247,500) plus closing costs in cash at closing.

Under this scenario, at asking price, including \$5,000 in inventory, the Buyer's total annual debt service payments of principal and interest \$60,221. This would provide debt coverage of approximately 4.1 times. Well over the 1.25 coverage ratio required by most lenders. If the new Owner realized only the same cash flow as the Seller realized during 2010, then the new owner would net \$188,826, after servicing debt.

INSERT CASH FLOW SUFFICIENCY HERE

Estimated Return on Investment at the asking price presents an analysis of return on investment and investment recapture period for this scenario. At asking price, with a total investment of \$489,000, the new Owner would potentially realize first-year return on total investment of 38.1%. Thus, the total investment would be recaptured in approximately 31.5 months.

However, most owner/operators want to know the return they would receive based on the cash out of pocket (i.e. their "Cash on Cash" return). In this case, the Cash-On-Cash Return on Investment is approximately 76.3%, based on all the aforementioned assumptions. Thus, the cash investment would be recaptured in approximately 15 months.

INSERT RETURN OF INVESTMENT TABLE HERE



CONTACT INFORMATION

All communications, inquiries, or requests relating to the Transaction or this Confidential Business Profile (as herein defined) should be directed to the representative's listed below.

VR BUSINESS SALES

ADDRESS: 76 KENT STREET,
CHARLOTTETOWN, PRINCE EDWARD ISLAND, CANADA C1A 1M9
Phone: (902) 370-8722
email: kevin@vrpei.ccom

Under no circumstances should prospective purchasers make contact with shareholders, management, employees, suppliers or customers of Seller without the prior knowledge and approval of AJS Advisory Partners Inc o/a VR Business Sales Inc.

AJS Advisory Partners Inc o/a VR Business Sales Inc., Seller, or its shareholders will pay no finder's fee, commission, expenses or other compensation to consultants, advisors or other intermediaries of any prospective purchaser without prior written agreement.

The seller is responsible for proving the accuracy of any information provided to the buyer's satisfaction. Information provided in this statement is solely by the seller. No representations or warranties are provided by the VR Business Sales, its agents, representatives, or subsidiaries as to the accuracy, completeness or validity of such information. Interested parties are encouraged to seek the counsel of their accountant, attorney, and/or other business advisors.

Insert Asset List Here



**INSERT 3 YEARS OF
FINANCIALS HERE**



INSERT PICTURES/MAPS HERE:



PURCHASER understands that all of the above information is provided by the SELLER, or other sources identified by SELLER, and is not verified in any way by VR Business Sales (VR). VR has no knowledge of the accuracy of ANY information provided to PURCHASER and makes no representation, promise, or warranty, express or implied as to the accuracy or completeness of such information. PURCHASER shall be responsible to make an independent verification of said information prior to entering into an agreement to purchase any business. PURCHASER agrees to indemnify and hold VR and its agents harmless for any claims or damages which may occur by reason of the inaccuracy or incompleteness of any information provided to them with respect to any business they might purchase. It is understood and agreed that any and all information provided to PURCHASER regarding any business is to be considered confidential and proprietary, and that disclosure of any such information could result in damage to the business and/or its principals.