

Business Valuation & Shareholder Agreements

We specialise in business valuation, which enables you to place a fair market value on your business.

This may be required for a variety of reasons, but an important reason, is the regular update of the business's value required in terms of a **shareholder's agreement**.

The shareholders agreement (or association agreement for Close Corporations) regulates the conduct of companies and close corporations where there is more than one shareholder / member (owners). The agreement protects the owner's rights and clarifies their obligations, while the business is in existence. Included in this agreement is the critical question of what happens to the business or more specifically, the interest of the owners when a **trigger event** occurs?

Trigger events include, death of a shareholder, incapacitation, and the exit from the business by an owner for whatever reason.

Shareholder agreements govern how ownership will change hands if and when the trigger event happens, to one or more of the owners. The agreement is intended to ensure that the remaining owners control the outcome during these critical transitions.

The agreement should mandate that departing owner be paid reasonably for their interest in the business.

These agreements ***are supposed to work*** by:

- Providing a market for the shares in the event that an owner dies or has to leave the business,
- Establishing the price and terms for the market so future transactions occur in an orderly fashion,
- Specifying or otherwise assuring financing is available to acquire shares in the event an owner departs.

Do you have a shareholder agreement in place, and do you have an agreed valuation, that all shareholders have agreed and bought into the determined value? Or are you leaving this to be determined when the trigger event occurs – precisely the time when owner's interests are no longer aligned!

Do you have your business valued on a periodic basis to ensure adequate insurance is in place?

We will provide both a base valuation, plus a shareholder's agreement that covers the above, and allows owners to regulate their affairs confidently, in the event that a trigger occurs.

Check your agreements and if you need any assistance please contact us on the number below.

For further information, call us on 021 913 6099 or 082 872 6946, or email

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