

Industry Terms & Abbreviations

SAV = Stock at Value

WIWO = Walk In Walk Out - Whereby stock on hand at the point of settlement is included in the selling price.

EBIT = Earnings before Income Tax

Add Backs = The Definition of an Add-Back schedule: As with all businesses, some expenses actually paid by the business are either of a personal nature or a one-off expense, i.e. an expense that is extraordinary, and in normal trading periods will not be incurred again. All financial institutions including banks take into account and fully accept items listed as add-backs, providing the add-backs can be verified and are reasonable. An add-back schedule will allow a prospective purchaser and his financial adviser/organisation the ability to appreciate the actual operating profits of the business before personal expenses and salaries of the business owners/directors.

FTE = Full time employees.

Gross Profit = Sales less cost of stock purchases (allowing for opening and closing stock adjustments) equals gross profit.

Trading Profits = Normally, in small to medium sized businesses the trading profit is defined as the net trading profit of the business after add-back adjustments have been made.

KBI = Key Business Indicators

KMI = Key Monitoring Indicators

SWOT Analysis =

Strengths

Weaknesses

Opportunities

Threats

Business Benchmarks = Are proven industry guidelines used to validate gross profit percentages, rental costs and other related expenses applicable to each business category. These are available for your inspection through your REIQ Business Broker.

Capitalisation Rate = The capitalisation rate directly determines the result of the selling/purchase price of a business. The capitalisation rate must be a rate which represents a reasonable return to an investor in the business, commensurate with the degree of risk.

W.C. = Working Capital.

F+F = Fixtures + Fittings & **CMV** = Current Market Value