BIZPLANS CC
Independent Business Valuations · IVS

The 50 Questions an Opposing Expert Will Ask About Your Valuation

and where the answers live in a properly built report

A guide for attorneys, accountants and advisers who have to rely on a business valuation in a dispute, a divorce, a tax matter or a negotiation — and for the business owners whose value is at stake.

Why this document exists

Most business valuations are never tested. The ones that matter — in litigation, before SARS, across a settlement table — always are. When a valuation is tested, the questions are not random: they follow a pattern that any experienced opposing expert knows by heart. These are those questions.

They are the questions I would ask if I were instructed on the other side. A valuation that cannot answer them is not evidence; it is a liability with a letterhead. A valuation that answers all fifty — on the page, before anyone asks — is what I mean by defensible.

Use this document two ways: to test a valuation you have been handed, or to understand what you should demand from one you are commissioning. The right-hand column shows where each answer lives in the report structure Bizplans uses on every engagement.

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A. Instruction, independence and purpose

The first attack is rarely on the numbers. It is on who produced them, who paid, and whether the valuer understood what the valuation was for.

#	The question you will face	Where the answer lives in a Bizplans report
1	Who instructed you, who is paying your fee, and is any part of your fee contingent on the outcome of this matter or the value concluded?	*Section 01B (Engagement Letter) and Section 11 — fixed fee stated; the Independence Statement in Appendix F confirms no contingent or success-fee arrangements.*
2	Have you acted for this client, their attorney, or any related party before, and would you have reached the same value if the other side had instructed you?	*Section 03 (Independence and Information Reliance) discloses the relationship; independence from the paying party is stated in Appendix F.*
3	What was the stated purpose of this valuation, and how did that purpose determine the basis of value you applied?	*Section 03 — purpose, standard and premise of value are set out before any figure appears, in the order purpose → basis → premise → method.*

#	The question you will face	Where the answer lives in a Bizplans report
4	If this report were now used for a different purpose — a sale, a tax submission — would it still hold?	*Section 03 and Appendix A: the report is expressly limited to its stated purpose; a change of purpose requires a new engagement.*
5	What valuation standard did you apply, and can you point to where each requirement of that standard is met in this report?	*Section 03 states IVS as the operative standard; Sections 07–09 and Appendices C–E evidence the requirements.*

B. Information relied upon

If the inputs can be discredited, everything built on them falls. The cross-examiner hunts for unverified figures doing verified work.

#	The question you will face	Where the answer lives in a Bizplans report
6	List every document you relied on. Which were audited or independently reviewed, and which were management's own unverified figures?	*Section 04 (Documents Received and Relied Upon) is a complete schedule, distinguishing AFS from management accounts.*
7	Where you used management accounts, what did you do to satisfy yourself they were reliable — and what could you not verify?	*Section 03 (Information Reliance) and Section 06 state the reliance limits; unresolved items are flagged, not absorbed silently.*
8	Did you visit the business, interview management, or rely solely on paper?	*Section 04 records the information process; the scope of enquiry is disclosed rather than implied.*
9	What information did you request and not receive, and how would it have changed your opinion?	*Section 04 and Appendix A — outstanding information is listed with its potential effect stated.*
10	Your valuation date is [date]. Why that date, and is every input in this report drawn from information available at that date?	*Section 03 fixes the valuation date and its rationale; Section 06 and Appendix B tie the financial record to it.*

C. Normalisation adjustments

This is the most attacked section of any SME valuation, because every add-back moves value and most reports only adjust in one direction.

#	The question you will face	Where the answer lives in a Bizplans report
11	Take me through every adjustment you made to reported earnings. What is the evidence for each one?	*Section 07 (Normalisation Bridge Table) and Appendix C — every adjustment is itemised, per year, with its rationale.*
12	Every one of your adjustments increases earnings. Did you look for adjustments that reduce them — under-market rent from a related party, deferred maintenance, an under-provisioned liability?	*Section 07 — downward candidates are considered and addressed expressly, including where the conclusion is that none apply.*
13	What market salary did you substitute for the owner, and where does that rate come from?	*Section 07 and Appendix C — a single market-rate owner salary with a named, checkable source, applied consistently across all years.*
14	This 'one-off' cost appears in more than one year. Why is it not simply a recurring cost of this business?	*Appendix C — one-off treatment is evidenced against the multi-year record, not asserted.*

#	The question you will face	Where the answer lives in a Bizplans report
15	If I struck out your two largest add-backs, what happens to your concluded value?	*Section 09 (Sensitivity Analysis) shows how the conclusion moves with the earnings base.*

D. Maintainable earnings

Between normalised history and the earnings figure that gets multiplied sits a judgement. The attack asks whether that judgement favoured the instructing party.

#	The question you will face	Where the answer lives in a Bizplans report
16	Why a three-year average? The most recent year was [higher/lower] — why does your chosen basis happen to favour your client?	*Sections 07–08 — the earnings basis is stated and reasoned; departures from the default three-year average carry a written justification.*
17	Earnings are trending [down/up]. Does a historical average not [overstate/understate] what a buyer would actually rely on?	*Section 06 sets out the trend with plain-English interpretation; Section 08 addresses how the trend informed the basis.*
18	Did you double-count depreciation, amortisation or interest anywhere between the P&L and your EBITDA build?	*Appendix C — the bridge from reported profit to normalised EBITDA is shown line by line and ties to the financial statements.*
19	How did COVID-era or other abnormal trading years enter your average, and why is that treatment fair to both parties?	*Sections 06–07 — abnormal periods are identified and their treatment reasoned symmetrically.*
20	What forward-looking evidence did you consider, and why did you conclude history is a fair proxy for the future here?	*Section 08 (Valuation Assumptions) states the maintainability reasoning; Section 05 provides the market context.*

E. The multiple

One number moves the conclusion more than any other. The cross-examiner wants to show it was plucked, not derived.

#	The question you will face	Where the answer lives in a Bizplans report
21	Where does your multiple come from? Show me the evidence, not your experience.	*Section 08 (Multiple Selection Rationale) and Appendix E (Comparable Market Evidence) — the evidence base and its limits are on the page.*
22	Why is your multiple [below/above] the sector evidence you yourself cite?	*Section 08 links the position within the range to the specific risk factors rated in Section 10 — owner dependency, customer concentration and their kind.*
23	You acknowledge there is no deep SA SME transaction database. So is this multiple not simply your opinion?	*Section 08 and Appendix E — the limitation is disclosed rather than glossed, and the conclusion is triangulated against an independently built discounted cash flow, not asserted alone.*
24	Would you accept that another competent valuer could reasonably have chosen a higher multiple, and what would that do to the value?	*Section 09 (Sensitivity Analysis and Football Field) shows the value across the reasonable multiple range.*

#	The question you will face	Where the answer lives in a Bizplans report
25	Your risk section rates this business risky, and your discount rate also charges for risk. Have you not counted the same risk twice?	*Section 08 states expressly that company risk is reflected once in the multiple and independently in the build-up rate — the two are set separately, never mechanically linked.*

F. The discount rate and cross-check

Every component of a build-up rate has a source. A component without one is a soft target.

#	The question you will face	Where the answer lives in a Bizplans report
26	Take me through your build-up rate component by component. What is the source and date of each input?	*Appendix D (Build-Up Rate Model) — risk-free rate, equity risk premium, size premium and company-specific premium each carry a named source.*
27	Your risk-free rate is rand-denominated. Why have you [not] added a separate country risk premium on top?	*Appendix D — the country layer embedded in a rand-denominated base is addressed expressly, so it is not counted twice.*
28	How exactly did you arrive at the company-specific risk premium — is it not just a plug to reach the answer you wanted?	*Appendix D and Section 08 — the CSRP is a disclosed judgement referencing the risk analysis in Section 10, set independently of the multiple.*
29	What cross-checks the earnings-multiple conclusion, and if the two diverge, why?	*Section 08 — the discounted cash flow, built on the same documented discount rate, is the cross-check on the earnings-multiple conclusion. Where the two diverge the report states the divergence and explains it. Note what is deliberately not done: a cost of equity is not inverted into an implied multiple, because that produces an equity-earnings multiple which is not comparable with an EBITDA multiple.*
30	If your discount rate moved by two percentage points, what happens to the value?	*Section 09 (Sensitivity Analysis) — the conclusion's sensitivity to the rate is quantified on the page.*

G. The balance sheet and the asset floor

Earnings approaches can quietly conclude below what the assets alone are worth. Courts notice.

#	The question you will face	Where the answer lives in a Bizplans report
31	What is this business worth on its assets alone, and is your concluded value above or below that figure?	*Section 06 (Net Asset Value) and Section 09 — the NAV is computed and the report states whether the asset floor binds.*
32	If the asset value exceeds your earnings value, why would a rational owner accept your number?	*Section 09 and Section 11 — where the floor binds, the conclusion follows the floor and says so.*
33	How did you treat the members'/directors' loan account — as debt, as equity, or not at all?	*Section 06 and Section 09 (equity bridge) — loan accounts are classified expressly with the reasoning shown.*
34	Which assets on this balance sheet are surplus to operations, and how did they enter your value?	*Section 09 — surplus and non-operating items are separated in the equity bridge, not blended into the operating value.*

#	The question you will face	Where the answer lives in a Bizplans report
35	What is the condition and realisable value of the fixed assets you relied on — did you simply take book value?	*Section 06 (Net Asset Value) discloses the basis for asset values and any reliance limits.*

H. Working capital and the equity bridge

The most argued-over number in completed deals is also the least explained in most reports.

#	The question you will face	Where the answer lives in a Bizplans report
36	What level of working capital does this business need to trade, and how did you calculate it?	*Section 06 (Working Capital Analysis) — a days-based calculation: debtors on revenue, inventory and creditors on cost of sales.*
37	You identified a working-capital [surplus/deficit]. Show me how it entered your equity value.	*Section 09 — the surplus/(deficit) is an explicit line in the equity bridge from enterprise value to equity value.*
38	Walk me from your enterprise value to your equity value. What did you add, what did you deduct, and why?	*Section 09 (Earnings Multiple Calculation) — the bridge is itemised: cash, debt and debt-like items, surplus items, working-capital adjustment.*
39	Did you treat cash as free when part of it is needed to run the business?	*Sections 06 and 09 — operating cash needs are addressed in the working-capital analysis before cash is credited in the bridge.*
40	Is your working-capital reference period representative, or did you measure at a seasonally convenient date?	*Section 06 — the measurement basis and period are stated so the reader can test them.*

I. Minority interests and discounts

Discounts of thirty percent and more get applied with one sentence of support. This is where careless reports die.

#	The question you will face	Where the answer lives in a Bizplans report
41	You applied a minority discount. Is this not a fair-value matter where the law requires a pro-rata value with no discount?	*Section 03 and Section 09 (Minority Interest Discount) — the basis-of-value gate is applied first: statutory fair-value and equivalent matters are valued pro-rata at 0% discount, and the report says which side of the gate this matter falls.*
42	You have applied one blended ‘minority discount’. What exactly is it made of?	*Section 09 — lack of control (DLOC) and lack of marketability (DLOM) are named, evidenced and applied as two separate, sequential discounts.*
43	Did you apply the two discounts additively or multiplicatively, and what difference does that make?	*Section 09 — sequential, multiplicative application is shown in the calculation, with the combined effect stated.*
44	What is the evidential basis for the percentage you chose for each discount?	*Section 09 — each discount carries its own reasoning tied to this company’s facts: shareholder rights, restrictions, market for the interest.*
45	The shareholders’ agreement gives this minority holder [rights/restrictions]. Did you read it, and how did it change your discounts?	*Section 04 (Documents Received) lists the agreement; Section 09 applies its specific provisions to the discount reasoning.*

J. The conclusion, consistency and the signature

The final attack is on coherence: does the report agree with itself, and will the valuer stand behind every line?

#	The question you will face	Where the answer lives in a Bizplans report
46	Your executive summary says [X]; page [Y] says something different. Which is your evidence?	*Section 02 and Section 11 — every figure ties to a single calculation source; the report is built for internal consistency and cross-referenced throughout.*
47	Is your conclusion a single number or a range, and why is the point you chose within the range fair to both parties?	*Sections 09 and 11 — the range, the sensitivity and the reasoning for the concluded point are all disclosed.*
48	What assumptions is this valuation standing on, and which one, if wrong, does the most damage?	*Section 08 (Valuation Assumptions) and Appendix A — assumptions and limiting conditions are explicit, not buried.*
49	What are your qualifications to give this opinion, and is your professional history independently verifiable?	*Appendix F (Valuer Credentials) — qualifications, experience and the independence statement, framed in independently checkable terms.*
50	Do you adopt every word of this report as your own evidence, including the parts a junior or a model prepared?	*Section 11 (Valuer's Opinion and Signature) — a signed, dated, personal opinion. The valuer signs the judgement; tools do not.*

What to do with a valuation that fails these questions

If you are holding a report that cannot answer a material number of these questions, you have three options: ask the valuer to remediate it, commission an independent review of it, or commission a valuation built to answer them from the start. Which is right depends on the matter, the timetable and what the number has to survive.

Bizplans provides independent, IVS-aligned business valuations for South African SMEs — for divorce and matrimonial matters, shareholder disputes and buy-outs, SARS and tax matters, succession and estates, and sale preparation. Every engagement is a fixed fee, scoped to your situation, never contingent on the outcome. Most valuations are completed within about a week, once I have the information I need.

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