

Closely Held Businesses

MAXIMIZING VALUE THROUGH KNOWLEDGE™

Accurate valuation of a closely held business is critical when resolving issues related to management planning, stock transactions, estate planning, tax planning, business disputes, or divorce settlements. Publicly traded companies are valued every day in the public stock markets. However, since closely held businesses do not have a similar market for their equity interests, estimates of value can be difficult to obtain. In the absence of this pricing information, interests in closely held business must be valued independently.

Closely held business interests are typically valued by one or more of the following methods:

- Asset approach - based on the value of a company's assets and liabilities;
- Income approach - based on the ability of the company to generate cash flow in the future; and
- Market approach - based on the value of similar companies that are either publicly traded or have recently been involved in a transaction.

Adams Capital's professionals are experts in selecting the most appropriate valuation approach based on a particular engagement's circumstances.

The value of an interest in a closely held business can vary substantially based on its level of control and the degree to which its marketability is impaired (lack of a ready market versus an outright restriction on sale or transfer). We are knowledgeable in the selection and support of discounts and premiums in our determinations of value. We conduct our own proprietary discount and premium studies to provide additional support for our conclusions of value.

Adams Capital's valuation conclusions provide the necessary support for business owners and their advisors to make well informed decisions regarding the purchase, sale, or transfer of interests in closely held businesses. Adams Capital has successfully defended its valuation conclusions both in court and before the IRS. Our backgrounds in finance, accounting, taxation, and law, and our experience with over 2,000 public and private transactions, allow us to provide credible and supportable valuation conclusions.