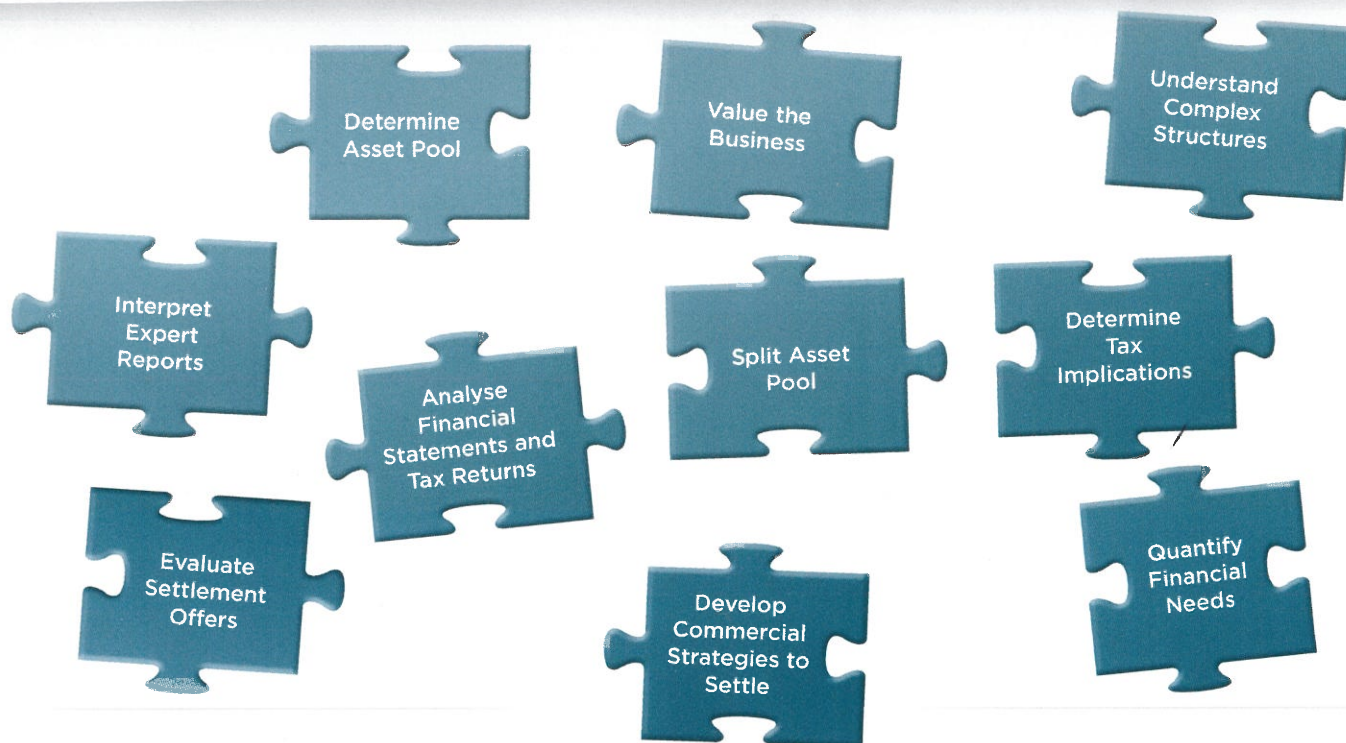


# Your Shadow Expert

HELPING CLIENTS OF FAMILY LAW FIRMS MAXIMISE FUTURE **FINANCIAL SECURITY**

## MAKING SENSE OF THE FINANCIAL PUZZLE

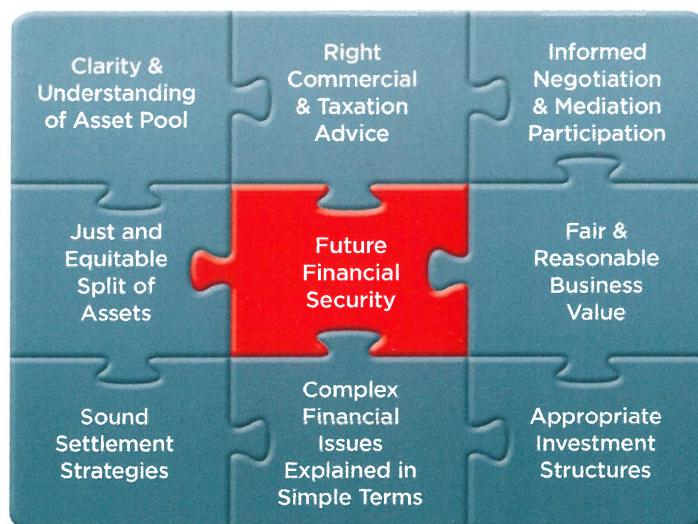


**PUTTING THE PIECES  
TOGETHER**



**YOUR SHADOW EXPERT**

**THE BIG  
PICTURE**



# Helping your client get their fair share of the **asset pool**



Determining the value and split of the asset pool can be challenging at times.

A commercial focus, together with independent and objective financial advice is critical in most property settlements.

A good understanding of the financial / taxation issues in the early stages can often save your client time and money.



If you answer **YES** to one or more of the following questions it may be useful to engage a Shadow Expert:

- ☒ Does your client not really **understand** the business being valued and/or the financial affairs of the family?
- ☒ Does your client have any concerns about the **objectivity and/or independence** of the family's financial advisors?
- ☒ Is your client too **emotionally** affected by the divorce and unable to make commercial decisions?
- ☒ Has your client not been **actively involved** in the business and/or financial affairs?
- ☒ Is your client's future income **earning capacity** uncertain or at risk?
- ☒ Have the potential **taxation implications** been ignored?



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# Helping you understand an **Expert's Report**

An explanation of the Expert's Report can help with gaining an understanding of the asset pool, including the value placed on a family business. This can then help with negotiations to obtain an equitable outcome for your client.

***Valuation is an art, not a science...***

***...albeit an art with a certain amount of guesswork.***

***Analytical techniques do not replace intelligence and common sense...***

If you answer **YES** to one or more of the following questions about your Expert's Report it may be useful to engage a Shadow Expert:

- ☒ Does the Report have a **'cookie cut'** feel?
- ☒ Does the Report **lack information** about the financial performance of the business and how the value was determined?
- ☒ Have your client's earnings **fluctuated significantly** but little or no analysis is done to explain the possible impact on future earnings?
- ☒ Are there any **foreseeable changes** (internal or external) impacting the business that have not been considered in the Report?
- ☒ Has the Report excluded any reference to the potential **taxation implications** of the settlement?

## Case Study 1 Two Experts, One Value

Initially, a jointly appointed single expert valued a client's family business at \$54M. Following this, the husband appointed a separate expert who valued it at \$26M. As the shadow expert for the wife, we were instructed to review the valuations.

While we generally agreed with the valuation approaches of each expert, we did not agree with some of the inputs and assumptions. Our view was that the company had a value somewhere between the two values.

Following a conference between the experts, they issued a joint statement and agreed on a value of \$35M. As a result of our involvement, the wife was comfortable with the revised value which helped with the negotiations in the property settlement.

## Case Study 2 Value to Owner

The husband of a separating couple appointed an expert to value his interest in a professional firm. The expert used "market value" as the standard method. Not happy or sure of the approach, we were engaged by the wife to comment on the reasonableness of the expert's value of the business.

In our view, a more appropriate standard of value was "value to owner". This placed a higher value on the business which we considered to be reasonable. As a result, the division of the property pool was based on "value to owner" giving our client an equitable outcome.

## Case Study 3 Cyclical Business

The discounted cash flow (DCF) approach was used by an expert to value a cyclical business. This method discounts the cash flows over a five year period and the terminal value of the business to arrive at a value. Upon review as shadow expert, we found that the terminal value was based on the cash flow in year five (the high point of the cycle) rather than an average over the period. As a result, the business was significantly over valued.

Based on our finding, a lesser value (albeit a realistic value) was placed on the business which helped the husband and wife come to an agreement in relation to the division of the property pool.

## YOUR SHADOW EXPERTS

### Who we help

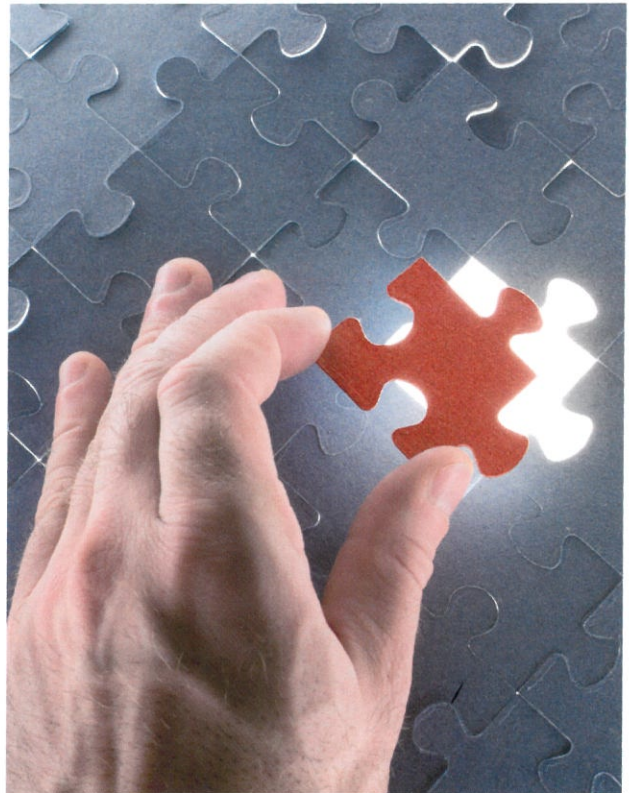
- Clients involved in complex structures
- High net worth individuals
- Clients with significant business interests and investments

### Our experience

- Over 25 years advising businesses and high net worth individuals
- Consulting to family lawyers on complex matters
- Detailed understanding of the taxation implications affecting property settlements
- Shadow Expert in high net worth cases
- Mediation participation in a number of significant property settlements

### Our values

- Empathy in difficult times
- Independent and objective
- Commercial focus



As the shadow expert we can help you and your client make sense of the financial puzzle and put the pieces together. By doing this, the big picture is complete and decisions can be made to maximise your client's future financial security.

## CONTACT US TODAY



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