

CASE STUDY

Vantis



Brief

Intangible Business was asked to assess the value of intangible assets of chain of art galleries on behalf of the company directors and its advisers so they could more fully appreciate the underlying value of the entirety of the business. The chain sells commercial art to consumers including prints and originals from 27 gallery stores and concessions.

The business was distressed and the valuation was required to assist the directors to determine the appropriate course of action including sale of business as a whole or the disposal of the assets to third parties and therefore the primary basis of valuation assumed arm's length transactions. The key intangible assets valued were the brand and the database of registered customers.

Approach

Intangible Business carried out a top-level review of historic financial statements and management accounts, and discussed the drivers for commercial art, the market dynamics and competitive forces with key management.

Intangible business derived the market value of the brand and customer database by considering the price of alternative assets that a third party could acquire to derive a similar commercial benefit. The market approach was corroborated by analysis of the costs to create the brand and customer database, and their respective values to the business as a going concern.

Outcome

The valuation report was used by the administrator, Nick O'Reilly of Vantis, to negotiate the fair value of the intangible assets.