

business
for sale



BUSINESS REPORT

Date: **17th May 2024**

Business Reference: **35886**

About the Business:

**Leading Builders Supplies & Hardware Business.
JHB Eastern Suburbs. 55 Years Trading.**

This leading builders supplies and hardware business has been operating for over half a century and is a leader in service.

Leading Builders Supplies & Hardware Business. JHB Eastern Suburbs. 55 Years Trading.



Sector: **Retail**

Asking Price:

R **16,000,000**

Monthly Profit:

R **588,115**

Asset Value:

R 2,302,530

Stock Value:

R 9,000,000

Yearly Net Profit :

R 7,057,380



Business Report

Fully describe the business's activities?

Major Supplier of builders supplies, hardware and paint including timber, sand, stone and cement. Also agents and suppliers of major brands of power tools

How long has the business been established?

The business was started in 1968 and has been operating successfully for 55 years.

How long has the owner had the business?

The owners started and have built up the business and continue to run the business.

How does the business operate on a daily basis?

There are various managers/supervisors in place to ensure smooth operation when owners are not present. The owners control all the finances.

How are the clients attracted to the business?

Because of the history of the business it is well-known and most new customers are by way of referrals and word-of-mouth. No advertising is carried out.

What competition exists?

The reputation of this business of being a one-stop-shop for all hardware and building supplies means none of the hardware stores can compete with them. They offer a delivery service so long-standing clients just order and the goods - from sand to stone to timber etc - is delivered. Many of their long-standing clients seldom, if ever, visit the business to place orders.

What are the seasonal trends?

The business appears to be consistent across the board except for December builders holidays when it is quieter.

Is the business VAT Registered?

Yes, the business is VAT registered.

What VAT documentation is on file?

Normal VAT returns , recons and documentation is on file, The business runs a SAP system for their entire financial function which is integrated with the Cistech Point-of-Sale system.

What percentage of the business is cash/credit?

The business runs a strong debtors book. This has been part of the success of the business. Builders can order and ensure that goods are delivered to site with no time wastage. 20% to 25% of the revenue is cash or debit/credit card.

What is the age analysis of the debtors book?

The average days of the debtors book is 30 days.

How could the profitability of the business be improved?

An E-commerce website would be very beneficial and social media advertising and Google Adwords will all make a huge addition to new business.

What is the total staff complement?

The total staff complement is 41 including owners/managers.

Give a breakdown of staff/ functions/ length of service?

A complete list of staff functions is available to qualified interested parties.

Do any receive special perks or incentives?

A 13th cheque is paid but entirely at management's discretion.

Are they on contract?

Yes, the staff have letters of appointment.

How involved is the Owner in running the business?

The owners currently are involved 100% in the business.

When does the current lease end?

The owners also own the properties and are open to also selling the properties as an addition to the deal. This will have to be discussed as to value etc with the Sellers.

What is the annual escalation %?

The escalation is normally 8%.

What are the trading hours?

They are open Monday to Friday from 6.30 am to 5.00 pm and on Saturdays from 6.30 am to 12.45 pm.

What is the square meters of the business?

The properties cover an area of 10 500 square meters in total.

Do you require a licence?

No licence is needed to trade in this business.

What lease deposit and/or other surety is required?

The normal requirements of one to two months deposit will apply and can be discussed with the Sellers.

What are the main assets of the business?

There is a comprehensive list of assets on file for qualified interested parties to peruse but mainly consist of vehicles, fixtures and fittings, SAP System, main frame etc.

What is their overall condition?

Good to excellent.

Do any require repairing?

No, all are serviced and repaired as required.

How have they been valued ?

Net realisable value.

Which assets are on lease/HP and with whom?

All assets are fully paid for.

Are they presently insured?

Yes, the business is comprehensively insured.

Strengths?

Longstanding History, well-known in the industry, knowledgeable staff, goodwill in the market place with their name. 55 years of successful trading. Plascon Paint supplier. Power tools supplier: Stihl, Bosch, Makita, Metabo.

Weaknesses?

Lack of marketing.

Opportunities?

Marketing, Social Media and an e-commerce website will all be very beneficial to producing new business.

Threats?

Normal economic conditions but this business has been through 55 years of history and is still standing strong.

What is the reason for the sale?

Relocation and retirement.

Why is this a good business?

Excellent business with excellent goodwill in the market. The owners have lived very well because of this business.