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ALLEN
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CHARTERED
ACCOUNTANTS

Buying a Business

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Buying a Business

Buying a business is a big decision and will be a life changing decision for most people involved. There are many things that need to be considered when buying a business and to ensure a smooth process you should obtain advice from the start.

Is it the right business for you?

This is a very important question to consider. A successful business is one where the people driving it forward have the right experience, motivation and characteristics needed for that particular industry.

Some businesses and the industries they operate in are very competitive and therefore would need the right kind of people in charge to make it succeed.

Do you have the drive, confidence and ability to make the business work?

Do you know the business?

What exactly would you be getting for your money if you were to buy a business? What are the key risks associated with the business and what is the competition? How much work will be involved to make it a success? Can the business be a success?

These are just some of the many questions you should be thinking about before buying a business.

Why is the vendor selling the business?

A valid reason for the vendor selling the business should always be sought. Knowing this simple fact can have a major impact on actually buying the business in the first place, the structure of any potential deal and more importantly the purchase price.

How much will it cost?

It is very important you do not underestimate this point and we recommend you seek proper advice prior to agreeing anything. There could be hidden future costs in the business that are not evident from the outset and the legal and taxation costs might make the business deal unattractive. Paying the right price for the right business is very important.

Negotiating – Due diligence is crucial!

Completing a thorough 'due diligence' review of the business prior to making a firm offer puts you in a stronger position to negotiate the price. Never rely on the vendor's information and projections and always look at producing your own profit projections with professional input. This will give you the confidence needed to negotiate and ensure you are getting the best deal.

How should you structure the deal?

The structure of the deal needs to be in the best interests of all the parties involved. It needs to be clear, concise and detailed in such a way to avoid any doubt as to the expectations of all the parties. There will be tax issues to consider here also and professional advice should be taken to ensure you are aware of all of the issues.

After the completion!

Once you have purchased the business we will be on hand to assist you with all day to day requirements and also to provide more detailed planning advice to ensure your business is a success.

We can help.....

David Allen & Co can help you every step of the way. Buying a business will involve making a lot of important decisions and they need to be right. We can advise you through the process and provide additional help where needed. We can produce cash-flow forecasts and perform due diligence work at both initial and final stages.

For further information please contact Alison Cartner (alison.cartner@david-allen.co.uk) or Jonathan Miller (jonathan.miller@david-allen.co.uk) or complete the following slip and post it back to us:

I would like you to contact me about buying a business.

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.....

.....

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The information contained in this leaflet is intended for guidance only. We recommend that you seek professional advice before acting on any matters contained herein.

