



DAVID
ALLEN
& Co

CHARTERED
ACCOUNTANTS

Selling a Business

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Selling a Business

The decision to sell your business is one which you will have thought a long time about and perhaps planned for several years. The key to a successful business sale is good planning to ensure you maximise the value you receive. Selling your business will be one of the biggest and most important deals you may ever make and receiving advice and guidance from the right professionals is very important.

Items to consider when deciding to sell your business are:

- How much is my business worth?
- How do I market the business to obtain the maximum return on the sale?
- What are the tax implications?
- When should I sell?

How much is my business worth?

There are various methods by which you can value a business such as net assets or a multiple of earnings and your accountant can assist you in calculating a value for the business.

The actual amount you ask for the business should be realistic and you should remember that it will be open to negotiation.

Don't forget - a business is only worth what someone is prepared to pay for it!

How do I market the business?

Your accountant can assist you in preparing a Sales Memorandum which will be used as a marketing tool and is designed to generate interest in your business. This document will be sent to potential purchasers (who have already signed confidentiality agreements) and this will present the business in a positive light.

The sales memorandum will include:

- Details of the business structure and trading history
- Information on the industry which you operate in
- Location of the business and number of employees
- Key financial information on how the business is and has performed
- Key strengths of the business
- Opportunities for future growth

What are the tax implications?

When you sell your business the structure of the sale could make a significant difference to the tax which you have to pay. You could sell your business through a sale of shares in the company or the sale of assets. Your accountant will advise you on the tax implications of each method.

If you make a gain on the sale of the business then you may have to pay Capital Gains Tax. However, if you have future plans to reinvest the proceeds from the sale into another business then you may be able to defer the gain through the use of business asset roll-over relief.

Tax planning is key to ensure that you minimize your potential tax liabilities.

When to sell your business?

Selling at the right time can have a significant impact on the price you obtain for your business. If possible, plan ahead as this allows you to groom your business for sale making it as attractive to buyers as possible. You should consider the economic cycle when looking to sell your business and sell before the market declines or there are major changes in tax legislation.

We can help.....

David Allen & Co can help you every step of the way in selling your business. We can provide additional help and advice where needed including assistance with the Sales Memorandum, valuations and other financial information.

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 selling my business.

Name

Address

.....

.....

Telephone

E-Mail





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