



SELLING YOUR BUSINESS

Capworth Advisory can advise businesses in the London and Kent areas on business exit strategies and selling a business. Here are some of the essential points to consider...

Selling your business may be the time when you finally get to reap the rewards of a lifetime of work. Or it might be the opportunity to cash in when the conditions are right, before you start your next enterprise.

Either way, the sale of your business will be one of the most important things you'll ever do. You only get to do it once, and if you get it right, the financial gains can be considerable.

Here are some of the most important issues you will have to consider:

1. Timing the sale

When is the right time to sell? In an ideal world, you would sell when the market is booming and before any anticipated downturn. But internal factors are just as important. If your business is performing well, perhaps at the peak of a pricing cycle, it will be more attractive to potential buyers.

Above all, if you have any choice in the matter, sell when you want to, not when you have to.

2. Preparing your business for sale

You will need to have up-to-date information available for inspection by potential buyers. This will include business plans and budgets, as well as financial documents such as profit and loss statements, tax returns, loans against the business and the lease.

There are a number of things you can do in order to make your business more attractive to potential buyers and therefore command the best possible price. These might include:

- Increasing sales figures - perhaps through stronger advertising or offering special deals
- Improving your assets - you might want to sell off any unproductive assets, and replace any machinery reaching the end of its useful life. Now might also be the time to buy any company assets you want to keep after the sale, such as a company car
- Reducing liabilities - if you can clear up any pending legal disputes or other liabilities before the sale, there will potentially be fewer obstacles to put a buyer off
- Formalising contracts - put into writing any deals you have with suppliers, and contracts with employees
- Smartening up - make an effort to improve the appearance of everything in the business, from the premises to the paperwork.

3. Setting a price

Overvaluing the business will discourage buyers. We can help you to value your business accurately. A good way to ensure a high price is to create competition between potential buyers. You can reject any bids that fail to reach your estimated value, obliging other bidders to increase their offers.

4. Making the sale

Before selling, you should consult us, as well as your solicitor and independent financial advisor. It may also be advisable to employ Business Transfer Agents who specialise in buying and selling businesses. In many cases, sellers find it necessary to finance at least some of the price - that is, lending to the buyer to facilitate the purchase.

5. After the sale

Once you know the value of the business you need to determine how the funds released by the sale can best be used to provide you with a comfortable retirement or to begin a new business venture. Valuable tax reliefs are at stake here, so consult us early in your planning to avoid an unnecessary tax bill.

With proper planning and good advice, you can ensure that you get the price and terms that satisfy your reasons for selling your business. We can help you make the right decisions.

If you are in the London and Kent areas and are looking for professional advice on business exit planning, including selling a business, contact Capworth Advisory

