

CORNERSTONE

 Business Agents

Selling Your Business - Your Questions Answered

Q

What financial information should I have available to provide to prospective buyers?

A

Ideally your last 3 years Profit & Loss Accounts together with an indication of the projected sales figure for the current financial year.

Q

How will my staff be effected by the sale?

A

Your staff are protected by legislation, when your business is sold the new owner is obliged by law to take over your existing staff on the same terms and condition that you employ them on. This legislation is known as TUPE is very complicated, we would be happy to send you more information on this to you and also encourage you to discuss this aspect if your sale with your solicitor.

Because a buyers of your business will inherit your staff on their current rate of pay and conditions of employment they will require you to provide them with an employee's schedule detailing each members length of service, hours worked, job description and holiday entitlement. Copies of staff contracts will also be required, but not until the heads of terms of an offer have been received and accepted.

Q

I have some equipment on lease, how will this be effected by the sale?

Most buyers would prefer not to take on any leases and will expect to purchase all your businesses equipment outright as part of the sale price. If you do wish a buyer to take over any leases, you should let us know as soon as possible and give us copies of the lease or rental agreement.

Q

What is an Energy Performance Certificate and why should I have one prepared?

A

The government in their wisdom have made it compulsory that anyone selling or leasing a property (commercial or residential) must provide potential buyers or tenants with an Energy Performance Certificate which gives information on how efficient the building insulation and heating system is. There is a potential

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fine for business owners who place a property in the market without having this information available. Please ask for our leaflet on commercial EPC'S if you do not have one already. We can also provide quotations from independent EPC providers.

Q

At what stage should I inform my solicitor that I have placed my business for sale?

We suggest you let your solicitor know at an early stage, they can call up your titles from your lender and provide answers to any legal questions you may have. If you do not have a solicitor or would like to obtain quotes on the cost for the legal side of selling we would be pleased to recommend solicitor who are experienced at dealing with your type of business and who offer discounts to clients referred by Cornerstone Business Agents. We also offer a free legal e mail helpline (via e mail) to all our clients.

Q

How long will it take to sell my business?

A

This is the most common question we receive from clients and is one we have difficulty in answering as there are so many variables. We hope and plan to achieve a sale or at least have agreed basic terms of sale within 3 months of instruction. If there is no signs of a sale being achieved after 6 months we undertake a full reappraisal of every aspect of the marketing.

Q

What other certification and documentation will a buyers solicitor ask for as part of an offer to buy?

A

Your solicitor may be the best person to answer this. Buyers solicitors will want to be sure that your property complies with current legislation and may ask for documentation such as asbestos reports, disability access audit, environmental health reports , fire risk assessment , planning permission and building warrants.

Q

My business is run form a leased property what should I do now to help make my sale go smoothly?

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A

Please supply us with a copy of your lease as soon as possible. If you are selling on the basis that the landlord will extend the lease for a new tenant contact your landlord and confirm that they are happy to consider this. Also find out and let us know what information your landlord will require about a prospective purchaser to enable them to agree to taking over the lease on their property. Early contact with your landlord is always recommended.

Q

Will the purchaser buy my stock?

A

Businesses are sold on the basis that the stock is bought at cost price (or retail price if that is lower than cost price). Let us know what stock levels you estimate will be at when you sell your business and try to make sure you only pass on sellable stock. Buyers will not want old stock that you cannot shift.

Q

Why should I only instruct a regulated agent to handle my sale?

A

If you have problems with an agent who is not regulated you will not have any third party to complain to if the service you receive is not professional. The Internet is full of horror stories about business owners who have been ripped off by unscrupulous agents - none of which are members of the main professional bodies such as chartered surveyors or members of the Institution of Commercial & Business Agents.

Q

What are the most important question that I should ask prospective agents before I instruct them to handle the sale of my business?

A

Will my sale be personally handled by the agent who visited my property or by an office based sales team who have not visited my business and therefore do not have a real feel for it?

What are the registration/ marketing fees, and what do they cover?

If I am not happy with the service I receive and want to cancel the agency agreement after a couple of months what - if any fee will I have to pay.

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Where will my business be marketed, how often will I receive feedback from the agent, what websites will my business be listed on and what other marketing methods will be utilised.

Q

Does the agent have funding facilities for prospective buyers ?

A

Arranging finance is one of the most important aspects of selling a business successfully. These days main street lenders are reluctant to lend to small business and that is why professional agents such as Cornerstone work in partnership with business finance brokers who have access to all lenders, including increasingly popular peer to peer lenders.

The above are only answers to a few of the questions that we are sure you will have. When you arrange for one of our directors to visit your business we will explain the above in greater detail and answer any questions you may have.

CORNERSTONE BUSINESS AGENTS
EXPERIENCE THE DIFFERENCE

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