

Anderson Moore

Business Sales - Valuations - Mergers



Wish you were here?

Selling your Business

A Guide to Preparing your Business for Sale

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Thank you for requesting further information.

Introduction

Anderson Moore is a professional intermediary specialising in the sale and acquisition of owner managed and small businesses and companies. We work closely with proprietors and directors to guide them through the sale process.

Your enquiry is handled with the utmost discretion.

Our services include:

- Initial Meeting and Appraisal of your Business or Company
- Valuation Service
- Preparation of Sale Summary and Information Memorandum document
- Finding a buyer and obtaining confidential non disclosure agreement (NDA)
- Assisting with buyers finance if necessary
- Negotiating a price and terms - Heads of Agreement (or Heads of Terms)
- Liaison with solicitors, accountants and other professionals involved in the sale process
- Advice, guidance and management of the business sale through to completion

Why use Anderson Moore?

Unlike many “listing” agencies we concentrate on a small portfolio of quality, well-documented businesses and companies and avoid the mistake of taking on too many clients at a time. Your business is unique and our style is to take a tailored, pro-active approach to marketing. The sale process needs to be handled with care, sensitivity and discretion and this can only be achieved by an agent with the right experience and an affinity with your type of business.

Flexible Fees and Terms

We recognise the needs of small businesses and the wariness of many clients to enter into onerous terms or costly fee agreements. Fee structures can be tailored to suit. We have clear and unambiguous Terms and Conditions and work primarily on a success basis. ***Fees are agreed in writing before we commence work.***

Please ask - we are approachable and here to help

If you wish to ask further questions or book an initial no obligation discussion, please ring Keith Green on **01256 770907** for further information. (If it is more convenient to ring after hours please call 07855 043599).

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INFORMATION COLLATION CHECKLIST

BUSINESS VALUATION & DISPOSAL

This checklist outlines most of the information we need to compile a business sale file. We do not need you to collate all of this for a preliminary discussion although we shall need to see at least the last 2 years accounts plus current sales figures or management accounts.

	Tick
Copies of last 3 years accounts (Including latest accounting year)	
Copies of your most recent management accounts plus a breakdown of the last 24 months turnover (month by month) and (where practical) customer by customer	
Inventory of machinery, equipment and vehicles indicating any HP, contract hire, finance or loan arrangements. This to include details of website(s) and any domain names held	
For E-Commerce or Web Businesses – Details of web traffic, size of customer/subscriber database, Google Analytics	
Staff schedule with positions, length of service, ages and Salaries, include owners, indicate key staff and any vacancies	
Customer List (this will not be divulged without express permission) or a breakdown of the type of customers you service	
Value/Breakdown of Current Order Book / Ongoing Contracts	
Details of licences in respect of goods or services	
Details of any professional or trade memberships e.g. NICEIC, REC, etc. or approvals (e.g. ISO 9002, Investors in People etc)	
Details of e.g. patents, trademarks, copyrights etc.	
Any specific supply contracts	
Copy of any marketing literature, price lists, website address	
Copy of any lease on equipment and/or vehicles	
Summary of Lease(s) / Rent / Rates / Maintenance Charges	
Plan / Photographs of Premises. Valuation (if Freehold)	
List of any charges on property or equipment	
Details of any current legal claims or disputes for or against the business	

We suggest that information is kept as up to date as possible. Some information may not be applicable.

BUSINESS SALE CHECKLIST. ARE YOU READY TO SELL?

This checklist is an aide-memoire to assist you in determining your business's readiness for sale. It is not exhaustive but our experience is that paying attention to much of the following prior to marketing your business will assist in the following key areas:

1. Getting the best price
2. Showing the buyer you are serious
3. Preparation for due diligence once an offer is received/accepted
4. Keeping negotiations smooth, on-track and as stress-free as possible
5. Providing no excuses for the buyer to try and renegotiate the price.

		Tick
Annual Accounts	Should be clear and produced within as short a time as possible after your Year End	
Management Accounts	Recent management accounts should always be available as soon as possible after each month end - these should include Profit & Loss and Balance Sheet - Sage Reports are ideal	
Associated Companies	Do you own or operate any other businesses? Are there any inter-company loans or cross-trading arrangements which need to be considered?	
Licences/Approvals	Are ALL licencing requirements in place and up to date? e.g. Waste Licencing, WEEE, Import/Export Licences, Software Licencing	
Intellectual Property	If you have patents, copyrights, domain names etc. are they available and up to date. Will they need renewing during the sale process?	
Contracts (1)	Review all contracts. Do you need to renew any? Would any of them be a burden to a sale e.g. onerous lease terms etc?	
Contracts (2)	Do you have customer contracts? Can you secure any customer business on a contractual basis?	
Contracts (3)	Remember any obscure contracts e.g. washroom towels, telephone maintenance, any "special" deals with suppliers.	
Staff Contracts (1)	Do all staff have Employment Contracts? Are they fully compliant?	
Staff Contracts (2)	Do any part-time or self-employed staff contracts need to be reviewed or amended? Are there any potential issues with e.g. the status of any self-employed staff - should they be PAYE?	
Staff Contracts (3)	Are any foreign staff employed and do contracts follow all Home Office guidelines?	
Literature	Is it up to date and compliant with current legislation?	
Fixtures and Fittings	What is included in the sale? How does the balance sheet valuation compare to the REAL value of your Fixed Assets?	
Staff	Are there any staff issues? e.g. ongoing disputes, pay negotiations or reviews, pending promotions, vacancies etc.	
Insurance	Do you have all company insurances in place? Employers Liability, Public Liability, Product Liability, Professional Indemnity, Vehicle or Fleet Insurance, Buildings Insurance, Keyman Cover, etc.	
Premises (1)	Have you got an up to date copy of the lease? Have you read it? What are your obligations regarding the lease if you dispose of your business?	
Premises (2)	Does your premises comply with Health and Safety Regulations, Building Regulations, Landlords requirements - have you had an Asbestos Survey, or Fire Safety Check? Does your premises need an EPC (Energy Performance Certificate)?	
Customers	How is your customer base spread? Is 80% of your business with one customer? How strong is your customer's business?	
Be honest	Is there ANYTHING which could jump up and bite you when you are in the 11 th hour of negotiations?	

Please Read – you may need an Energy Performance Certificate for your premises before you put your business on the market.

Changes to EPC regulations for agents/private sellers (from 6th April 2012)

The law relating to Energy Performance Certificates (or EPCs), and therefore the obligations of business sellers and their representatives, has now been clarified. Agents, brokers and private sellers alike are now bound by new statutory law.

EPC Recap

When business owners, agents, brokers or landlords put a business or property up for sale or rent they must produce an EPC, which provides information on the energy efficiency and likely carbon dioxide (CO₂) emissions from business premises or residential buildings. An EPC applies only to those business properties which have 'their own heating or conditioning units' and lasts for 10 years.

The penalty fee for not having an EPC ready to show prospective buyers or tenants is fixed at 12.5% of the rateable value of the relevant building. Penalties range between £500 and £5,000.

Changes to the law from 6th April 2012

The law governing EPCs is the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2008. These regulations have been changed as follows: •An EPC (or written evidence that an EPC has been commissioned if you don't yet have an EPC) should be supplied as part of an advertisement listing to potential buyers as early as possible in the sales process. To that end **an EPC, or written evidence that you have applied for one, should be obtained within seven (7) days of the start of marketing the property/business.**

- Brokers and agents must use "all reasonable efforts" to obtain the EPC - this applies to both residential buildings and commercial premises.

- However, if sellers use all reasonable efforts to apply for an EPC within the 7 day period they have a further twenty one (21) days to obtain the certificate. Therefore all sellers must have an EPC in their possession within 28 days of the start of marketing.

- Brokers/agents acting on behalf of sellers must satisfy themselves that an EPC has been commissioned by their clients before marketing the property or be at risk of being liable for a fine under the Regulations.

- The entire EPC certificate should be attached to a business listing advert if possible, or if this isn't possible the asset graph (which shows the energy rating of the property) as a minimum must be attached.

- Owners of commercial premises can obtain an EPC before they put their business up for sale - in fact we recommend obtaining one as soon as possible. However, the above legal obligations apply only when an owner decides to market their business premises for sale or lease.

- All of the new rules above apply only to business premises that are marketed for sale or lease on or after 6th April 2012.

cont....

Are there any EPC exemptions?

EPCs are not required on the construction, sale or rent of places of worship, temporary buildings, commercial buildings with a total useful floor area of less than 50m², industrial sites, workshops and agricultural buildings with low energy demand and on buildings due to be demolished if sold.

Warehouses, food and drinks packaging or heavy engineering plants not requiring conditioning or heating or heated for only a few days a year are exempt. Lease renewals or extensions, compulsory purchase orders and lease surrenders are exempt.

However, unfurnished buildings with gas or electric meters will need an EPC, as these indicate an intention to condition the climate.

Also premises are obviously essential, so those with online businesses do not require an EPC.

Suggested EPC providers - please note we have not vetted these companies

www.ukesurveys.com Office: 01420 89898 Mobile: 07920 843616

www.theepcprovider.co.uk 020 8346 3555

www.energy-performance-certificate.org.uk 0845 834 0040

www.nationwideepc.com 0203 327 2173

www.localsurveyorsdirect.co.uk/commercial-energy-performance-certificates.aspx An online resource which provides several quotes in one enquiry

Please provide the regular **current** monthly expenses of the business
Show any expected increases/decreases in overheads (e.g. Rent rises, Rates reviews etc.) and
when these are due.

TYPICAL MONTHLY EXPENSES

Rent	£	_____
Rates	£	_____
Water rates	£	_____
Service Charges	£	_____
Salaries incl NIC.	£	_____ excluding owner(s)
Light/Heat/Power	£	_____
Motor [if needed]	£	_____
Depreciation/Capital Exp.	£	_____ cost to keep up to date?
Business Insurance	£	_____
Buildings Insurance	£	_____
Internet/Web Hosting	£	_____
Web Marketing/SEO etc.	£	_____ include Pay-per-Click costs if any
Software Licences etc.	£	_____
Telephone	£	_____
Accountancy	£	_____
Advertising	£	_____
Printing/Stationery	£	_____
Postage/Courier	£	_____
Packaging	£	_____
Equipment/ Leases	£	_____
Credit Cards	£	_____
Sundries	£	_____
Bank Charges	£	_____
Other _____	£	_____
Other _____	£	_____
TOTAL EXPENSES	£	_____
Owner(s) Salary/Drawings	£	_____ (or other "owner specific" expenses)

ANNUAL SALES BREAKDOWN By Customer

FINANCIAL YEAR 2012-2013

	Cust.1	Cust.2	Cust.3	Cust.4	Cust.5	Cust.6	Cust.7	Cust.8	Cust.9	Cust.10	Cust.11	Cust.12
SALES BY CUSTOMER (Top 12)*												
CUSTOMER NAME (OR TYPE OF BUSINESS)												

FINANCIAL YEAR 2013-2014

	Cust.1	Cust.2	Cust.3	Cust.4	Cust.5	Cust.6	Cust.7	Cust.8	Cust.9	Cust.10	Cust.11	Cust.12
SALES BY CUSTOMER (Top 12)*												
CUSTOMER NAME (OR TYPE OF BUSINESS)												

FINANCIAL YEAR 2014-2015

	Cust.1	Cust.2	Cust.3	Cust.4	Cust.5	Cust.6	Cust.7	Cust.8	Cust.9	Cust.10	Cust.11	Cust.12
SALES BY CUSTOMER (Top 12)*												
CUSTOMER NAME (OR TYPE OF BUSINESS)												

FINANCIAL YEAR 2015-2016

	Cust.1	Cust.2	Cust.3	Cust.4	Cust.5	Cust.6	Cust.7	Cust.8	Cust.9	Cust.10	Cust.11	Cust.12
SALES BY CUSTOMER (Top 12)*												
CUSTOMER NAME (OR TYPE OF BUSINESS)												

* or Top 10 or Top 6 (whatever) as appropriate to show around 80% of annual turnover.

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Please check and compare our Terms. We offer:

- An initial pre-sale discussion and evaluation with no obligation
- Full support and advice on how to structure your business sale
- No hidden charges, all fees agreed in writing before we commence work
- Commission is charged on the selling price for your business – not on the asking price like some of our competitors
- No Exit Fees - some of our competitors charge an exit fee for cancelling the selling agreement – even if they have been unsuccessful in selling your business
- Just a 6 month minimum contract (although this is flexible according to your requirements). Or, if circumstances dictate, you can stop and re-start the process
- No unqualified staff, no Call Centres or re-directed telephone numbers – just sound, experienced advice by email or telephone
- No hefty up front fee – just a modest monthly management fee which is credited against your commission fee on sale of your business OR we also offer a “No Sale/No Fee” Agreement
- Feedback on the progress of your business sale available at all times
- Discretion assured, in most cases buyers must sign a Non Disclosure Agreement before any confidential details are released
- We can also offer a Business Valuation Report if you do not want to sell yet or e.g. you want to sell to management or are looking to buy/sell a business not available on the open market – please enquire for full details

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