**Preparing a Company for Sale**

[Note this is a specialist area and this checklist is for guidance purposes only and should not be relied upon in practice. A specialist lawyer should be engaged to assist in this process and a Corporate Finance expert or specialist Buy, Sell, Merge Company to help sell the business).]

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| **Preparing a Company For Sale** |
| 1. Timescale and type of exit (sale, floatation, MBO) |
| 1. Define share or asset sale |
| 1. Look for potential stumbling blocks in negotiations early |
| 1. Identify exactly what is for sale and what is not |
| 1. Aim to avoid any negotiations with potential purchasers about what is or what is not included in the sale ahead of negotiations. This will mean delay and add to the cost. |
| 1. Research for specialist and experienced lawyers to assist in the process. |
| 1. Research a Corporate finance specialist to help with the sales process. |
| 1. Plan for Warranty issues (tax, assets, liabilities, pensions) and minimise the risk. |
| 1. Identify potential purchasers including existing management. |
| 1. Consider incentives for senior management ahead of any process. |
| 1. Ensure senior management employment contracts are up to date including restrictive covenants and notice periods. |
| 1. Review Articles and shareholders agreements to ensure minority shareholders sell shares on the same terms as majority shareholders (if applicable). |
| 1. Perform a CGT (and in some cases IHT for life time gift exemptions) review for the vendors with care on trading and non- trading assets to be considered for the 10% tax band. |
| 1. Review administrative functions for compliance and perform a check on the accounting function to ensure they are compliant with MTD and systemised. |
| 1. Examine insurances for employee liability, product liability and other risk areas. |
| 1. Review all Intellectual property from copyright and ownership of the website to licensing of technology. |
| 1. Consider laws and regulations surrounding the business, especially health and safety and environmental issues (including any discharge consents). Obtain expert assistance for an audit and certification that the businesses systems and processes are compliant within required current legislation. Also review any proposed legislation and benchmark against industry best practice (if applicable). |
| 1. Review any grants received and that may become repayable if a sale takes place. |
| 1. Examine all salient contracts entered into by the company. A purchaser will seek comfort that the company has entered into contracts to protect its business and has not left itself unreasonably exposed to risks of product liability and other similar claims. An audit of all contract documentation and the way in which it is implemented should be done, attention on termination provisions linked to change in ownership is important. |
| 1. A risk review on dependence of customers and suppliers should be done. |
| 1. Any outstanding disputes or litigation need to be reviewed and a cost benefit decision made as to whether these should be resolved ahead of the sale. |
| 1. Document your work as you go throughout this process. |