



## Preparing your business for sale

# SHORT TERM GROOMING ISSUES

### Increase value and saleability

#### In the previous issue

of Topical Tips we looked at **general** grooming issues that can be applied to any business to help it operate at its optimum level, even if a sale isn't being considered immediately. In this issue we examine the **short term** grooming considerations when an **actual** sale of the business is being planned.

Grooming the business for sale should help the business to become more valuable and hence achieve a higher selling price. It will also make the business more saleable and speed up the whole sale process.

Remember, there will be other grooming issues specific to your individual business that cannot be covered here. You should work closely with your professional advisors at an early stage for guidance in this area.

### Barnes Roffe Topical Tips

- Review the 15 general grooming issues that were identified in the previous issue to ensure that you are on the right track.
- Ratify and legally confirm the status of customer agreements and agency contracts. Where possible, formalise trading contracts if trading relationships are currently on informal basis.
- Ensure that all supplier agreements and terms of trade are identified and documented. Undertake a review of all agreements to ensure that no restrictive terms are being applied, and rectify if required.
- Confirm that the legal status and tenure of the current business premises is defined and legitimised. Ensure that the lease is at market rate if the property is owned personally.
- Obtain current valuations for property owned by the business and reflect this in the accounts.
- Critically review present accounting policies. Ensure they have been consistently applied and that they are in accordance with UK GAAP and industry norms. Ensure any changes in accounting policy are identified and explained.
- Review depreciation policy and realign where required. Ensure that provisioning policies are not over prudent and are in line with FRS12.
- Review administrative expenses and eliminate unproductive fixed overheads.
- Clear current bank loans if insubstantial in the context of the balance sheet so the bank can relinquish fixed and floating charges over assets.
- Review all documentation and correspondence relating to previous VAT and PAYE inspections and ensure that all recommendations have been implemented, evidenced and recorded.
- Review the share structure and the group structure if relevant, and ensure that both are simplified as far as possible and are commercially and tax efficient.
- Ensure that all company statutory books and records are fully written up and properly maintained, and that minutes of all directors' and shareholders' meetings are adequately recorded and filed.
- Review the current Memorandum & Articles of Association in the light of an intended sale of the company.
- Ensure that all legal claims pending are being actively worked on towards settlement. Resolve outstanding litigation as quickly as possible.
- Obtain a proforma Due Diligence checklist from your professional advisors in order to begin preparing the documentation, evidence and information that will be required as part of the sale process.

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Consult your Barnes Roffe contact partner for detailed guidance in this important area.



**A WELL-GROOMED BUSINESS WILL ATTRACT MANY BUYERS!**