

Knights

Gearing a company for sale

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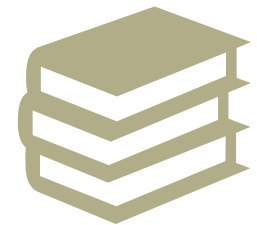


Agenda

- Constitutional Documents
- Accounting matters
- Tax planning
- Due Diligence
- Managing risk
- Questions

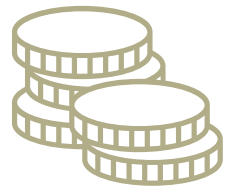
Constitutional Documents

- Statutory Books (more important than you think!)
 - Are they compliant with the Companies Act 2006?
 - Evidence of legal ownership of shares
 - Not sufficient to simply rely on Companies House records
 - Share certificate location – need to re-issue any?
- Companies House
 - Are the records at Companies House accurate – do they marry with the company's records and statutory books?
 - Have all recent share transactions been undertaken correctly?
 - Is the company's charge register up to date?



Accounting matters

- Is your working capital at a 'normal level'? Have cash, debtors and creditors been managed? Have historic bad debts been dealt with?
- Are all assets correctly valued on the balance sheet?
- Does the balance sheet contain any 'provisions'?
- Have there been any recent changes to accounting policies that impact the balance sheet?
- Have you discussed (generally) with your advisors how to maximise value?
- Timings for sale – importance of strong financial performance.
- Is the company's financial information of sufficient quality?



Tax planning

- Have Business Asset Disposal Relief conditions been considered?
- Have you discussed the tax planning of the transaction more generally with your tax advisor/accountant?
- Does the company contain any assets that will not be required by a buyer?



Due Diligence

- Importance of showing strong legal compliance:
 - Employment and HR;
 - Regulatory;
 - Environmental compliance;
 - Pension rules;
 - Data protection;
 - Anti corruption;
 - Competition law;
 - Etc.
- Would a high level due diligence review be sensible?

Managing risk (1)

- Customer and supplier contracts:
 - Do they contain any 'change of control clauses'?
 - Is the company overly reliant on particular suppliers or customers? – How will they be managed during the process?
 - Are details of all major contracts readily available?
 - Are any new tenders imminent?
 - Any ongoing disputes? Do they need resolving?
- Intellectual Property:
 - Is the company reliant on intellectual property rights?
 - Are the important intellectual property rights adequately protected? Are all registrations up to date?

Managing risk (2)

Key staff:

- How will they be managed during the process?
- Who is needed to assist with the process?

Permits and licences:

- Waste licences;
- Environmental consents; and
- Regulatory consents.

Property:

- Are all leases in place – are the current arrangements correctly documented?
- Outstanding rent reviews?
- Dilapidations.

Conclusion

- Importance of starting the process before a buyer is found.
- Speak to advisors early.
- Most problems are solvable and no company is perfect.



Questions



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