

Press Release:

Preparing to Sell Your Business?

Put your house in order first advises East Midlands Law firm

The Chancellor's recent announcement to introduce a new lower rate of capital gains tax has naturally meant speculation across the region that it will lead to increased business sales. But Midlands law firm Shacklocks warns businesses against rushing into any potential deal, whether you are a seller or a buyer.

Michael Knibbs, Company and Commercial Partner at Shacklocks Solicitors said:

“The changes to CGT have offered hope to potential business sellers and alleviated concerns in the business world that they would be hit hard with increases in capital gains tax when selling up. The tax a seller may now face when selling his business could be less than originally thought when changes were first announced in October. That, combined with the end of the financial year, means that many potential buyers are rushing to pick up a bargain as some owners look to cash in.”

Changes to capital gains tax include a new lifetime lower rate of 10 per cent on the first £1,000,000 profit from the sale of a trading business and disposals of shares in some trading companies.

Whilst the tax implications are important, says Shacklocks, they are just one of a number of factors that need to be considered at the outset.

Michael continued:

“Whether you are a buyer or a seller it is essential not to get carried away. To achieve a win-win outcome you must put time into preparation and planning ahead and any sale or purchase of a business needs to be properly structured.”

More/....

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Preliminary work done at the outset in agreeing the basic terms on how the deal is to go ahead will often pay dividends later as the deal progresses. The time involved on the deal and the inevitable professional fees can all be influenced by careful planning at the outset.

Michael added:

“Even before you agree any basic terms make sure your house is in order. Just like selling a house, any business needs to have all the relevant contracts and documents in place that a buyer is going to need to carry on the business. The more that the picture is complete, the less room a buyer has to change the terms of the deal and the easier any sale should be, meaning the stress factor can also be kept to a minimum.”

Knibbs also has some words of warning to potential sellers to be careful what they tell a potential purchaser about their business.

“Businesses all have their own individuality and ideas which make them special and of interest to a buyer. Business owners need to try and protect these valuables and not give too much away without making sure they have some confidentiality protection. A pre-sale confidentiality agreement is a straight forward document and is one that potential sellers should not overlook.”

If anyone needs advice on selling or buying a business Shacklocks offers a free initial consultation. For further information please call Michael Knibbs on 01773 743513.

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Notes for Editors:

Shacklocks is a business committed to valuing lifetime relationships with clients. The firm provides legal, financial and investment advice to businesses and private clients and was established over 150 years ago.

Shacklocks holds the prestigious Lexcel accreditation, awarded by the Law Society only to firms demonstrating high levels of quality, client care and management. It currently has a staff of 70 people, including nine partners. Shacklocks has been featured in the legal 500 annual survey of the top UK law firms for the last five years and has seven offices throughout the East Midlands.

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The firm's Managing Partner is Martin Fallows who can be contacted at martinf@shacklocks.co.uk or on 07872 339718

If you would like an image to accompany this story or an interview with a lawyer experienced in business legal issues please contact Kim Peatfield. We are also happy to discuss feature ideas on other law related issues and provide specialists, comments, statistics and advice on forthcoming legislation.

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