



## Buying or selling a business

Nigel Kimber from chartered accountants and corporate finance specialists McBrides answers your questions on the prospects for buying & selling businesses in the coming months.

### **Q. Have businesses been changing hands much over recent years?**

A. The corporate finance market was buoyant all the way through the early and mid part of the 2000's. Businesses were changing hands all the time, money was relatively easy to come by and the tax regime for a vendor was pretty benevolent. In 2007 / 2008 with the economic downturn the sunny climate turned stormy.

Well almost – the tax regime continued to be benevolent and remains so today. With Entrepreneurs Relief bringing the capital gains tax rate down from 28% to 10%, the tax position is still very favourable.

### **Q. What is the state of the market now?**

A. We seem to be over the worst of the downturn. The storm clouds have passed and the last 6 to 9 months have felt much warmer!

Companies have cash to spend and are seeking acquisitions. At McBrides we have a number of transactions on the go – acting for both vendor and purchaser.

There is an appetite to buy and more of an eagerness to sell with multiples against earnings moving up for a strategic buy.

### **Q. What about accessing finance – is that any easier?**

A. If we go back to our weather analogy, funding still remains a bit changeable! Traditional bank lending will require security and transparency of earnings going forward to enable repayment of debt.

Funding a management buyout remains extremely difficult and very reliant on the vendor being paid over a period of time.

A noticeable trend is the growth in 'Crowdfunding' which is now a real source of finance to be considered.

Overall though the market outlook, whilst still challenging, is better than it has been for some time.

### **Q. What advice do you have for someone looking at buying or selling?**

A. If you want to buy, now is a good time to be looking. There are plenty of businesses out there who have held back from putting themselves on the market.

If you want to sell, get expert advice several years ahead of time, so you can prepare the ground well and make the most of tax breaks.

As with all things it helps to do your homework, prepare well in advance, and make the most of the free advice around.

For example, we run regular free seminars on succession planning that all business people are welcome to attend.

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