

Buying and selling businesses in post-election Britain

Q. With the General Election now out of the way, is now a good time to think about buying or selling a business? Nigel Kimber, who leads the Corporate Finance activities of Kent-based McBrides chartered accountants responds.

A. In the lead up to the General Election numerous polls (including McBrides' own polls) pointed to improved levels of confidence in the business community.

Confidence is a key driver for M&A (Mergers & Acquisitions) activity. Of course, in the current environment businesses are still highly focused on achieving and demonstrating stakeholder value and they remain relatively risk averse.

But there is little doubt that confidence has built in the boardrooms and with interest rates low and the economy improving, momentum for deal-making is increasing.

Our analysis of business transactions last year showed a 15% increase in the number of deals in the South East of England, set against a 4% increase for the UK as a whole.

Deals were at a four year high in 2014, 14% up on the previous year and also getting bigger in value. That trend has continued into 2015 so far.

Some sectors performed better than others. The top four in 2014 were professional and business services, finance and insurance, information and communications, and the newly resurgent real estate, property development and lettings sector.

Many transactions remained within UK borders but there was a notable increase in activity from the USA, with a 33% increase in deals with a US based acquirer. Indeed, 2014 proved to be a record year for M&A activity in the USA.

So what does all this mean? Business owners that are contemplating a sale in the next few years should consider current favourable market conditions in their decision-making process.

Well-positioned businesses are expected to get a lot of attention from both strategic and financial buyers.

Owners of businesses that are differentiated, competitively strong, and that can demonstrate a good financial track record and solid projections should fare especially well in the current M&A environment.

For specific guidance on UK and US transactions please contact Nigel Kimber on 020 8309 0011 or email nigel.kimber@mcbridesllp.com

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