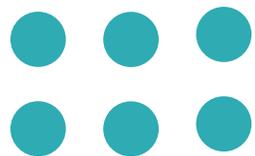




# Selling a Business or Shares in a Business

- **Presented by Jo Tomlinson**
- Owner and MD of Business Works UK
- Certified Quickbooks Trainer



# Jo Tomlinson BA(hons) ACMA

MD Business Works UK LTD

[jo@businessworksuk.co.uk](mailto:jo@businessworksuk.co.uk)

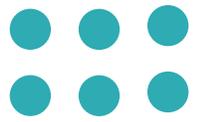
[www.businessworksuk.co.uk](http://www.businessworksuk.co.uk)



After 20 years in Industry analysing company data to support commercial business decisions, I founded Business Works with a vision to offer real-world solutions to businesses.

We have grown into a trusted partner for companies seeking a better understanding of their numbers, great customer service, and business growth.

With a team of 12, we are large enough to provide all the finance support SME business owners need, plus the value-added services that help them to flourish and grow.



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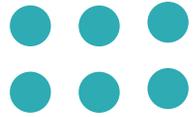
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# Finding a Buyer/Investor

## Family and Friends

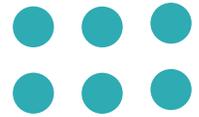
- Already know you
- Quicker
- Complicated relationships
- Set expectations



# Finding a Buyer/Investor

## Angel Investors

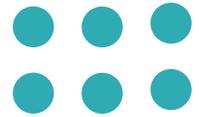
- Often stay behind the scenes
- Keep close relationships with founders
- Leave you to the day to day running
- Can have unreasonable expectations
- Set expectations



# Finding a Buyer/Investor

## Supply Chain

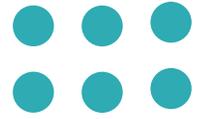
- Know the industry
- Synergies and cost savings
- Buy up the competition



# Finding a Buyer/Investor

## Business Brokers

- Advertises your business for sale
- Brokers a deal
- Often charges a % of sale price



# Ways of selling a business

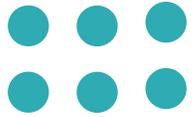
- Share Sale
- Asset Sale



# Share Sale

## Current Allotted Shares

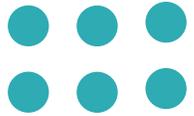
- Need to process a stock transfer form
- Update Companies House within 14 days of the change (share transfer and PSC changes)
- Pay stamp duty if the shares are worth more than £1,000 (0.5%)
- Pay Capital Gains Tax (CGT) on profits (look at BADR – see another slide)



# Share Sale

## Issue new Shares

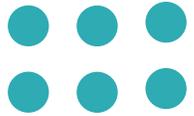
- Check Articles of Association
- Check with current Shareholders due to dilution
- Company receives funds



# Share Sale

Shareholder A	50	50%
Shareholder B	50	50%
	100	

Note: All shares are ordinary shares with full rights



# Share Sale

Shareholder A	40	40%
Shareholder B	40	40%
Shareholder C	20	20%
	100	

Note: If current shareholders sell some of their shares

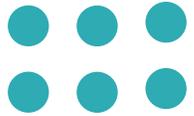


# Share Sale

Shareholder A	50	42%
Shareholder B	50	42%
Shareholder C	20	17%
	120	

Note: If new shares are issued, other shares are diluted

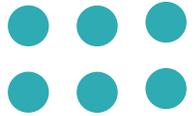
Note: New shares do not need to be the same class of shares as the others, or have the same rights



# Share Sale

## Business Asset Disposal Relief (BADR)

- Was Entrepreneurs Relief
- Current rate 14%
- Rate from April 2026 – 18%



# Share Sale

## Business Asset Disposal Relief (BADR)

- Hold at least 5% of a company's ordinary shares and voting rights, plus be entitled at least a 5% distribution of profit/assets
- Be an employee or director of the company
- Meet the first two conditions for a continuous period of at least 2 years prior to disposal.



# Share Sale

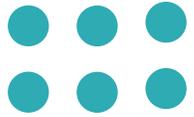
## Business Asset Disposal Relief (BADR)

- £1 Million lifetime allowance



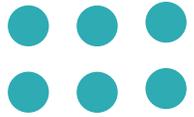
# Asset Sale

- Goodwill
  - Client relationships/orders etc
  - Company name
  - Website
- Trademarks, licenses or contracts
- Stock
- Knowledge (recipes/ways of working)
- Plant and Machinery
- People employed (TUPE)



# Asset Sale

- Less Risky
- Consider complex transfers of
  - Licenses
  - Contracts
  - Customer relationships
  - etc



# Asset Sale

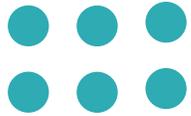
- Business sells Assets
- Taxed under Corporation Tax Rules
- Consider shareholder extraction



# Asset Sale

## Short Term Extraction

- Avoid Higher rate extraction
- Consider an MVL
- BADR - possibility



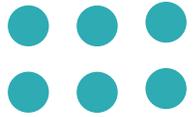
# Asset Sale

## Share Sale

Sale value	£500,000
BADR	£ 70,000 @ 14%
Net proceeds	£430,000

## Asset Sale

Sale value	£500,000
CT	£125,000 @ 25%
Distribution Available	£375,000
	£ 52,500 Extract via MVL
Net Proceeds	£322,500



# Asset Sale

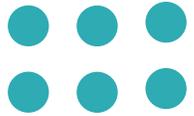
## Long Term Extraction

- Possible lower level trade via company
- Extract over a number of years, keeping to lower rate banding
- Consider pension contributions



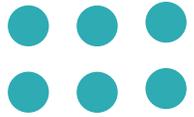
# Process of Selling a Business

- Market your shares, business or business assets
- Appoint experienced advisors
  - Solicitors
  - Finance – Accountant or Tax advisor
- Protect confidentiality – Use NDSs before revealing sensitive information to potential buyers



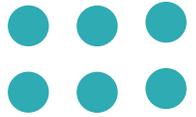
# Process of Selling a Business

- Produce a professional sales pack – also known as an Information Memorandum, including:
  - Business overview
  - Financials
  - Forecasts and growth potential
  - Operations
  - Team



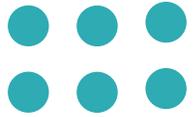
# Process of Selling a Business

- Heads of Terms or Letter of Intent – Non-binding agreement outlines key deal points
  - Purchase price and structure (asset v share sale)
  - Payment structure – upfront and deferred payments or earnouts
  - Retained liabilities and warranties



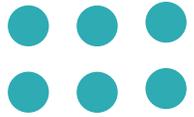
# Process of Selling a Business

- Due Diligence – thorough documentation across areas like:
  - Financials
  - Legals
  - Operational matters
  - Historic liabilities



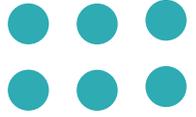
# Process of Selling a Business

- Complete legal documentation – Formal legally binding contracts
  - Share Purchase Agreement or Asset Purchase Agreement
  - Disclosure letter, warranties, indemnities
  - Transfer of a going concern and VAT implications
  - TUPE



# Process of Selling a Business

- Exchange contracts/completion – finalise the deal
- Completion Accounts – generally within 30 days of completion
  - Any final adjustments made to deal value



# Process of Selling a Business

- Timescales for all of this are upwards of 3-6 months
- Tiring and frustrating



# Resources



1. MTD
2. Accessing Capital for Growth
3. Forecasting
4. How much is your business worth
5. Selling some or all of your shares
6. Shared Business Ownership
7. Profitability
8. Project Evaluation
9. Directors Loans v Dividends
10. Cash flow v Profit

# Thank

# You



Joseph.midgley@ynygrowthhub.com  
www.ynygrowthhub.com