

Selling your business?

Is selling the right decision?

- If you're selling because of financial problems
 - Is selling the only option?
 - Can getting help or professional advice help put your business back on track?
- Have you considered how selling will impact your personally & financially?

Prepare your business information

- Some of the documents you will need include:
 - Financial Statements (up to 5 years)
 - Income Tax Returns
 - Cashflow statements
 - Annual Turnover
 - Details of assets
 - Buildings
 - Machinery & equipment
 - Stock
 - Intellectual property
 - Goodwill
 - Designs/ideas protected by copyright/patent
 - Details of liabilities
 - Trade payables
 - Finance & loans
 - Legal documents
 - Leases
 - Insurance policies
 - Registration documents
 - ABN
 - Business name/s
 - Machinery/vehicle registrations
 - Any other licences/permits
 - Employee details
 - Job descriptions and pay rates
 - Job history, performance reviews
 - You will need to have accurate records of employment entitlements including: Long Service Leave; Annual Leave; Personal (sick) Leave
 - Supplier details
 - Any supply agreements and pricelists
 - Customer lists

Use a professional

- Selling a business can be complicated and time consuming
- Professionals can help you understand and negotiate the legal and government requirements
 - If using a broker or other professionals who specialise in selling business – check their credentials first

Valuation

- Before selling you need to work out how much your business is worth so you can set the right selling price
- There are a number of methods you can use to calculate value of your business based on either:
 - The value of your assets
 - An estimation of future profits
 - Profits multiplied by an industry rate
 - How much good will you have in the business

Find a buyer

- How will you advertise that your business is for sale?
 - Business Broker / Real Estate Agent
 - Online advertisement
 - Your existing personal & professional networks
 - Advertisements in trade / industry publications
- Have you checked with your state/territory what information you are required to give potential buyers?

Sale negotiations

- Ensure all the information you provide is true & accurate
 - If you provide untrue information you may get into legal trouble for misleading or deceptive behaviour
- You and the buyer will need to agree on a number of things such as:
 - The sale price
 - What assets & equipment are included in the sale
 - What leases need to be transferred over as part of the sale
 - What business names rights will be transferred to the buyer
 - Whether the sale is considered a 'going concern' for GST purposes
 - The deposit amount
 - The settlement period
 - Whether you will provide the buyer with any handover training
 - What staff will be retained

Sale contract

- Have the contract drawn up by a professional completed by either the Business Broker / Real Estate Agent, or a solicitor
- Ensure that the contract includes all the aspects of the sale, as agreed upon between you & the buyer
 - List of all assets & equipment
 - Rights to use any names
 - Any relevant liabilities, including creditors
 - Transfer of premise leases, licencing, permits
 - Employee responsibilities and what entitlements are being transferred
 - Restrictions on trading to be placed on the seller
 - What will happen in the event of the buyer deciding to not go ahead with sale
 - What will happen in the event of inaccuracies being discovered in the contract

Employees

- Did you and buyer agree that they will take on any employees?
- Will existing employment end with the sale of the business?
- Have you informed your employees about the sale, and whether they're employment is being transferred or if it is ending?
 - Ensure that you provide them with the correct notice that employment is ending

Legal implications

- Consider insurance requirement and whether there is any run-off cover (cover for legal claims made after the business is sold)
- What insurances need to be cancelled such as:
 - Business Insurance
 - Legal Liability
 - Professional Indemnity
 - WorkCover

Tax & GST implications

- Will Capital Gains Tax (CGT) apply to the sale of your business?
- Do you know what CGT concessions are available to you?
- Tax Returns, BAS and IAS need to be finalised, lodged and any tax liabilities paid to the ATO

Transfer of your business to the new owner

- Transfer lease of premises
- Transfer any licences and permits
- Cancel or transfer the ABN
- Cancel or transfer of any related business names