



FINANCIAL SERVICE PROVIDERS

Our aim, your gain

- **Mortgages**
- **Business Finance**
- **Franchise Advice**
- **Budgeting**
- **Business Mentoring**

Buying A Business

There are two major phases involved in buying a business: Obtaining the vendor information and the negotiations (which should start after you have had discussions with your professional advisors).

Information on a business to be bought should be well presented, comprehensive yet easy to read. Ideally it should contain information on all of the following:

1. Ownership & history
2. Financials – balance sheet as well as profit and loss accounts for the last five years and projections for the next two.
3. Nature of operations.
4. Customers and competitors (may be part of a SWOT analysis)
5. Facilities and plant
6. Management and organisational structure
7. Other staff
8. Future development potential
9. Reasons for sale
10. Hand over details – ongoing vendor help - Term
11. Lease details of any premises - Rights of renewal and rent reviews due

Before entering negotiations with a prospective seller, the following assessments should have been made:

1. How the seller came up with his or her asking price, are you happy with the values.
2. Why you want to buy the business
3. The current market value of similar businesses
4. Your cash flow expectations under your circumstances, will it cover your income, debt servicing etc.
5. Alternatives to buying (self start new)
6. What return on your capital will the business provide, after salary allowance for owners input.