



## **BUYING A BUSINESS GUIDE**

### **I. WHY DO I WANT TO BUY A BUSINESS?**

- To earn a living
- To supplement other income
- To create an investment
- To work for myself

### **2. WHAT TYPE OF BUSINESS DO I WANT?**

- Am I in a position to compile a shortlist of options or would I benefit from consulting a business agent?

The following points may influence your shortlist:

- Is this type of business realistically affordable?
- Will it maintain my interest over time?
- Will my family give me their support?
- How much of my time will the business occupy?
- For how long will I be financially committed?
- Will the business provide the income I require?
- Do I have sufficient knowledge or do I need to learn more?

Make sure that your interests are in line with your capabilities.

### **3. HOW MUCH CAPITAL IS NEEDED?**

Enough capital for the following:

- To buy a leasehold or freehold premises
- To buy the going concern and its stock
- To cover all professional costs incurred including: solicitors, accountants and survey/valuation costs
- Sufficient working capital (enough money to live on, cover my initial overheads and replace stock as I build the business)

### **4. DO I NEED TO RAISE ADDITIONAL FUNDS?**

There are several fund generating options:

- Re-mortgaging my house
- Selling my house
- Obtaining a bank, building society or finance house mortgage/loan

A good business agent should be in a position to provide you with sound financial advice and access to good sources of funds.

### **5. DO I NEED TO LIVE ON THE PREMISES?**

This will be dependent upon:

- My financial position
- The nature of the business I am considering
- My personal preferences

### **6. SHALL I BUY LEASEHOLD OR FREEHOLD?**

Most businesses operate from either leasehold or freehold premises, which may or may not have accommodation attached.

Your accountant will assess the value of the business by separating it from the value of the leasehold or freehold. A surveyor will place a value on the property.

**[Click here for more information](#)**

## **7. HOW DO I GO ABOUT A FINDING THE BUSINESS I WOULD BE INTERESTED IN VIEWING?**

You will save yourself a lot of time and energy by:

- Reading the trade press and Dalton's Weekly where most reputable business agents advertise.
- Visiting the EMF website, for full listings of all businesses available from the EMF Group

A good agent will establish: the geographical area and the type of business you are interested in buying, your accommodation requirements (if any), the finance options available to you.

He will then be in a position to supply you with details relevant to your specific areas of interests, avoiding wasted time and expense on unsuitable propositions.

## **8. WHAT ARE THE KEY STEPS TO BE TAKEN IN VIEWING A PROSPECTIVE BUSINESS?**

- Make an appointment through the agent
- Prepare in advance of your visit the questions you would like answered
- Be discreet – the vendor may not want his staff or customers to be aware that he is in the market to sell his business
- Take notes during your visit (or immediately afterwards). Summarise your general impressions and feelings after you leave.
- Communicate your conclusions to your agent, even if they are negative. It will enable them to obtain a clearer picture of your requirements

## **9. WHAT DO I DO ONCE I HAVE BECOME SERIOUSLY INTERESTED IN A BUSINESS?**

- Request accounting information and once received consult your accountant who will then be able to advise you on the advantages and disadvantages of buying the business from a financial viewpoint
- Make a formal offer through the business agent first by telephone and then in writing. Head your letter 'Subject to contract'. Make sure you include that phrase in all subsequent written communications.

## **10. WHAT ACTION IS NEEDED TO COMPLETE THE PURCHASE?**

Once you have come to an agreement to purchase you will need to:

- Retain a reputable firm of commercial solicitors to assess the legal implications. They will:
  - conduct a search at the local planning office and the land registry office
  - check all relevant licences, consents and the like
- Retain a reputable commercial surveyor to conduct a survey and valuation. If a mortgage or loan is involved the finance house, building society, or bank will insist upon their own full survey and valuation at your expense
- Providing that you still intend to buy, we would now recommend that the vendor and yourself undertake to share the cost of an independent stock valuation. A good agent will be able to arrange this for you.

## **11. AM I NOW IN A POSITION TO COMPLETE?**

Prior to completing you should (if possible) negotiate an overlap period with the vendor. This should be long enough to enable you to become fully familiar with:

- The business
- Its practices
- Its customers and suppliers

## **12. I STILL HAVE SOME QUESTIONS. HOW CAN I GET THEM ANSWERED?**

Don't hesitate to make contact with the EM&F Group. As Britain's largest network of business agents, we are able to offer:

- Over 40 years experience
- Offices throughout England & Wales
- A fine reputation that is second to none
- Highly knowledgeable and competent personnel
- Totally independent and confidential advice

**For further information contact your local EM&F office**