

Selling a Business



YOUR CA AND BUSINESS ADVISORY SERVICES

**The Business Advisory Services Committee
The Canadian Institute of Chartered Accountants**

Every business can benefit significantly by consulting your chartered accountant about business advisory services. CAs are skilled in accounting, auditing and tax services - and a lot more!

CAs can help you with:

- profitability improvement
- financing and loan applications
- obtaining government grants and other financial assistance
- developing management information systems
- cost accounting
- planning and budgeting
- forecasting and evaluation
- risk assessment and insurance planning
- planning compensation programs
- business valuation
- feasibility studies for business expansion
- starting a new business
- acquiring a franchise
- planning for retirement and/or business succession
- integrating business tax planning with estate tax planning.

These business advisory services are cost-effective because CAs have the knowledge of clients' organizations, operations, finances, personnel and tax situations.

Selling a Business

If you are selling your business, consider consulting your chartered accountant; He or she is an informed business advisor who can offer you guidance through the major steps of the selling process.

The preparation stage of a sale is the most critical. Incomplete preparation and research can result in deals falling through, low offers, or lack of interest by potential buyers.

Prepare a Business Package

Before your business goes on the market, your CA can help you prepare a package of information about the business. Once the state of your business is established, your CA can interpret the effects and implications of the planned move.... Is the timing right? Is the business an attractive package?

What Parts of Your Business Are For Sale?

Of course, before your business goes up for sale, you must decide exactly what you want to sell; the shares? the assets? or both. Your CA can go over each option with you and suggest which might be in your best interest.

The Selling Price

Establishing the selling price is the final stage of your pre-sale preparations. Your CA can evaluate the environment for businesses of your type. The selling price is based upon a variety of factors including demand, availability, profitability, property, assets and client base.

Inform Your Staff

A potential purchaser will look for good manager/staff relations. Your staff should not be left out in the cold throughout the process of the sale. They are, after all, the back-bone of your business. When you break the news to the staff, you may want your CA present to respond to any questions they may have. Understandably, the staff may inquire as to the status of their pensions, compensation packages or vacation time. These are areas that you have no doubt already consulted your chartered accountant about and so your CA will be able to provide your staff with on the spot answers.

One option you may be considering is the sale of the business to your employees. Your CA can assist in devising a management buyout arrangement (leveraged or otherwise) which can often result in a successful transaction for both parties.

Ready For Sale

Once your business has been readied for sale, your CA can help you in the selection of a broker, should you want to use one. Your CA may know of a broker who specializes in your very type of enterprise.

Unlike your normal management activities, selling requires you to reveal many aspects of your business affairs to prospective purchasers. Before disclosing too much information about your business, you will want to know their backgrounds, credibility and intentions. Your CA can assist you in screening potential purchasers. If they are not able to pay cash, you may want your CA to assess their ability to run the business successfully after buying it.

Having Found a Purchaser

Once having found a purchaser, the role of your CA is far from over. He or she can assess the income tax implications for you and your family and recommend a suitable plan to help maximize your income tax savings. Although your CA will have already given your tax situation consideration before the sale, each transaction is unique and, therefore, your chartered accountant must deal with the specifics of the sale when preparing your tax plan.

An Ongoing Relationship

Your chartered accountant has your best interests at heart. Having assisted in the preparation and sale of your business, your CA will undoubtedly inquire about your ongoing plans for the future. At some point you will have to give your financial future some consideration and as always, your CA will be there for you.
