

Pre-Sale Audit

Speed up your sale and prepare fully with a pre-sale audit carried out by experienced solicitors at Stephensons

When selling your business, if you fail to prepare, you could be setting yourself up for delays and extra costs. Stephensons has acted for buyers and sellers of business interests for many years, whether it is the sale of a complete undertaking, business assets or shareholdings.



Stephensons' Commercial teams have vast experience in running smooth transactions and we know that any delay can incur extra costs and sometimes mean the deal fails to reach a conclusion, which can be very frustrating.

Many delays and aborted transactions could be avoided if sellers spend a little time and attention on their legal affairs prior seeking out a purchaser.

Why do I need a pre-sale audit?

Stephensons' pre-sale audit will identify problems which could later jeopardise a deal and proposes solutions to make them right. The audit will also gather relevant information so that at an early stage in the transactions' life, an initial sales pack can be prepared for immediate submission after the appointment of the purchasers' solicitors.

If you fail to prepare for a sale, and send out documents relating to your business which are out of date or contain defects, this could give the purchaser an excuse to negotiate a reduced price and could make them think about all aspects of the business they are buying. If key documents are missing or defective what else is wrong and is being hidden?

Our pre-sale audit will iron out as many problem areas as possible before the purchaser becomes involved, leaving no excuses for potential delays, re-negotiations or even withdrawals.

What does the audit include?

There are two basic stages to a business transaction. Firstly, the due-diligence exercise, followed by the actual contract and transaction stage.

During due diligence, enquiries will be made of the business being sold to ensure it has been represented properly, is of value and is without flaws. It is this aspect that more often than not jeopardises any transaction.

The aim of the audit is to gather the typical documents and information required by a purchaser during the due diligence process and ensure that all is in order. If it's not, we will make suggestions to put it in good order.

Typical documents and information analysed during the pre-sale audit:

- Property (including title deeds, indemnity insurance policies, planning and building regulation permissions)
- Employees and contracts of employment
- Supplier and customer contracts
- Trade licences / permits / intellectual property rights
- Trading accounts
- Disputes / litigation
- Company Books (for share sales)
- General enquiries

The cost of a pre-sale audit

If you do not carry out a pre-sale audit and rectify problem areas, it may heavily reduce the sale price of your business, cause unnecessary delays or potentially cost you the transaction. By going ahead with an audit, it is unlikely to add to the overall cost of the transaction. It is only likely to bring forward part-payment of the overall costs.

Each business is individual, and therefore, so too is the cost of a pre-sale audit.

For the sale of a relatively small going concern (eg with business value of less than £500,000) the pre-sale audit will cost around £350 plus vat and nominal disbursement fees.

For the sale of a medium-sized concern (eg with a business value of £500,000 to £1,500,000) the pre-sale audit will cost around £950 plus vat and nominal disbursement fees.

Once instructed, we would cap our fees as agreed, and would only exceed them with a clients' written authority. In the majority of cases a full audit can be carried out within these costs, but if it's not achievable, we will tell you as soon as possible.

It is also usual for purchasers to instigate their own searches and enquiries. These searches include enquiries of local authorities, environmental desktop reports, mining, water and drainage searches. The results of these enquiries may also reveal adverse entries. It is possible to review old searches or instigate new searches to determine whether they could reveal information which may prejudice the sale.

It is sometimes possible to pass the benefit and therefore the cost of these searches to the buyer. This cannot be guaranteed, given that most buyers and their funders will only rely on the searches if they are less than three months old at the time of completion. That said, if you have a concern that may be revealed by these typical searches and enquiries, we can discuss the merit of reviewing them for you.

For more information and to discuss a pre-sale audit, contact:



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About Stephensons

Stephensons provides legal advice for all aspects of your personal or business life. By understanding your circumstances and keeping the red-tape to ourselves, we focus on efficiently delivering what you need, when you need it. Operating from a number of regional locations, we rank among the top 100 UK law firms and are one of the fastest growing practices in the north west. With over 400 staff, you can trust our specialists to take care of things on your behalf, always putting your best interests first. So, for legal advice and action the way you want it, just turn to Stephensons.