

LOOKING FOR THE RIGHT BUSINESS FOR YOU

- **Check the location!!!** Is the target business located in an area which will attract the customers you want? Are there adequate facilities for public and private transport?
- Does the target business have the necessary licences, permits and certificates required to operate the business you have in mind? For example, if you intend to let rooms, is this permitted under the Lease, the Fire Certificate, the Planning Acts, the Justices' Licence etc? If you intend to operate late into the night, does the Justices' Licence, Special Hours Certificate or Extended Hours Order permit this? If it is to be a family pub, does it have a children's certificate?
- Consider the cost and timescale for doing any works needed to operate the business you want to run. For example, if you need to install a new cooker range will you need to upgrade extractors? If so, can you get the necessary consents from any Landlord, Planning Authorities and Building Control? Do you need to move any gas pipes or other services to facilitate the works? If so, how long will it take to get the permits needed to carry out the works from the Landlord, utility companies and any statutory authorities?
- Work out what money you will need to buy the target business and pay for any works you need to carry out. Speak to your bank/financial adviser and obtain agreement "in principle" to any borrowing you need.
- Prepare a Business Plan and make sure your accountant, bank and solicitor are happy with the same. Speak to your accountants, two trade/business contacts, your existing bank and any previous landlord and make sure they are willing to give good references. Both the landlord and any bank from whom you are borrowing money are likely to want the references.
- Decide the medium through which the business will be run i.e. as a sole trader/ partnership/new company. In particular, you will need to consider:

What is the cost/timescale for setting these up?

What are the pros and cons of each option?

What are the accounting and tax consequences?

Agree the shares, rights and liabilities each partner/investor will have in the business and how the profits, losses and liabilities of the business are to be shared between them. Consider the content of any necessary partnership or shareholders agreement.

- Organise setting up bank accounts at an early stage in the name of the trading entity that has been set up; order cheque book and open accounts with trade suppliers.
- Consider whether you need to register your business for VAT with H M Customs and Excise. Your accountant may be able to help in this respect.
- Organise any Certificates (for example the National Licensing Certificate or the British Institute of Innkeepers Certificate) that you will need to secure the transfer of the liquor or other licenses into your name. Without the necessary certificates you will not be able to take over the licenses or operate the business.

LOOKING AT THE TARGET BUSINESS

Once you have found the business you are interested in, bearing in mind the above, you will need to deal with the following:

- Review and access the Seller's accounts/tax returns to establish the profitability and potential of the business.
- Review the customer base/type of business currently generated and see if you can build on that.
- Review what is included in the sale price and what is not.
- Commission a structural survey and valuation to establish the price you should be paying and the extent of any repairing obligations you are taking on.
- Obtain estimates for any works needed to operate the business, the timescales for obtaining any necessary consents/permissions and for actually doing the works. Consider what disruption any delays may cause to your operating the business and the impact on cash flow.
- Organise your finances; consider/organise any security your bank may require. If the security is to be over your house or another property then talk to your solicitors immediately. Additional legal work will be required to deal with your bank's requirements adding to your costs and the time for completing the transaction.
- Consider what assets you will need to buy to operate your business and the best way of financing such assets (e.g. lease purchase, lease or hire purchase).
- **DO NOT** commit to any borrowing, place orders for goods or services or removal services, or sell or rent out your property until your solicitors confirm in writing that it is safe for you to do so.
- Until contracts are exchanged, there is no commitment from either party to proceed with the transaction. Even after contracts are exchanged, parties sometimes have the right to withdraw without penalty and it is vital that you obtain your solicitors' written assurance that it is safe for you to enter into any particular commitment.

Please contact the Leisure Unit at stevensdrake to discuss your needs.

LEISURE UNIT



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