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GROUP

# How to prepare for an asset purchase

ExitPathway

Selling your business is a significant decision, and it's crucial to get it right. That's where Bankhall comes in. Unlike traditional mergers and acquisition (M&A) brokers, we work closely with you to help prepare your business for sale.

We thoroughly examine everything from data quality to regulatory and compliance standards. By identifying and fixing potential issues before a buyer sees them, we help protect and often increase your sale value. Our expertise in risk and regulation also streamlines the due diligence process, reducing the chance of delays or last-minute deal breakers. If there's untapped growth potential in your business, we'll highlight it, giving you the chance to boost your valuation before going to market.

We don't stop there. We use our extensive Sesame Bankhall Group network to help find the right buyer who aligns with your goals, values, and culture. When it's time to negotiate, we're with you every step of the way, from initial discussions to exchange and completion.

With trusted consultancy, practical tools, and end-to-end support, we're your proactive partner for life, whether you're ready to sell now or preparing for the future.

# How to prepare for an asset purchase

When speaking to acquirers it is important to be prepared with information but also to be candid about your plans post-acquisition. This will help the acquirer shape the deal in the most appropriate way.

Selling assets is a lighter touch compared to a share purchase, and therefore the level of information required is reduced. There is some key information you can pull together when embarking on the sale of your assets to ensure the process is smooth and efficient:

### 1. Identify assets

- Data is key in any business sale. Poor quality data will make any potential acquirer wary. It's important to collate data on your client bank, looking at client segmentation and demographics including age, geographical location, which investment platforms are used and the centralised investment proposition (CIP). You should also include a breakdown of costs and charges.
- A breakdown of your annual reviews, and when they were last completed. It's important any missed reviews are also included with any documentation surrounding this, such as letters issued to your customers.
- Be prepared and include information on the service proposition, service levels and fees. It's also important to confirm details as to how customers like to be contacted (in the office, online or in person etc.).
- If you have staff that will not be employed by the acquirer post-acquisition, it's sensible to consult with a HR specialist to navigate potential redundancies and drafting of any settlement agreements.

### 2. Due diligence preparation

- Have a copy of provider statements for the last 12 months reconciled to bank statements.
- Ensure any contracts, agreements, or legal obligations associated with the customers are up to date. This helps identify potential legal or compliance risks.
- Regulatory compliance: Ensure you have a copy of your professional indemnity (PI) cover and application available; quotes for run off cover so you are aware of post-deal costs; copies of compliance audits; your new business register; your complaints register; and details of high-risk business (structured products, defined benefit (DB) pension transfers, film partnerships, venture capital trusts (VCTs) and enterprise investment schemes (EIPs)). Ensure customer files are up to date ready for a file review.

### 3. Negotiation and asset purchase agreement (APA)

- Be prepared to negotiate the terms and conditions of the APA, covering aspects such as purchase price, payment terms, representations and warranties, and any conditions precedent to the closing.
- Ensure you have provisions for indemnities, liabilities, and any contingencies that might arise post-transaction.
- Ensure you have legal counsel in place that has experience in the financial services field.

## 4. Financing the purchase

- Ensure you understand the sources of finance for the acquirer and their ability to pay both initial consideration and any deferred consideration.

## 5. Operational and strategic integration

- Ensure you understand how the acquirer plans to integrate your customer bank into their own firm considering any differences in investment approach, charges and service levels.
- Communication with staff and customers' needs to be meticulously planned to ensure a smooth transition, work closely with the acquirer on this messaging.

## 6. Closing the deal

- Final approvals: Obtain all necessary internal and external approvals to finalise the purchase.
- Transfer of assets: Execute the final transfer of assets, ensuring all relevant documentation is completed and all regulatory filings are done.

## 7. Post-Acquisition Review

- Monitoring and adjustment work with the acquirer to understand regular feedback points as to how the transition is going and be on hand to help with any difficulties with bringing over customers.