

A photograph of two men in business attire. The man on the right is smiling broadly and shaking hands with the man on the left. The background is a bright, slightly out-of-focus interior space.

Brabners
we make the difference

Employee Ownership as a Route to Exit

Securing the future of your business

Any business owner who has established a strong brand and market position will want to ensure the longevity and cultural integrity of their business, even if they, themselves, are considering moving on.

There are many options for exiting a business, but not all will safeguard the business' ethos and identity for the future. By selling to an Employee Ownership Trust (EOT), business owners can protect the integrity and culture of the business and ensure that a strong legacy is retained.

No capital gains tax will be payable by shareholders selling to an EOT. Employees of employee-owned businesses will also be able to benefit from an income tax exemption on bonuses.

Delivering financial advantages to both the business owner and employees, a sale to an EOT is an increasingly favoured exit route, delivering stable and sustainable business succession.

How we can help

We work with business owners and businesses who are moving onto the next phase of their journey, supporting them in the successful transition to becoming employee-owned.



Securing an exit to an EOT requires expert legal guidance to structure the deal effectively and to secure the tax advantages for all stakeholders.

Our Corporate lawyers are experts in EOT transactions and have supported companies, both large and small, across a range of sectors who have sold to an EOT as a succession solution.

We guide you step by step through the process, providing hands-on practical support to help you to realise your ambitions.

Case study: Plus-Project Limited

The owner and CEO of Plus-Project was frustrated with the lack of progress being made by his retained Employee Ownership advisers and turned to Brabners to solve the delay and kick-start the transaction process.

There were two key goals in securing an Employee Ownership Trust exit for Plus- Project Limited :

1. To allow the current owner to manage a smooth succession.
2. To help the business retain and attract high level talent in light of the proposed changes to IR35 affecting the sector.

We brought our hands-on, proactive approach to bear, ensuring that the deal was achieved within an 8 week timetable.

Plus-Project Limited became the first employee-owned Clinical Research Organisation in the North West. The move to employee-ownership has created a springboard for growth with increased head-count and a unique ownership structure.

This sets the business apart from its competitors and helps attract and incentivise their talent pool. For the owners, it has allowed them to achieve a smooth and managed succession.

Guiding you through the process

Value the business

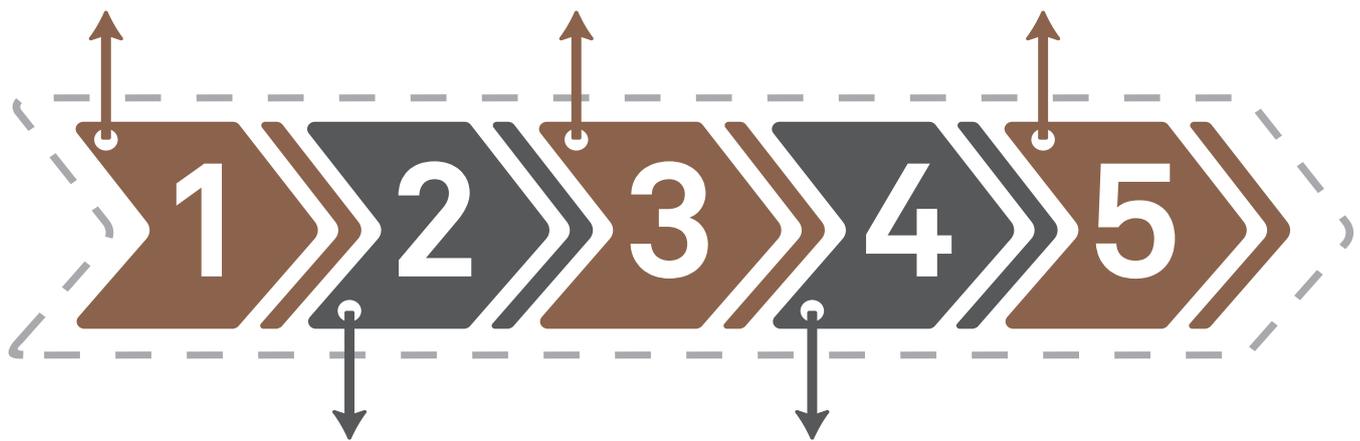
The business is independently valued and a market share price determined.

Establish the trust

All employees must be entitled to benefit from the trust, but entitlements can be flexed between employees, based on length of service, hours worked and salary.

Reap the rewards

If correctly structured, no capital gains tax is payable by the sellers, and employees can be paid income tax-free bonus payments.



Fund the deal

The purchase price is typically funded via a mixture of balance sheet cash, vendor loans and external funding.

Do the deal

The transaction is an internally managed process. This means the sale process is less stressful for sellers who will have more control over the timetable compared with other routes to exit.

The advantages of a sale to an Employee Ownership Trust

Business Owner	Employees	Business
A market-value exit	Become incentivised stakeholders	Creates a platform for sustainable growth
No capital gains tax to pay	Tax free future bonus payments	Protects the business legacy and ethos
Relaxed sale process	Recognised for driving success	Long term succession solution

The Team



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Stephen specialises in advising businesses on their succession planning by becoming employee-owned. He has advised several businesses which have successfully transitioned to employee ownership and is actively involved with the Employee Ownership Association in promoting the sector. Stephen also regularly presents to companies, shareholders and funders on the benefits of employee ownership as a succession strategy.



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Mark is an experienced corporate tax lawyer and a member of the Chartered Institution of Taxation. Mark has a strong track record in tax advisory matters and has practised for over a decade, including formerly at KPMG. Mark provides strategic advice in relation to the tax structures and benefits of EOTs.

The Employee Ownership Experts

The team at Brabners now leads the field among law firms in the North West, working with business owners and management on their succession to employee-ownership.

We are professional members of the Employee Ownership Association and regularly run presentations on the benefits of employee ownership as an exit solution.

Our hands on and 'can do' approach, alongside our Employee Ownership expertise, sets us apart and is crucial to achieving a successful deal process.



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