

SELLING

[YOUR BUSINESS]

SO A BUYER IS IDENTIFIED, THE PRICE HAS BEEN AGREED AND A DEAL IS LOOKING LIKELY. EASY FROM NOW ON ISN'T IT? YOU JUST SIT BACK AND REFLECT ON HOW WELL ALL YOUR HARD WORK HAS PAID OFF... [IF ONLY]

>Your potential wealth from the creation of your company and the sale transaction can so easily be diminished unless careful consideration is given to the structure of the transaction. The price itself is critical - but just as critical is the composition of the payment. Your options are cash, company stock and loan notes, or a combination of these.

>Cash is attractive but as your tax advisors will confirm, there are usually immediate Capital Gains Tax liabilities for cash transactions. Stock and loan notes can, therefore, appear much more attractive and, under current Revenue rules you may be able to benefit from Business Asset Taper Relief.

>Stock values can, as we are all acutely aware, go down as well as up. So if stock is taken, a means is required to protect the value against the downside risk - whilst maintaining the upside potential.

THE "MILLION DOLLAR" QUESTIONS



> Loan notes are a safer investment option altogether, but they do not offer the same upside potential as stock, and they are not very liquid. Releasing capital whilst retaining the inherent advantages of loan notes can be challenging and much depends on the type of note. Sometimes the release of cash can be restricted or limited by the issuer. Are you sure you can borrow against your holding? If so, how much?

>These are just some of the 'million dollar' issues to address - which, frankly, could easily be worth just that. It is critical that you have a strategy to manage the volatility of your post-sale wealth. However planning is required before the deal is struck NOT after - as many a tech-stock entrepreneur will now tell you.

>Don't forget that the opportunities of the long term depend upon the success of your decisions in the short term and that paper wealth is just that, a piece of paper. You have it in your power to determine whether the paper retains its value - or whether it is "biodegradable".

>And finally.... what do you do once you have negotiated the form of payment and planned the investment strategy which works best for you? Well now you can sit back, relax and reflect on how all your hard work has paid off at last.



MERRILL LYNCH

Contact:	Wyn James
[E-MAIL]	wyn_james@ml.com
[URL]	www.ml.com
[TEL]	+44 (0)207 867 6537