Buyer Starter Pack

A practical guide for first-time UK business buyers

This pack is designed for people learning how to buy a business and build wealth through acquisitions. It gives you simple tools to qualify opportunities, run better first conversations, and avoid the most common traps before you get into formal terms and due diligence.

What this pack includes: a 15-minute Deal Scorecard, first-call questions, red flags checklist, deal structure basics, and a simple timeline for when to bring in professional support.

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Important: This is educational information, not legal advice. Always get advice for your specific situation.

1. The 15-minute Deal Scorecard

Use this to decide whether a target is worth further time. Score each line 0, 1, or 2. If you cannot answer a question, score it 0 and treat it as a prompt for your next call.

Area	0 (High risk / unknown)	1 (Mixed)	2 (Strong)
Reason for sale	Unclear / distressed / evasive	Partly clear	Clear, believable story
Owner dependency	Business is the owner	Some dependency	Run by team / process-led
Customer concentration	Top 1-2 dominate revenue	Moderate concentration	Diverse customer base
Recurring revenue	One-off / unpredictable	Some repeat	Strong repeat/contracted revenue
Margins & cash	Thin / volatile / poor cash	Mixed	Stable margins and cash generation
Contracts & legal basics	No contracts / messy	Some gaps	Key contracts in place
People & culture	Key person risk / disputes	Mixed	Stable team, low churn
Operations	No systems / chaotic	Some systems	Documented processes & KPIs
Assets / premises	Unclear rights / issues	Some issues	Clear assets, workable premises
Regulatory / compliance	Unknown / high exposure	Some exposure	Low exposure / managed well

Quick interpretation:

16-20: worth pursuing. Move to a deeper information request and start thinking about structure and funding.
11-15: proceed carefully. You need answers on the low-scoring areas before investing more time.
0-10: likely a time sink. Only continue if you have a clear plan to fix the red flags.

Tip: you can run this scorecard on a call while the owner is talking. The goal is not perfection; it is speed and clarity.

2. First-call questions (the ones buyers forget)

Your first call should qualify the opportunity, not negotiate the deal. Aim to leave the call with clarity on the story, the numbers, and the real drivers of value.

A. The story

- Why are you selling, and why now?
- What do you most enjoy about the business, and what drains you?
- If you were not selling, what would you change in the next 12 months?
- What would make this a bad fit for a buyer?

B. The numbers (keep it simple)

- What was revenue and profit for the last 3 financial years (rough is fine)?
- How does cash behave (seasonality, big swings, working capital pressure)?
- What are the top 3 costs, and what could change them?
- How much does the owner take out (salary, dividends, benefits)?

C. Customers and revenue quality

- Who are the top 5 customers, and how long have they been with you?
- Any customer concentration (percentage of revenue from top 1-3)?
- How do customers find you, and why do they stay?
- Are there long-term contracts? If yes, what is the typical term and renewal?

D. People and delivery

- Who are the key people, and what happens if they leave?
- How much of delivery depends on the owner personally?
- Any disputes, tribunal claims, or persistent performance issues?
- How is work actually delivered (process, systems, suppliers)?

E. Premises, assets, and practicalities

- Do you operate from leased premises? If yes, what is the lease term and break options?
- What are the core assets you need to run the business (and who owns them)?
- Any key supplier dependencies or single points of failure?
- Any regulatory licences, accreditations, or audits that matter?

Leave the call with a next step: either an information pack from the seller (accounts, customer split, key contracts), or a follow-up meeting. If they cannot share anything basic, treat that as a signal.

3. Red flags checklist (spot them early)

Red flags do not always mean 'walk away'. They mean you need a plan: price adjustment, structure protection, conditions, or a decision to stop. Use this list to guide your follow-up questions.

Commercial red flags

- Owner is the product: relationships, sales, delivery, and decision-making are all tied to one person.
- Customer concentration: one customer or one channel drives a material share of revenue.
- Revenue is not repeatable: sales are opportunistic and pipeline is weak.
- Margins look good on paper but cash is consistently tight.

Legal and contractual red flags

- Key customer or supplier arrangements are not in writing.
- Change-of-control clauses that allow termination if the business is sold.
- IP ownership unclear (software, brand, content, designs).
- Historic disputes, threatened claims, or a pattern of late payments.

People red flags

- Key people are contractors but behave like employees (misclassification risk).
- High staff turnover or unresolved cultural issues.
- Informal HR: missing contracts, policies, right-to-work checks.
- Commission schemes or bonuses not documented but 'promised'.

Property and assets red flags

- Lease expiry or landlord consent risk (assignment, change of use, rent reviews).
- Assets are personally owned by the seller or financed with unclear terms.
- No clear inventory controls, or stock values do not reconcile.

Tax and compliance red flags

- VAT/PAYE issues, late filings, or gaps in records.
- Regulatory licences missing, expired, or non-transferable.
- Data protection handled informally, with no clear customer consent trail.

Tip: most first-time buyers over-focus on price and under-focus on certainty. Your job is to reduce uncertainty before you commit time and emotional energy.

4. Deal structures - the simple version

There are many ways to buy a business. The 'best' structure depends on risk, tax, funding, and what you actually need to acquire (assets, contracts, people, brand, goodwill). Below is a simple starting point.

Structure	What you are buying	Why buyers use it	Watch-outs
Share purchase	Shares in the company	Keeps contracts, licences, history intact	You inherit liabilities; diligence and protections matter
Asset purchase	Selected assets and contracts	Ring-fences some liabilities; pick what you need	Transfers can be complex; TUPE and consents often apply
Deferred consideration	Pay part later	Reduces upfront cash need; aligns incentives	Define triggers clearly; avoid disputes
Earn-out	Pay based on future performance	Bridges valuation gap	Hard to measure; needs clean definitions and control rules
Seller loan / note	Seller lends part of price	Helps fund the deal; shows seller confidence	Document terms properly; ensure priority and security are clear

5. When to bring in support (a simple timeline)

You do not need a lawyer for every conversation. You do need one before you make commitments that are hard to unwind. Use this as a guide.

- **Search and first calls:** use the scorecard and question list. Keep it friendly. Do not negotiate clauses yet.
- **Serious interest:** request basic information (accounts, customer split, key contracts). Start thinking about structure and funding.
- **Heads of Terms / exclusivity:** get advice. Small mistakes here create big pain later.
- **Due diligence and documents:** negotiate protections (warranties, indemnities, retentions) and make sure the deal mechanics work.
- **Completion and Day 1:** confirm conditions are met, funds flow is controlled, and post-completion actions are planned.

Common sense rule: the earlier you fix a risk, the cheaper it is. Most deal disasters are not legal surprises - they are missed questions.

Next steps

If you want to move faster with more confidence, the simplest next step is a short Buyer Roadmap Call. We will help you get clear on what to do next, and what risks matter for your type of target.

Book a 15-minute Buyer Roadmap Call

Come with: the type of business you are targeting, your rough budget, and where you are in the process. If you have a specific target, bring the headline numbers and what you already know.

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Regulatory clarifier

Impact Lawyers is a platform legal and business services consultancy. We are not currently authorised or regulated by the Solicitors Regulation Authority (SRA). We intend to apply for authorisation as an Alternative Business Structure in 2026.

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