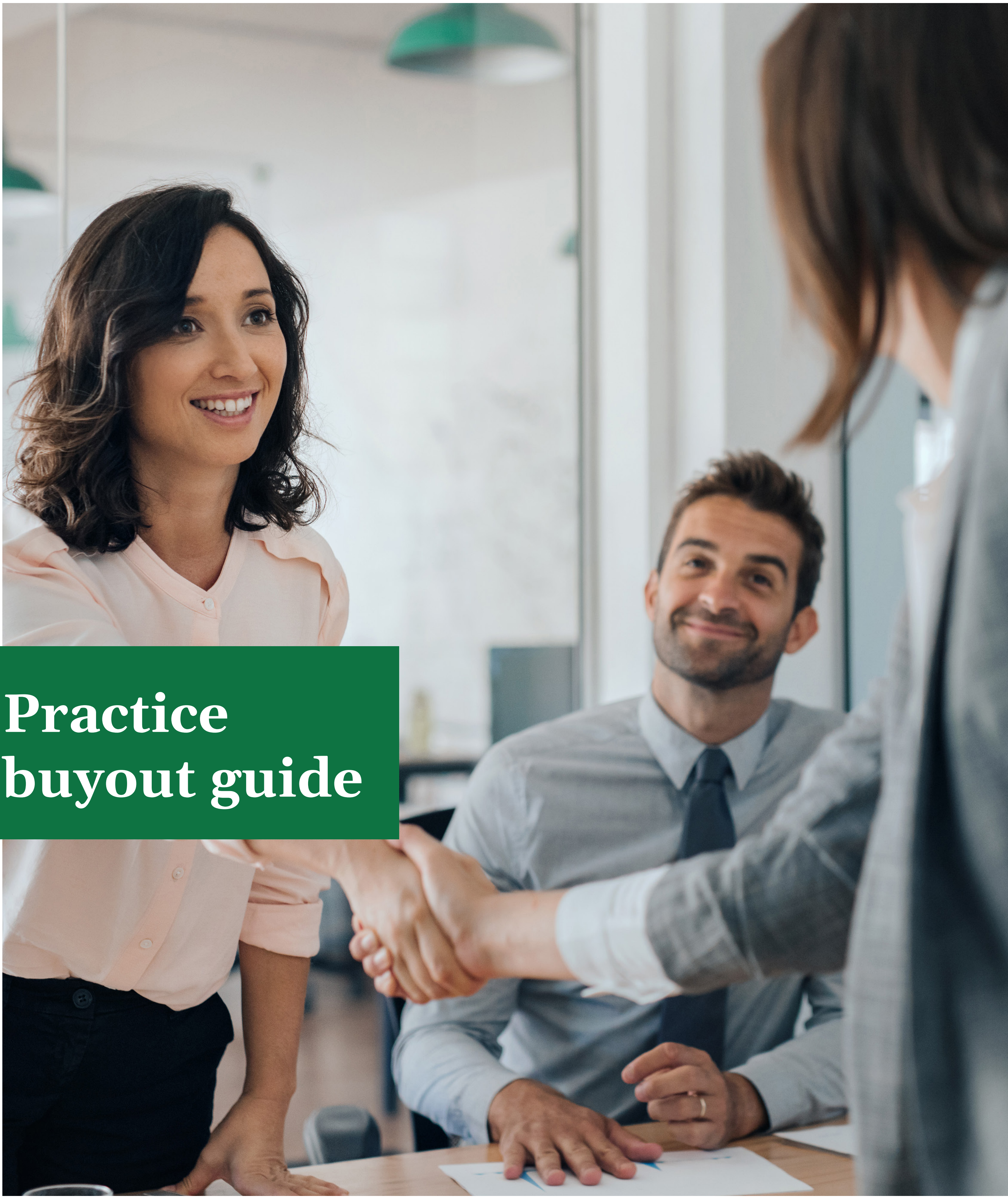
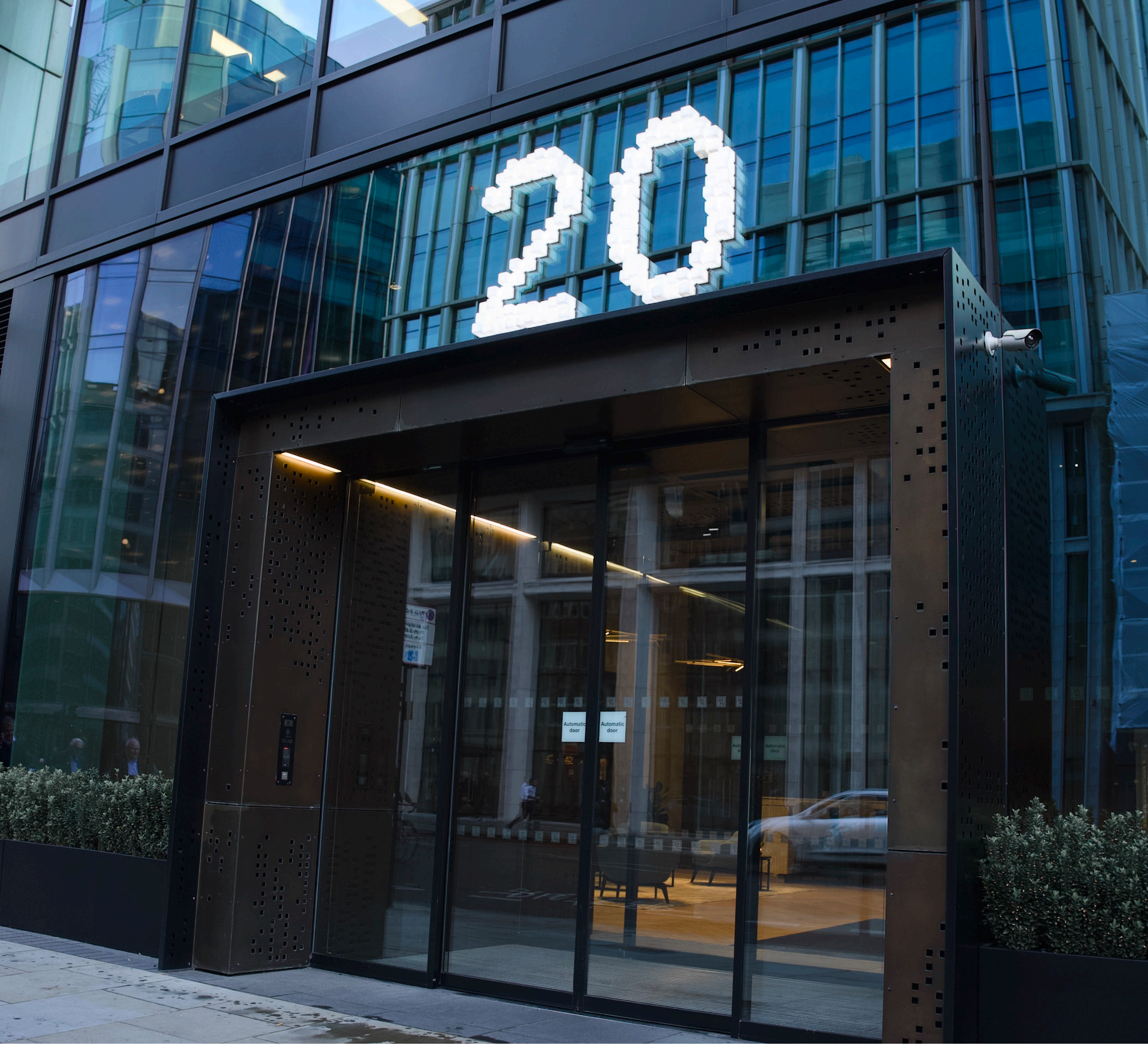


Practice buyout guide

Thinking of selling your business?

Read our practice buyout guide to help you navigate the journey ahead.

Ablestoke Financial Planning
A Quilter partner



Contents:

Let's start with you

We understand that selling your business is not just a transaction; it's a significant decision that involves your life's work and the trust of your clients.

As you're unlikely to have done this before, it's natural that you may not know what to expect from the process or the key decisions you'll need to make along the way.

We're here to help. As a growing advice business, we're keen to speak with you and discuss whether we could be a good partner for your business.

Considering what you want from your sale

Take your time to consider all options. It's important you're confident and happy with the decisions you make and the successor you choose.

Being clear about what you want will help you assess which option is best. Here are four tips to get started:

1. Have a figure and timescale for exit in mind but be open-minded to different options.
2. Consider whether you want to continue in a role or exit completely.
3. Think about how your clients will feel about the person who will be taking over their servicing.
4. Base your decision on trust and confidence in your successor.

The journey ahead

This guide will help you understand the expected journey ahead, the preparation required, the stages involved and how long it might take.

We will begin by explaining a bit more about us, and why we might be a good fit for your business, both for you personally and for your clients.

A bit about us

Based in the City of London, Ablestoke is a forward-thinking wealth management company dedicated to helping people secure their financial futures. Our team combines deep industry expertise with a client-first approach, delivering tailored advice, investment solutions, and long-term planning. Together, we bring decades of experience across finance, technology, and customer care to make wealth management accessible, transparent, and impactful.

Ablestoke has built a reputation as a trusted adviser for thousands of clients across the UK. Our commitment to providing personalised financial advice and our client-focused approach sets us apart in the financial services industry.

Founded in 2009 Ablestoke is dedicated to providing high quality and value for money financial planning advice for our clients.

Since our inception, Ablestoke has grown from a small advisory firm to a leading financial planning partnership. Our growth has been driven by our dedication to understanding our clients' needs and providing tailored solutions that deliver results.

Our partnership with Quilter

We are part of Quilter Financial Planning, one of the largest financial planning networks in the UK. We have recently chosen to work more closely with Quilter by becoming a Quilter partner.

This new partnership status is built on a shared aspiration of growth and building client trust in quality financial advice.

The values we share with Quilter:

Quilter has decades of experience in supporting advice firms and is committed to helping advisers deliver the best outcomes for clients. Our shared values include:

- A strong fundamental belief in the value of trusted face-to-face advice.
- Expert investment solutions should be simply packaged and easily understood.
- Our service and outcomes should always offer good value.

Benefits of our partnership with Quilter:

Strong and stable partner

Quilter is listed on the London Stock Exchange with a market value of c£1.4bn*, which places them within the FTSE 250 index of leading companies.
*As at 31 Dec 2023

Greater buying power

Quilter's size and client base means greater buying power to reduce costs from providers – helping your clients benefit from lower costs and great value products.

Peace of mind for clients

Quilter provides valuable research, due diligence and advice governance to ensure your clients have access to financial products and financial advice they can trust.

Access to award winning products and service

Quilter has won a number of prestigious industry awards over the years – including the coveted Financial Adviser 5 Star Service Award 39 times since 1992, and has made the FT Adviser's Top 100 Financial Advisers list every year since 2019.

Quilter – a name you can trust:

Trustpilot
Reviews 7,775 • Excellent
4.4
VERIFIED COMPANY
As of August 2024

AKG A
FINANCIAL STRENGTH RATED
PLATFORM SECTOR SUPERIOR
WWW.AKG.CO.UK ISSUED: 05/01/2024
QUILTER INVESTMENT PLATFORM LTD

FT ADVISER
TOP 100 FINANCIAL ADVISERS
MEMBER 2024
Quilter

defaqto
2024
EXPERT RATED
Platform, Personal Pension, Drawdown Pension and Onshore Bond

Why we are the right partner for your business sale

We have helped business owners and financial advisers just like you transition their business seamlessly and successfully.

We know your business is the culmination of years of dedication, hard work, and commitment to your clients, and we understand the value of and the legacy you have built.

Here are four key reasons to partner with us for your business sale:

- We offer a seamless transition process tailored to your specific needs that respects your achievements and recognises the value of what you have created.

- Our expertise in the industry, and backing from Quilter, ensures that your clients will continue to receive the high standard of service they have come to expect, and you can rest assured knowing that your business is in capable and dedicated hands.

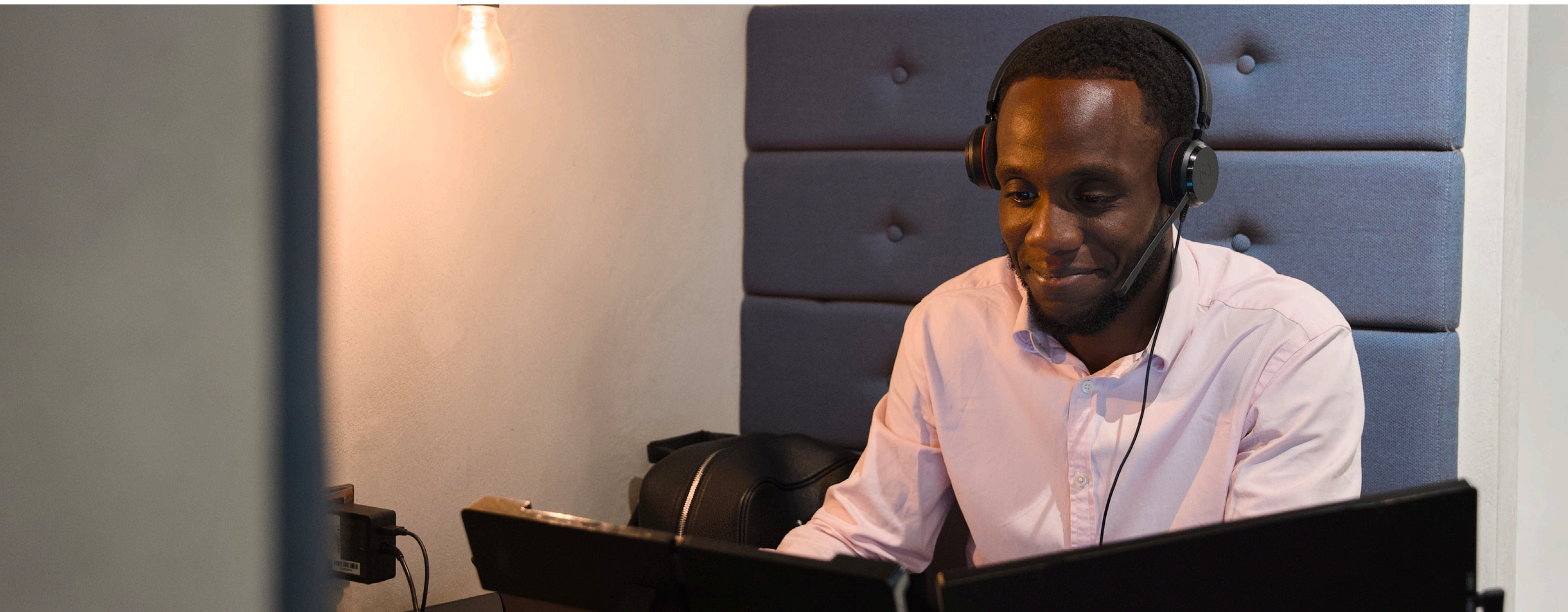
- Our tailored approach means that we work closely with you to agree the roadmap ahead and take the steps required to ensure a smooth transition.

- We are committed to preserving the relationships you have built with your clients and maintaining the integrity of your business. Our mission is to provide continuity and growth opportunities, ensuring a smooth transition that benefits both you and your clients.

Selling to a Quilter partner means you don't need to compromise.

You can integrate your business and clients with a regional firm that reflects the culture and approach to service that you've established with your clients, but with the financial strength of Quilter.

By choosing us, you're not just selling a business; you're entrusting a legacy to a partner who is committed to serving your clients and growing a successful business for the future.



Preparing your business for sale

As potential business partners for your sale, we will be keen to see your client data and revenue as well as how you run your business, how you mitigate risk, and how you ensure you're meeting regulatory advice standards.

To help us recognise the value of your business, it's important to highlight where the opportunities lie and be clear on what your clients value from you and how we can build on this.

Here are some initial steps you can take to prepare your business for sale:

- Take time and care with the preparation of your client and revenue data.
- De-risk your business where possible.
- Ensure your proposition and charging structure is clear and consistent.
- Focus on your advice quality and compliance standards.
- Ensure client reviews are documented and recorded.
- Review lower value / non profitable clients.
- Group clients into households.
- Focus on generational wealth planning for families of elderly clients.
- Document any introducer arrangements.
- Review contracts of employment to ensure they reflect the work undertaken by staff and that client ownership is accurately reflected.
- If you own or rent your property, ensure all relevant agreements are up to date and accurate.

As you will see from the following pages, there is a lot of information gathering required, so being prepared will ensure a more efficient process and help you maximise your sale value.

Seek professional advice.

We recommend that you have both legal and tax/accountancy advice.

Speak with your accountant or tax adviser to understand if anything can be done ahead of time to improve the efficiency of your sale from a tax perspective.

Overview of the sales process with indicative timeline

Stage	Description	Indicative timeline
Stage 1 Qualification	Information exchange stage – where we both learn more about each other's businesses.	Discussions during stage 1 and 2 will take around 10 working days
Stage 2 Valuation	Following the initial information gathering, we provide you with an indicative valuation based on the value and nature of assets under advice and discuss the structure of the deal.	
Stage 3 Non-binding offer	We will provide you with a non-binding offer (NBO), which will set out the proposed terms under which we will acquire your assets or shares.	NBO valid for 30 days
Stage 4 Due diligence	Our due diligence process will consist of two phases. The first is focused on regulatory compliance, followed by commercial due diligence.	4-6 weeks depending on your speed of response
Stage 5 Contracts	When the due diligence is complete, we'll issue you with a draft purchase agreement.	2- 4 weeks
Stage 6 Completion	We will complete on a mutually agreed date, and funding is released at this point – which may be an initial consideration as per the agreed terms.	Usually takes place at month end
Stage 7 Integration	Our primary focus will be to ensure a smooth transition for your clients. This will include client communications. Data transfer and novations are implemented.	3 months subject to complexity of transaction
Stage 8 Post completion	These are obligations for us to complete to ensure integration is successful, and to monitor client retention, which could impact any deferred payments to you.	Up to 4 years

What to expect at each stage

Stage 1 - Qualification

This is where our discussions begin. We will both have a number of questions to ask to understand each other's business and ensure we are a good fit for one another.

We will complete an initial fact find to ensure we collate the information we need up front to ensure a smooth process.

If there is mutual consent to proceed, we suggest a non-disclosure agreement is signed. This will protect your interests and give you confidence to share more detailed information with us so that we can start to calculate a valuation for your business.

Stage 2 - Valuation

Using the information you provide, particularly detailed revenue and assets under management, we'll be able to provide you with a valuation. Normally the valuation is done on a client-by-client basis and reflects the average fee income per client, costs to serve, and age profile of the client. Depending on the structure of the sale, there may several other factors that feed into the valuation.

We will then negotiate the purchase price with you based on the valuation, risks, and opportunities for us acquiring the business.

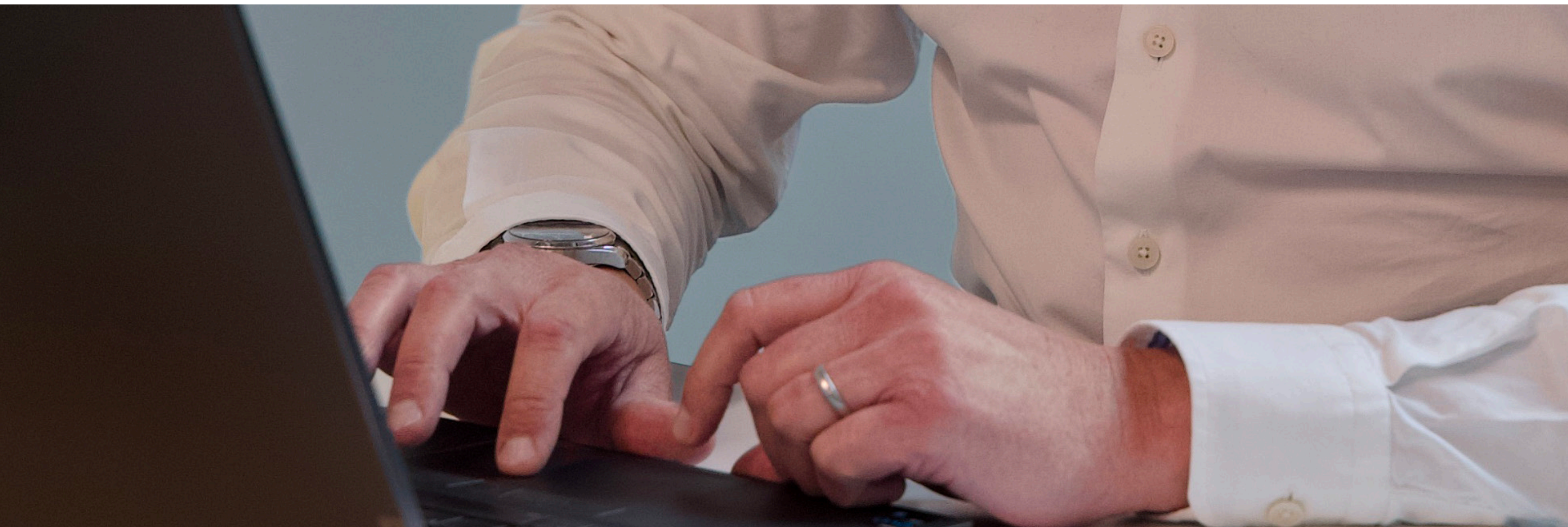
Stage 3 – Non-binding offer

Once we have decided on the offer price, we'll issue you with a non-binding offer (NBO) which sets out the terms under which we'll acquire your business. We suggest you discuss the tax implications of any sale agreement with an accountant as early as possible.

The NBO will include:

- Indicative valuation
- Payment terms
- Acquiring entity
- Overview of due diligence
- Confidentiality clause
- Best practice for sharing and reviewing information

The NBO will reflect the information provided to date, and the final price will be subject to completion of the due diligence.



Stage 4 – Due diligence

Once you sign the NBO, we'll enter the formal due diligence stage.

We will usually issue an information request list which will outline all the information we require from you. The nature of information required will vary depending on the structure of the purchase arrangement.

We will work with you to help ensure you collate the information required, which normally takes a couple of weeks to complete.

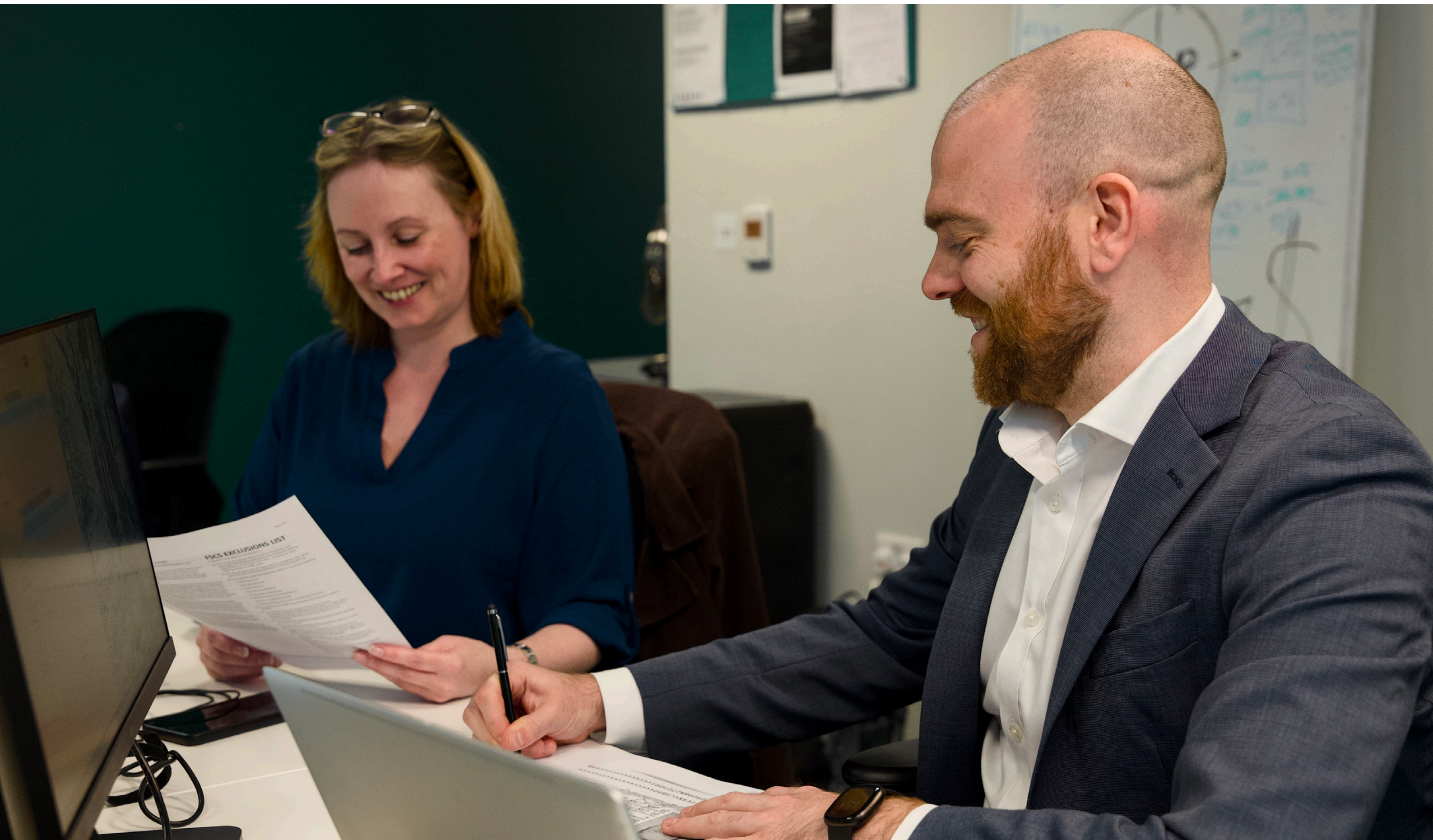
Our due diligence process is normally split into two phases, with the initial phase focused on advice risk and compliance and the second phase focused on financial, client proposition, and other matters.

Stage 5 – Contracts

Once due diligence is complete, we can issue you with a draft purchase agreement and begin the process of finalising terms.

- The purchase agreement may include:
- Price schedule: a methodology for calculating and paying the purchase price.
- Payment schedule.
- Seller representations.
- Provisions dealing with advice and servicing liability and how this will be dealt with after completion.
- Warranties and indemnities.
- Restrictive covenants.

We will appoint a law firm, and suggest you do the same. We will each pay our own legal costs.



Stage 6 – Completion

We will agree a mutually convenient date for completion, which is usually at month end. Completion takes place within a day.

On completion, we'll release funds to you in accordance with the agreed terms – which usually means an initial consideration is paid with the rest to follow.

Stage 7 – Integration

After completion, the important work of engaging with your clients begins.

We will work with you on creating and agreeing a transfer plan to ensure the process is as seamless as possible for clients. We will want to provide reassurance to clients through an initial communication, both from us and from you, followed by more detailed engagement and client meetings.

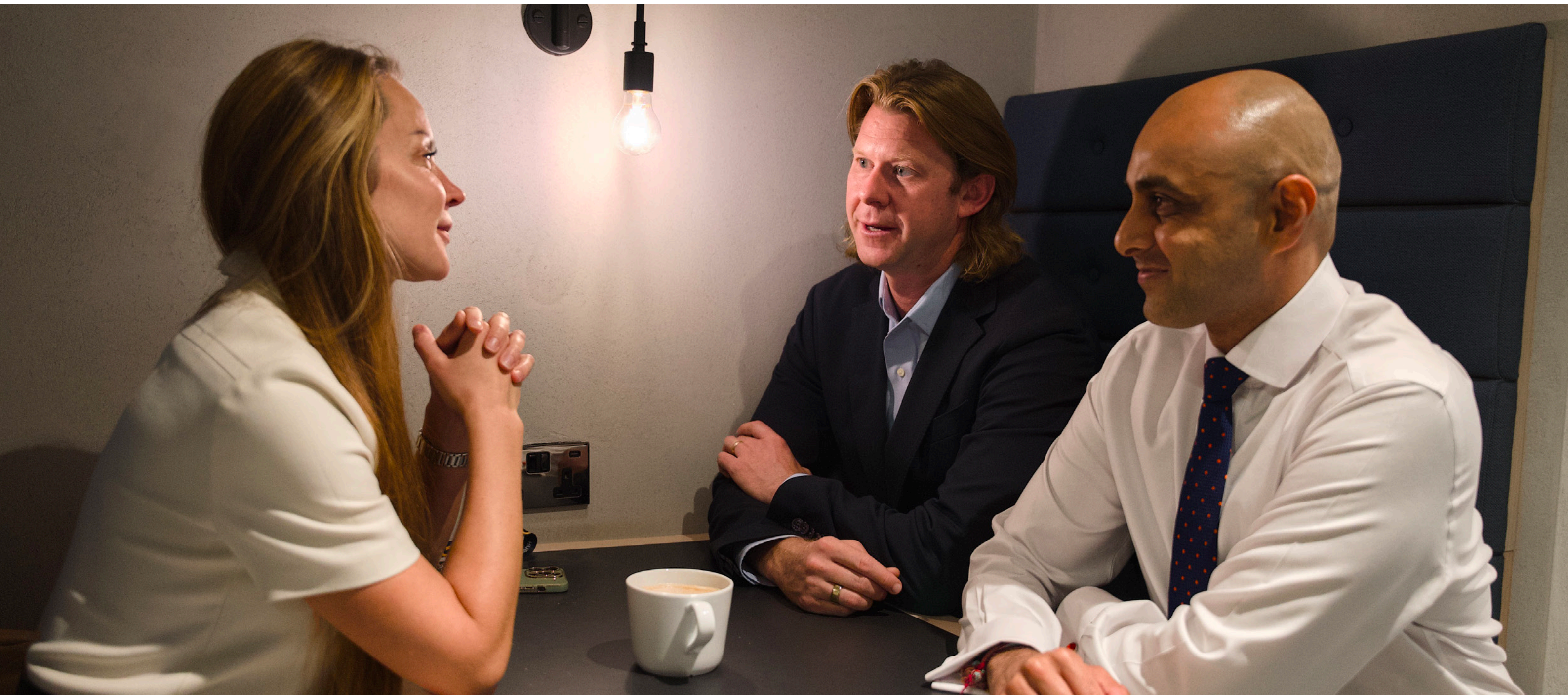
There will be lots to do during this phase, and the support and expertise from Quilter will help ensure the transition and integration from a back-office perspective is successful.

More reassurance for you

With the backing of Quilter, and their significant experience in this area, we are able to provide you with greater confidence and reassurance around the sale and integration process, including resource to support with client data transfers and provider novations.

Stage 8 – Post completion

Once the sale is complete and the business integrated, there will still be work for us to do to monitor the acquired business and revenue streams. This will help us calculate the deferred payments when they are due.



Next steps

We hope this overview has been useful.

No two transactions are ever the same, so whilst we can provide an indicative timeline and outline the steps involved, they will of course vary depending on your unique circumstances.

You can trust us to:

- be a safe home for your clients
- continue your legacy
- provide a fair assessment of your business and its value
- work collaboratively to ensure a smooth transition
- be open and transparent.

We know how important this decision is for you and your clients, so get in touch with us today to see how we can help you.

Ablestoke
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A Quilter partner

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