

# CLIENT SUCCESS STORY

## MANAGEMENT BUY-OUT

### THE SITUATION

We were engaged by a client seeking assistance with restructuring their company. Having taken ownership from the previous shareholder, the client has been deeply involved in the business for at least 30 years. The company 'A' is a recognisable leader in the workplace design industry, specialising in creating innovative spaces such as office buildings, recording studios, hospitals, and universities. As the client prepares for retirement, they have chosen to transition ownership to the trusted management team and to an individual who previously worked at company A, however, left to establish their own design firm, Company B. Over the past few years, Companies A and B have developed a close working relationship, effectively operating as a single entity. As a result, both companies have decided to formalise this partnership by merging into one unified company. The client has confidence in chosen team's ability to uphold the company's reputation and aid its continued success.

### THE SOLUTION

After carefully reviewing the situation, it was determined that a management buyout (MBO) is the most tax-efficient course of action. The management team would incorporate a new company and acquire both companies and sideway distribute company B. We provided a comprehensive plan outlining the necessary structures and steps to successfully initiate and complete the MBO, while also demonstrating a thorough understanding of the associated tax implications and available reliefs.

### THE OUTCOME

By undertaking this project, we successfully facilitated the transfer of the company to the management team, enabling the client to retire with confidence. The process was carefully structured to ensure the transfer was completed in the most tax-efficient manner. By leveraging the MBO (Management Buyout) method, we achieved the desired outcome while saving £200,000 in CGT.

**ADAM LEDIARD**

CORPORATE TAX ASSISTANT MANAGER

