Cranleys
CHARTERED ACCOUNTANTS



CRANLEYS' CUNNING PLANS · No. 27 · SELLING AND EXIT

Succession, Family and Management Buy-Out Checklist

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

Decide who takes over: family, managers, employees or a buyer. Check how they fund it, what tax applies, and how reliefs like holdover and business property relief work. Put agreements, wills and powers of attorney in place so the plan survives the unexpected.

THE KEY FIGURES

The key facts	What to know
Options	family, management buy-out, employee ownership trust
EOT CGT relief	50% from 26 November 2025
BPR	£2.5m allowance at 100%
Documents	shareholder agreement, will, powers of attorney

The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Who is the successor?**	Family, managers, employees or an outside buyer.	Succession note
☐	**How will it be funded?**	Management buy-outs often use vendor loans, deferred payments and bank debt.	Funding plan
☐	**Is an employee ownership trust suitable?**	Relief is now 50%, and the rules are detailed.	Advice
☐	**Is a gift of shares planned?**	Holdover can defer gains and BPR can help inheritance tax.	Claims
☐	**Are documents in place?**	Shareholder agreement, will, powers of attorney.	Signed copies
☐	**Is the plan fair?**	Fair is not always equal in a family business.	Family meeting notes

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MY PRO TIP

decide who, when and how before the family decides for you.

A worked example

A parent gives shares worth £1m to a child. Holdover relief can defer the gain. If the parent survives seven years, the gift falls outside the estate. If the parent dies sooner, business property relief may still apply if the child still holds qualifying shares. Planning this takes advice before the gift.

The trap to avoid

Assuming the family will work it out. Without agreements, a death or dispute can force a sale.

The Rufus test

One question that tells you if you have the right adviser:

If I could not work from tomorrow, who would run the business, and is that written down?

What has changed recently

- EOT relief has halved to 50%. See the business sale tax checklist.
- Estate planning links. See the inheritance tax checklist.
- BPR rules. See the business property relief checklist.

Questions I get asked

How do I pass my business to my children?

Decide who, agree terms in writing, consider gifts or sales, and review inheritance tax and capital gains tax.

What is a management buy-out?

A purchase of the business by its management team, often funded by debt and deferred payments.

What is an employee ownership trust?

A trust that holds shares for employees, with a capital gains tax relief for the seller.

Do I need a shareholder agreement?

Yes, if there is more than one shareholder.

The 9 CAD Keys link: Development

Development is building people who can carry the business without you.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next

Business checklist 25
Earn-Outs, Retention and The Handover Checklist

Business checklist 26
After the Sale: Cash, Tax and What Next Checklist

Tax checklist 08
Inheritance Tax Checklist 2026/27: Nil-Rate Bands and Gifts

Tax checklist 09
Business Property Relief (BPR) Checklist 2026/27

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Go deeper: my books

For this topic, start with **Business Exit Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Pass the baton, tick the boxes.

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Scan to read online, tick it on screen and take the Scorecard



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