



# **Guide to Selling a Pharmacy Business in Scotland**

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# Selling a Pharmacy



Having built up a successful pharmacy business over many years and often over a lifetime, when you start to consider retirement you will want any sale to be as smooth as possible, and at the end of the day, to be able to enjoy the fruits of your efforts by maximising the overall benefit you secure.

Like any other major milestone in your career, it is important that you are well supported and advised throughout the sale process. Selling your pharmacy business will often take more time, and involve more preparation, than you ever anticipated, but planning ahead with the guidance of experienced experts will reap real benefits for you.

At Thorntons, we have a specialist Pharmacy Team who have years of experience in acting for pharmacy operators throughout Scotland (both multi-site and single site) in the sale process. The purpose of this practical guide is to highlight some of the key steps that you need to take as part of your all important journey towards selling your pharmacy business and retirement.

## Pre-sale

Selling your pharmacy business is in many ways like selling your home - planning and practical preparation are vital for the successful sale of both a house and also a pharmacy business. Sound advice for a successful house sale would involve some tidying and a degree of redecoration, getting everything in shape and making it look the best that it can in every way. The same applies to your pharmacy business and you will benefit from taking some simple steps prior to sale.

- ▶ Pharmacy sales often take longer than either party anticipates – even an average and straightforward sale can take a minimum of four months. The planning that is done prior to the sale will play a key part in enabling as speedy a conclusion as possible for you. A well organised seller gives the impression of a well run pharmacy and forward planning will also allow you to quickly answer any questions raised by a potential buyer. We've outlined some of the areas for you to consider in the next section – 'I've found a buyer'.

- ▶ Consider and confirm what period of notice (if any) requires to be given to the Health Board and/or GPhC, as that has a considerable impact on the timeframe for any sale.
- ▶ Think carefully about the best form of marketing for your pharmacy business. Some pharmacies are sold privately, either to a known purchaser, or via a confidential advertisement for example in the specialist pharmacy press. The majority are, however, sold via sales agents who specialise in the sale of pharmacies and who have significant networks of contacts that you can benefit from. In making your decision, it's important that you understand the financial implications of each option and the impact that each one will potentially have on your time and your staff – especially given that you will still have the pharmacy to run throughout the process. At Thorntons, our specialist Pharmacy Team have contacts within all of the main sales agents and can add value by making any necessary introductions.
- ▶ At this stage it is also vital for you to engage specialist legal and accountancy expertise. Selling a pharmacy business can be very different from the general running of it on a day to day basis and at Thorntons, our Pharmacy Team have extensive experience of the pharmacy sector in Scotland generally, how the NHS payment system works for pharmacists in Scotland etc. and so are well placed to offer pragmatic and practical advice. We also have extensive contacts with various reputable and experienced accountancy firms who deal regularly with pharmacists.

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*Thorntons have a wide area of expertise, with solicitors having different specialities working seamlessly together in order to complete transactions in a timely and efficient manner.*  
”

- Deans Pharmacy Group

# I've Found a Buyer

This is the point that the legal and financial elements of the sale will begin to be negotiated and the end result is very dependent on these early stages.

There are a huge number of things to consider and to be aware of at this stage and we've captured what we think are the key considerations for you.

- ▶ At the outset, ask the buyer to agree to keep all of the information provided as confidential, in case the deal does not proceed. This can be done by the use of a confidentiality agreement, which our Pharmacy Team can put in place for you.
- ▶ One of the first steps in the process is for the buyer to ask for certain pieces of information about your pharmacy business — this is called due diligence. Whilst you will have to provide some or all of this, your lawyer and accountant will help you to think about how it is laid out and how it will be interpreted. The things that may be requested by both the buyer as well as their advisors will include -
  - ▶ 3 years of accounts for the pharmacy. They may also look for more up to date financial information, including NHS payment schedules.
  - ▶ Employment contracts for all employees and for their current salaries, other benefits, etc.
  - ▶ If you lease your pharmacy premises, the lease will be required.
  - ▶ Most buyers will have a bank sitting in the background to satisfy and they will be interested in a lot of legal compliance and statutory documentation (e.g. Energy Performance Certificate for the pharmacy premises, or the latest GPhC reports).

This is only part of the information which will be requested, but having those documents well organised, carefully laid out and quickly available will smooth the process when the time comes.

- ▶ You may own your own premises, and should think carefully about the benefits of selling them as part of the sale or retaining them. If selling, the overall price agreed will include the premises. If retaining the premises, but leasing to the buyer, you will need to consider and agree the terms of the lease - the rent, period of the lease, etc.

- ▶ If you currently lease your premises, the lease will need to be transferred to the buyer, and the landlord's consent will be required for that. You should take this into account when planning and allow extra time for these additional steps in the process of the sale.

## Preparing to Sign

After all of the negotiations are complete, the buyer's lawyer will produce an agreement which covers all of the legal aspects of the sale. This needs to be carefully reviewed by your lawyers to ensure that it accurately reflects the terms of the deal and there are no 'surprises' built in to it. Additionally the agreement must adequately address issues which are of interest to you and relevant in the pharmacy sector.

## Reaching Go

All being well, the hard work which you have put in over the years, and the preparation for sale, will result in a smooth transaction culminating in the keys to the pharmacy being handed over in exchange for your well-earned sale value.

But even then, some things will still need to be considered. The sale of any business (including a pharmacy business) significantly changes your personal circumstances as regards things such as inheritance tax. It is therefore essential that you complete the next logical steps in the process and ensure that you seek proper advice on inheritance tax planning, wills and Powers of Attorney. The specialist Pharmacy Team at Thorntons regularly advise our selling pharmacy clients on such issues and would be pleased to assist with any queries you may have in this regard.



# What our Clients say

## About us

“  
*Kim has a notable practice advising on acquisitions and disposals across the healthcare sector, including pharmaceutical, dental and veterinary practices. She knows the sector very well, in addition to being experienced and knowledgeable.*  
”

- Chambers & Partners

“  
*Aimee's expertise have been invaluable over the last 6 years during our many property transactions. She is knowledgeable, experienced, respectful and extremely patient, which is often demonstrated when negotiating challenging lease agreements.*  
”

- Legal 500



## Providing Expert Guidance

At Thorntons, we have a dedicated team of experts who have years of experience in advising on the sale of pharmacy businesses in Scotland. We are also very well versed in the day to day requirements of running a pharmacy, regularly providing practical and pragmatic legal solutions to our pharmacy clients. Our team provide this support across the whole of Scotland and for a very diverse range of pharmacy owners, from national corporate operators, to first time buyers. If you are considering selling your pharmacy business and would like an initial chat, we would be delighted to hear from you .



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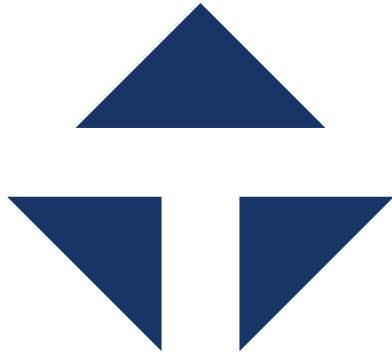


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