

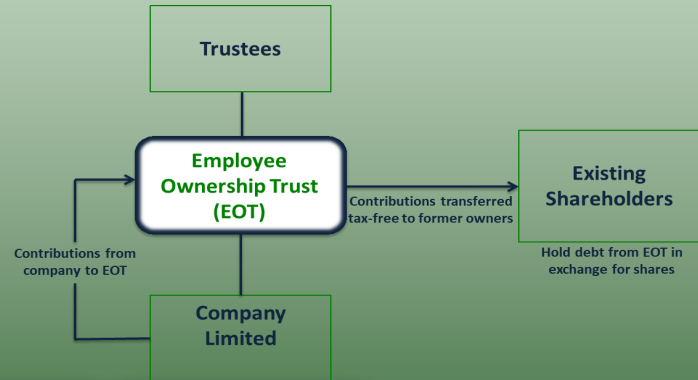


Guide on Employee Ownership Trusts (EOT)

This is an indirect form of employee ownership in which a trust holds a controlling stake in a company on behalf of all its employees, and provides an incentive for owners to sell a controlling stake in their business.

An Employee Ownership Trust (EOT) can be set up by the company's existing owners, perhaps as part of their exit or succession planning strategy, or by founders starting a new business which they wish to be employee-owned.

1. Trust is set up to acquire a controlling interest in the business being sold by the owners.
2. Shares are valued, and the percentage to be sold agreed. Shares are then purchased by the Trust, and deferred payments agreed.
3. Profits from the trading company less corporation tax are transferred to the Trust to make the deferred payments.



Key Advantages of an EOT

Sale possible when other routes closed or undesirable

You have flexibility in structuring deal

You retain control in the earnout period

You pay 0% Capital Gains Tax on all sale proceeds

Contact us on King's Lynn 01553 672888 or Norwich 01603 279505, to discuss further.