



FAQ

WHAT IS AN ASSET SALE?

An asset sale is a type of deal structure in Mergers and Acquisitions (M&A) in which the buyer acquires selected assets and liabilities of the target company, rather than the company itself. In an asset sale, the buyer is able to select the specific assets it wishes to acquire, while leaving behind any unwanted assets or liabilities.

In an asset sale, the buyer typically purchases tangible and intangible assets, such as equipment, inventory, intellectual property, and customer lists, as well as assuming certain liabilities such as accounts payable and outstanding debt. The specific assets and liabilities to be transferred are typically outlined in the purchase agreement between the buyer and the seller.

An asset sale can offer several advantages over other forms of deal structures, including:

1. **Flexibility:** Asset sales can be structured to meet the specific needs of the buyer and seller, allowing for a more customized and flexible deal structure.
2. **Tax Benefits:** Asset sales can offer tax benefits to both the buyer and seller, as the buyer can potentially depreciate the assets acquired, while the seller may be able to offset any gains or losses against other tax liabilities.
3. **Reduced Liability:** Asset sales can help limit the buyer's exposure to any unknown or contingent liabilities associated with the target company, as the buyer only assumes the liabilities explicitly stated in the purchase agreement.
4. **Simplified Transaction:** Asset sales can often be simpler and quicker to complete than other forms of deal structures, as they do not require the transfer of ownership of the target company.

However, asset sales can also have certain disadvantages, such as the need to separately transfer contracts and licenses, and the potential impact on employee retention and morale. As with any M&A transaction, it is important for both the buyer and seller to carefully consider the advantages and disadvantages of different deal structures before proceeding with the transaction.

WHAT WE DO?

BUSINESS VALUATION




What's my business worth today is a must have for every business owner. Check out our **Free** Valuation Tool that gives you an estimated value of your business.

BUSINESS BROKERAGE/M&A

Selling a business is a complex task. Magnus Business Group will guide you through the entire process until it is sold for the best price possible.

EXIT PLANNING AND PREPARATION

Planning the sale or other transfer of a business shall be planned carefully with the right goal in mind. We guide and coach business owners to achieve their goals.

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