



GLAA Brief

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Guidance on buying a GLAA licence holding business

This Brief publishes the latest guidance on the purchase of a GLAA licence holding company and the transferability of a GLAA licence

Introduction

The below guidance has been prepared in response to queries received by the GLAA regarding the purchase of GLAA licence holding businesses and the transferability of GLAA licences.

Who, or what, can hold a GLAA licence?

A GLAA licence is granted to and held by an individual legal entity. This can be a person in the case of a sole trader, but could equally be a limited company, a partnership, or an unincorporated association.

In the case of a limited company and a limited liability partnership, the licence is granted to and held by that legal entity, not by the directors or partners. In the case of a sole trader, the licence is granted to and held by the individual person.

A GLAA licence does not cover multiple legal entities. For example, individual companies within a company group would need to be individually licensed.

Companies with multiple branches can be covered by a single licence provided that the branches are part of the same licence holding legal entity. Branches would be expected to operate in the same manner and be directly responsible to the main or head office or company. To allow a branch to operate under a larger business or parent company they must have the same Companies House number (if a company) and the same UTR and VAT number as the licensed larger business or organisation. If the branch is a separate legal entity, then an individual licence will be required for that branch.

Franchises will be required to hold an individual licence if the franchise has a different Companies House number (if a company) or different UTR / VAT number. If these registration numbers are different the franchise will be regarded as a separate legal entity and therefore, require a separate GLAA licence.

Can a sole trader's GLAA licence be transferred or sold to another individual or business?

No. Although a sole trader can sell their business, any GLAA licence granted to a sole trader cannot be sold or transferred to any other individual or legal entity as the licence is granted to that individual person only. Likewise, if the sole trader wishes to set up a limited company, that limited company would need to apply for a GLAA licence in its own right in order to supply labour or use workers to provide services covered by licensing in the GLAA regulated sectors.

Selling / buying a limited company or limited liability partnership

In an asset sale by a licence holding limited company or limited liability partnership, the GLAA licence remains with the company / partnership after the asset sale is completed. If the licence holding limited company is to be wound down, the GLAA should be informed within 20 working days.

In the case of the share sale of a GLAA licence holding limited company or limited liability partnership, if there is no change to the legal entity during the sale, the company will continue to hold the GLAA licence after the sale is completed.

Can the GLAA licence be considered an asset in an asset purchase?

No. A GLAA licence is not an asset which is capable of being purchased, sold or transferred. It is granted to a legal entity, and if that legal entity ceases to exist, for example in a liquidation, the licence will expire.

If I complete a share purchase of a company which holds a GLAA licence, will I also gain ownership of the GLAA licence?

As the GLAA licence is granted to and held by the legal entity, the purchaser does not gain ownership of the licence, as this is held by the entity itself, not by any individual. However, if the legal entity itself remains intact in a share purchase, with the same Companies House number and UTR number, the company itself will be able to continue to trade under the authority of the licence it holds.

Can completing a share purchase of a licence holding limited company avoid scrutiny and the need to undergo an inspection?

If completing a share purchase, you will need to be mindful of the requirements listed under Licensing Standard 1.4 that the GLAA must be notified of changes to the business. For example, a licence holder must notify the GLAA within 20 working days if, amongst other things; the Principal Authority changes, the business VAT number changes, the trading name changes, any directors, company secretary, partners or other individuals named on the licence change and/or any contact details for the business change.

Therefore, it's quite likely that the GLAA will need to be notified of changes taking place, which in turn, could lead to a compliance inspection taking place. For example, when the GLAA are notified that new directors need to be added to a licence record, internal checks will be undertaken and the director's details may be checked with other government

departments and authorities as well as financial and other organisations involved in crime prevention. This includes the overseas equivalents of UK government departments and enforcement bodies where necessary. These checks may bring to light information which will warrant further investigation.

Also, if the Principal Authority (“PA”) (the person in day-to-day control of the business) changes as a result of the purchase, a new PA must be nominated and must complete the change of PA process, which again may include a compliance inspection.

As part of the annual renewal process it is also imperative that the PA inform the GLAA of any changes to the licence record, which includes providing/updating the details of any individual, business or trust who controls or influences the licence holding company. There may be implications for your licence if you fail to inform us of any changes relevant to your licence record.

Compliance with the Licensing Standards

If a licence holding limited company or limited liability partnership is purchased via a share transfer, it, and any person connected to it, will need to comply with the requirements of the Licensing Standards. This includes the requirement to be fit and proper and to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards. If the GLAA considers that an individual connected to a licence holding company is not fit and proper or is under the influence of any other individual considered by the GLAA not fit and proper, the licence will be revoked.

Change in legal status / restructuring

If a licence holder changes its legal entity, the new entity needs to be separately licensed by the GLAA. We recommend that any new application should be made before any change in legal entity is made to prevent any interruption to business. The new entity is not allowed to trade under the previous licence. Licence holders considering restructuring and setting up a new legal entity should therefore be mindful of the time required to apply for a new GLAA licence. Licence holders should contact the GLAA as soon as possible to discuss their situation if they are considering setting up a new legal entity.

Bankruptcy, Administration or liquidation

Bankruptcy

Licence holders must notify the GLAA within 20 working days if they are made bankrupt. The GLAA will then assess whether the licence holder should still be considered fit to hold a licence.

Administration

Licence holders should notify the GLAA within 20 working days if their company enters administration. The GLAA will require an explanation for the reasons of the administration as well as the details of the appointed administrator.

Depending on the particular circumstances for the administration, the GLAA may decide to revoke the licence.

If another company buys the business as a going concern or purchases assets, that company would need to be separately licensed (unless it already holds a GLAA licence).

A licence is not a business asset which can be sold. New companies set up through a pre-pack administration will need to apply for their own licence.

Liquidation

Licence holders should notify the GLAA within 20 working days if their company is liquidated, wound up or dissolved. The GLAA will require an explanation for the reasons of the liquidation as well as details of the appointed liquidator. Depending on the particular circumstances for the liquidation, the GLAA may decide to either expire or revoke the licence.

Licence transfers

A licence holder is entitled to request that their licence be transferred to another legal entity before it expires. However, the GLAA will not normally grant a request to transfer a licence from one legal entity to another. One of the GLAA's concerns is identifying and tackling 'phoenix' companies and this is most effectively done through the GLAA licence application process. Any legal entity which wishes to be licensed should apply for its own licence and its application will be subject to the normal processes undertaken by the GLAA to make sure the business meets the requirements to hold a licence.

Licence expiry

A licence will expire if it is not renewed before its expiry date, or, if the licence holder's Companies House number or Unique Tax Reference number change.

Links to useful guidance and information

GLAA Licensing Standards:

[Licensing Standards October 2018 Final reprint Jan 2020 \(gla.gov.uk\)](#)

Further information

1. If you any questions about this Brief, please contact the GLAA helpline on 0345 602 5020 or email licensing@gla.gov.uk.
2. For the latest news and updates from the GLAA:



Twitter: [@UK_Glaa](#)



facebook: www.facebook.com/TheGLAA

If you have received a hard copy of this Brief but would prefer electronic versions in the future, please email communications@gla.gov.uk