

Buying or Selling a Business Checklist

Due diligence and execution items for the buyer or vendor.

Financial due diligence

- 3 years of financial statements and tax returns
- BAS and IAS for the past 2 years
- Aged debtors and creditors listings
- Stock on hand and obsolescence review
- Fixed asset register with current market values
- Customer concentration analysis (top 10 customers as % of revenue)
- Margin analysis by product or service line
- Normalised EBITDA workings (owner add-backs, one-offs)
- Working capital requirements analysis

Legal due diligence

- Corporate structure, share register, trust deeds
- Material contracts (customer, supplier, premises lease, software)
- Employment contracts and entitlements
- Intellectual property assignments and registrations
- Any current or threatened litigation
- Insurance policies and claims history

Tax considerations

- GST treatment of the sale (going concern, taxable, mixed)
- Stamp duty in the relevant state
- Small business CGT concessions (vendor)
- Restructure rollovers (Div 615, Subdiv 122-A, etc.)
- Tax warranties and indemnities in the agreement

People and operations

- Key employee retention plan
- Restraint of trade clauses
- Transition and handover period agreed
- Customer and supplier notification plan

Settlement checklist

- Final asset and liability adjustments
- Apportionment of rates, rent, prepaid expenses
- PPSR releases for any secured assets
- Employee leave entitlement transfers
- Trading-name and IP transfers lodged
- Bank account closures and openings