

## Buying a Business Checklist



Are you looking at buying a business but don't know where to start? It is common for people in your position to feel overwhelmed about where to start and what to do. You are about to hand over a lot of money and you want to make sure that you are getting what you are paying for.

We have developed this checklist to help you on the right path. It sets out the important aspects that you need to consider when buying a business and distils it from a complicated subject into an easy to understand checklist of things to consider.

We have included a section on notes for you to make any notes that you require including critical dates:

	Checklist	Notes
<b><u>Pre-Contract Considerations</u></b>		
These are considerations that you should make before you sign a contract, some may seem obvious but they are matters that we often see missed.		
<input type="checkbox"/>	Do you know what entity you are going to purchase the business through?	
<input type="checkbox"/>	I have had a meeting with your lawyer, accountant and other advisors to confirm that they all agree?	
<input type="checkbox"/>	Is my contract subject to due diligence enquiries?	
<input type="checkbox"/>	My lawyer has advised me that the due diligence clause is appropriate?	
<input type="checkbox"/>	If not, then do I need to conduct the due diligence enquiries before I enter into the contract or change the contract?	
<input type="checkbox"/>	Do I need to borrow money to buy the business? If yes is the contract subject to finance?	
<input type="checkbox"/>	My lawyer has advised me that the finance clause is appropriate	

Call us on 1300 000 LAW (529),  
like our facebook page [www.facebook.com/bizlegallifecycle](http://www.facebook.com/bizlegallifecycle) or  
email us at [lifecycle@jeremystreten.com](mailto:lifecycle@jeremystreten.com)

	Checklist	Notes
<input type="checkbox"/>	Restraint of Trade – I am satisfied that the restraint of trade on the seller will protect my business. If unsure speak to your lawyer.	
<input type="checkbox"/>	Due diligence date is due:	/ /
<input type="checkbox"/>	Finance date is due:	/ /
<input type="checkbox"/>	Other clause _____ is due:	/ /
<input type="checkbox"/>	Other clause _____ is due:	/ /
<input type="checkbox"/>	Other clause _____ is due:	/ /
<input type="checkbox"/>	Other clause _____ is due:	/ /
<p><b><u>Due Diligence Enquiries</u></b></p> <p>These are the enquiries that you need to undertake with the help of your advisors to make sure that you are getting what you pay for. The actual nature of the searches will depend on the business you are buying. You should double check with your lawyer and accountant to make sure that the searches that you undertake are appropriate and that there are no more that should be done:</p>		
<input type="checkbox"/>	Financial records – the past 3 years including, balance sheets, profit and loss statements, tax returns, purchase and sale records and bank statements.	
<input type="checkbox"/>	I have queried any inconsistencies with the seller and am satisfied with their explanation.	
<input type="checkbox"/>	Accounts receivable – how much is owing and what is the historical trend. This will tell you about the cash position of the business.	
<input type="checkbox"/>	Sales records – examine the records to make sure that they show a reliable source of income for all of the products and services offered.	
<input type="checkbox"/>	Marketing information – examine the marketing strategies of the business. Make sure that they are effective and do not have any potential issues (e.g. misleading and deceptive conduct).	

Call us on 1300 000 LAW (529),  
like our facebook page [www.facebook.com/bizlegallifecycle](http://www.facebook.com/bizlegallifecycle) or  
email us at [lifecycle@jeremystreten.com](mailto:lifecycle@jeremystreten.com)

# BusinessLegal : Lifecycle

	Checklist	Notes
<input type="checkbox"/>	Profits – have you considered how you may increase the profits of the business. Do an examination of ways that you might increase them. Also examine what happens if they reduce by a realistic margin.	
<input type="checkbox"/>	Warranty – does the business provide a warranty on its work or for its products? If yes then what liability are you taking on for past products supplied?	
<input type="checkbox"/>	Industry – undertake an analysis of the industry, where the potential threats are and where the opportunities are for the future success of the business.	
<input type="checkbox"/>	Seller – make sure you know why the seller is existing the business?	
<input type="checkbox"/>	Suppliers – I have made sure that the suppliers will supply me the products that are needed for the business.	
<input type="checkbox"/>	Lease – if the business is run from a premises. I have considered the lease (see below) for the premises.	
<input type="checkbox"/>	Staff – I have reviewed the staff entitlements and contracts and am satisfied with those documents. If not then I have arranged for changes to be made with the seller.	
<input type="checkbox"/>	Assets and equipment – I am buying all of the assets and equipment needed to operate the business.	
<input type="checkbox"/>	Stock – I will have sufficient stock when I take over and there is no outdated stock in the business.	
<input type="checkbox"/>	Expenses – I have considered all of the possible expenses and debts to make sure that I can operate the business profitably.	

Call us on 1300 000 LAW (529),  
 like our facebook page [www.facebook.com/bizlegallifecycle](http://www.facebook.com/bizlegallifecycle) or  
 email us at [lifecycle@jeremystreten.com](mailto:lifecycle@jeremystreten.com)

# BusinessLegal : Lifecycle

	Checklist	Notes
<input type="checkbox"/>	Licence – I have considered what government licence I will need to operate this business and have ensured that I will be able to obtain it.	
<p><b><u>What will I have to pay?</u></b></p> <p>You should complete the amounts and once you have signed a contract it will be given a date, insert that here     /     /     , your lawyer will provide you with a letter setting out all of the important dates, complete them below so that you have an easy reference guide during the transaction.</p> <p>The purpose of this section is to give you an estimate of the money that you will need to pay for the transaction.</p>		
<input type="checkbox"/>	Purchase Price \$ _____ Payable	/     /
<input type="checkbox"/>	Deposit \$ _____ Payable	/     / /     /
<input type="checkbox"/>	Transfer duty \$ _____ Payable	/     /
<input type="checkbox"/>	If purchase price does not include stock Estimated stock value \$ _____ Payable	/     /
<input type="checkbox"/>	If purchase price does not include WIP Estimated WIP value \$ _____ Payable	/     /
<input type="checkbox"/>	Lawyer Fees Amount \$ _____ Payable	/     /
<input type="checkbox"/>	Accountant Fees Amount \$ _____ Payable	/     /
<input type="checkbox"/>	Other Consultant Fees _____ Amount \$ _____ Payable	/     /

Call us on 1300 000 LAW (529),  
like our facebook page [www.facebook.com/bizlegallifecycle](http://www.facebook.com/bizlegallifecycle) or  
email us at [lifecycle@jeremystreten.com](mailto:lifecycle@jeremystreten.com)

# BusinessLegal : Lifecycle

	Checklist	Notes
<input type="checkbox"/>	Other amount payable _____ Amount \$ _____ Payable	/ /
<input type="checkbox"/>	Other amount payable _____ Amount \$ _____ Payable	/ /
<input type="checkbox"/>	Total estimated amount of money that I will need	\$ _____
<b><u>Lease Considerations</u></b>		
<input type="checkbox"/>	Is a deposit required?	
<input type="checkbox"/>	Is a bond or bank guarantee required?	
<input type="checkbox"/>	Are the premises Retail Shop or Commercial/Industrial	
<input type="checkbox"/>	What incentive can I get? i.e. rent free period vs fit out incentive	
<input type="checkbox"/>	What is the length of the lease?	
<input type="checkbox"/>	What searches do I need to undertake on the premises and landlord?	
<input type="checkbox"/>	What is the rent and annual review process?	
<input type="checkbox"/>	Can I assign the lease or sublet the lease?	
<input type="checkbox"/>	What insurances do I need?	
<input type="checkbox"/>	Is car parking included?	
<input type="checkbox"/>	What happens at the end of the lease?	
<input type="checkbox"/>	Who is responsible for repairs?	
<input type="checkbox"/>	What are the terms of default?	
<input type="checkbox"/>	What do I have to do to make alterations to the premises?	

Use this document as a reference and make sure that you ask questions of your lawyer to make sure that the transaction settles the way you want it to.

Call us on 1300 000 LAW (529),  
like our facebook page [www.facebook.com/bizlegallifecycle](http://www.facebook.com/bizlegallifecycle) or  
email us at [lifecycle@jeremystreten.com](mailto:lifecycle@jeremystreten.com)