

## **BUSINESS SALE CHECKLIST ISSUES TO CONSIDER WHEN SELLING YOUR BUSINESS**

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This checklist has been developed over many years of experience it covers the standard issues which a business seller needs to consider and get organised prior to putting their business up for sale.

Not every question will be applicable to your business, but every question needs to be asked.

The list is not exhaustive and the answers to some questions may raise other issues

### **OWNERSHIP OF BUSINESS**

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- Does the business operate through a Company Partnership or sole trader?
- Who owns the business assets? If more than one person in what shares?
- When did you acquire the business?
- Was it acquired in a single transaction or on two or more occasions?
- Was any portion of the business acquired before or after 20 September 1985?
- Have you consulted your accountant/taxation adviser regarding the intended sale of your business?

### **FINANCE AND VALUE**

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- What will your financier require to discharge any security it holds over the business or plant and equipment of the business
- Do you require professional advice on assessing the value of the business for sale or in marketing it?
- Has any brochure, profile of the business or financial or marketing material been prepared for the sale?

- Create a list of which equipment is owned, leased or hired and their values.
- Obtain finance details of leased or hired equipment including details of pay-out figures.
- Will finance be paid out on settlement of the sale or will the finance be transferred? ›
- Obtain any certificates of registration
  
- How is stock being handled
  - make a list of stock levels.
  - How much stock is being sold? ›
  - When is the stocktake to occur? ›
  - Who will conduct the stocktake? ›
  - How will the stock be valued? ›
  - What will be done with obsolete stock?
- Will there be work in progress sold? How will it be valued?
- Are there trailing commissions to be paid or received?
- What taxation and financial records can be made available for inspection by prospective purchasers?
- Should prospective purchasers be required to enter into confidentiality agreements?
- Will you be giving tuition before or after completion of the sale?
- Are you aware of:
  - any current or threatened litigation or prosecution by or against you relating to the business, including by suppliers, creditors, customers (or clients) or by the lessor of the business premises;
  - are there any judgments, writs of execution or applications to appoint a receiver or for bankruptcy or liquidation by anyone against you or your business;
  - have you received any notices, orders, proposals, relating to the conduct of the business or to the business premises, by the local council or by any statutory authority;
  - are there any structural or building alterations or additions made to the business premises by you or by a prior owner of the business; and were they carried out with the consent of the local council and the owner of the property?

- Do you have copies of:

registration certificates of any business name, trade name, trade mark or design which is included in the sale;

copies of taxation returns for the past three years,

a copy of the depreciation schedule for plant and equipment;

service or maintenance agreements and warranties relating to plant and equipment;

licences, permits or approvals relating to the conduct of the

business or the use of the business premises;

leases, subleases, licences relating to occupation and use of the business premises;

contracts of employment for all employees;

details of all accrued sick leave, long service leave, holiday and other employee entitlements;

any instructions to and arrangements with any business agent;

anything else which you consider to be relevant or desire to show us.

- Does the business own/operate a website?
- Does the business operate any social media platforms?
- Does anyone already have a right to purchase some or all of the business e.g. shareholder, employee or has an option been granted.