



Pre-Sale Preparation Checklist

Why we are giving you this

Any buyer who makes a serious offer for your business will ask for information of the kind set out in this checklist. They will ask for it after you have agreed a price, when you have the least leverage and the least time, and when anything you cannot produce quickly becomes a reason to reduce the price or ask for a warranty.

The purpose of working through this document now is to reverse that position. Information assembled calmly, before we go to market, is evidence. The same information assembled under pressure, after an offer, is a problem. In our experience the businesses that prepare properly transact faster, at a higher price, and with fewer conditions attached.

You do not need to complete all of this before we begin. You do need to know what you have, what you do not have, and what will take time to fix.

Scope of this checklist

This checklist sets out some of the information a buyer may want. It is not an exhaustive list. Every buyer approaches due diligence differently, and the scope varies with the industry, the size and structure of the transaction, the type of buyer and the requirements of their funder. A trade buyer, a private equity investor and an individual purchaser will each ask different questions, and an acquirer with institutional funding will usually ask considerably more.

Treat this as a starting point rather than the full scope. Expect further requests once a buyer is engaged, and expect some items here to be irrelevant to your business. We will tailor the list as the process develops and as we learn who the likely buyers are.

Important notice

This checklist is a general guide to assist you in preparing your business for sale. It does not constitute legal, accounting, taxation or financial advice, and it has been prepared without regard to your particular objectives, financial situation or needs.

A number of the matters raised in this document require advice specific to your circumstances, including the structure of a transaction, the terms of any sale agreement, your tax position on a sale, employee entitlements, and your obligations under contracts, leases and licences. You should obtain independent advice from your solicitor, accountant and tax adviser before acting on anything in this checklist, before making any decision in relation to a sale, and before entering into any agreement or binding commitment.

Deal Advisory does not provide legal or taxation advice. To the extent permitted by law, we accept no liability for any loss arising from reliance on this document.

A NOTE ON DISCLOSURE

Nothing in this process benefits from being held back. Material issues surface in due diligence. The only variable is whether they come from you, early and with an explanation, or from the buyer's advisers, late and without one. Issues disclosed at the outset are usually priced. Issues discovered later are almost always penalised, and sometimes end the transaction.

Checklist

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12 Systems and IT

15 Anything else

1 Ownership and structure

Information required

Status

Have / To do / N/A

Where it is held / comments

1.1 ASIC company extract and certificate of registration for the trading company and every related entity.

1.2 Constitution, or confirmation the company uses the replaceable rules.

1.3 Share register showing who owns what, in what class, and whether the shares are held personally, through a trust, or through another company.

1.4 Shareholders' agreement and any other agreement between the owners, including pre-emptive rights, buy-sell provisions and drag-along or tag-along rights.

1.5 Trust deeds and all amending deeds for any trust that holds shares or operates part of the business.

1.6 Minutes of directors' and shareholders' meetings for the last three years.

1.7 A list of every related entity (subsidiaries, sister companies, service trusts and dormant shells) and what each one does.

1.8 A group structure diagram showing entities, ownership percentages, and where the assets, staff, contracts and licences actually sit.

2 Financial information

Information required

Status

Have / To do / N/A

Where it is held / comments

2.1	Financial statements and income tax returns for the last three completed financial years.
2.2	Monthly management accounts (profit and loss, and balance sheet) for the last three years, reconciled to the statutory accounts.
2.3	Year-to-date management accounts for the current year with prior-year comparatives.
2.4	Trial balance at each year end.
2.5	Revenue by customer for each of the last three years.
2.6	Revenue and gross margin by service line, division or product.
2.7	Purchases by supplier for the last three years, with key trading terms.
2.8	A schedule of personal, one-off and non-recurring items run through the business, such as vehicles, travel, family wages, above or below market rent, one-off legal costs and redundancies.
2.9	A schedule of related party transactions such as rent paid to an owner's property trust, wages to family members, management fees and loans to or from owners, showing the actual amount and what an arm's length figure would be.
2.10	Debtors ledger with ageing, at each year end and as at today.
2.11	Creditors ledger with ageing, at each year end and as at today.
2.12	Work in progress and unbilled revenue by customer, with ageing.
2.13	Stock and inventory listing with the valuation basis, and an honest assessment of obsolete or slow-moving items.
2.14	All borrowings, including bank facilities, overdrafts, equipment finance, chattel mortgages, hire purchase, director loans and any ATO payment arrangement, with balances, rates, security and end dates.
2.15	Off-balance-sheet and contingent liabilities, including guarantees, indemnities, warranty obligations, retentions, and bank guarantees given to landlords or customers.
2.16	Employee entitlement provisions calculated per employee for annual leave, personal leave, long service leave, RDOs and time in lieu.
2.17	Accounting policies for revenue recognition and doubtful debts, and any change to them in the last three years.
2.18	Capital expenditure for the last three years, and any committed or required capex going forward.

3 Trading, pipeline and forecast

Information required

Status

Have / To do / N/A

Where it is held / comments

- | | | | |
|-----|---|--|--|
| 3.1 | Budget and forecast for the current year and the following two years, with the assumptions written down. | | |
| 3.2 | Pipeline of quoted, tendered and verbally awarded work, with values, likelihood and expected start dates. | | |
| 3.3 | Contracts signed but not yet commenced, letters of intent and heads of agreement for future work. | | |
| 3.4 | Order book and forward workload by month. | | |
| 3.5 | Quote-to-win conversion data, if tracked. | | |
| 3.6 | How customers and jobs are recorded, whether in a CRM, a job management system or spreadsheets, and who has access to it. | | |
| 3.7 | Any business plan, strategy document or market study prepared in the last three years. | | |
| 3.8 | Warranty and defect liability obligations, including the value of work still within a warranty period. | | |

4 Plant, equipment and other assets

Information required

Status

Have / To do / N/A

Where it is held / comments

4.1 Fixed asset register with purchase dates, cost, written down value and an estimate of current market value.

4.2 Motor vehicle schedule showing registration, finance, who drives each vehicle, and whether it is included in the sale.

4.3 Assets used by the business but owned by you personally, a family member or a related trust.

4.4 Equipment leases, hire purchase and finance agreements, with payout figures and any change of control clause.

4.5 PPSR search showing security interests registered against the company and its assets.

4.6 Tooling, spares and consumables held, with an approximate value.

5 Premises and property

Information required

Status

Have / To do / N/A

Where it is held / comments

5.1 The lease for each site, including term, remaining options, rent, outgoings, review mechanism, permitted use and make-good obligations.

5.2 Change of control and assignment clauses in each lease, and what the landlord's consent requires.

5.3 Bank guarantees, bonds or personal guarantees held by landlords.

5.4 Any sub-lease or licence you have granted to a third party.

5.5 If you own the premises: title, recent valuation, mortgage details, and your intention, whether sale with the business, lease to the buyer, or retained.

5.6 Environmental reports, contamination assessments, site history or clean-up obligations.

6 Customers, contracts and suppliers

Information required

Status

Have / To do / N/A

Where it is held / comments

- | | | | |
|-----|---|--|--|
| 6.1 | Copies of all material customer contracts, supply agreements, distribution or agency agreements and standing purchase orders. | | |
| 6.2 | Your standard terms and conditions of trade, and evidence that customers have actually agreed to them. | | |
| 6.3 | Change of control, assignment and termination provisions in material contracts. | | |
| 6.4 | Any contract where you are in dispute, behind schedule, or have received a complaint or formal notice. | | |
| 6.5 | Any agreement restricting where, to whom or how you can trade, including exclusivity, territory and non-compete provisions. | | |
| 6.6 | Key supplier arrangements, including rebates, volume terms and any sole-source dependency. | | |
| 6.7 | Preferred supplier panels, prequalifications and standing offer arrangements you are listed on, and whether they survive a change of ownership. | | |

7 People

Information required

Status

Have / To do / N/A

Where it is held / comments

7.1	Organisational chart showing every role, including yours and those of any family members.
7.2	Employee schedule showing role, employment type, start date, award or agreement, classification, pay rate, hours, leave balances, allowances and vehicle. Use the employee data template we provide.
7.3	Employment contracts and letters of offer, noting any employee with no written contract.
7.4	Contractor and subcontractor agreements, with an assessment of whether anyone treated as a contractor would properly be an employee.
7.5	Awards, enterprise agreements or industrial instruments that apply, and confirmation that staff are paid at or above them.
7.6	Evidence that superannuation contributions are current for all employees, including any historic shortfall.
7.7	Bonus, incentive, commission and profit share arrangements, including informal ones.
7.8	HR policies covering work health and safety, harassment, discrimination, leave, performance management, and drug and alcohol.
7.9	Any employee claim, dispute, union action or Fair Work matter in the last three years.
7.10	A written description of your own role, covering what you actually do each day, hours worked, decisions only you make, and relationships only you hold.
7.11	Key person risk: who else would be difficult to replace, and what would keep them through a transaction.
7.12	Post-sale intentions of key staff, so far as you know them.

8 Licences, accreditations and regulatory compliance

Information required

Status

Have / To do / N/A

Where it is held / comments

8.1 Every licence, registration, accreditation and permit required to operate, with expiry dates and, critically, the name each one is held in.

8.2 Evidence that each is current, and details of any condition or restriction attached.

8.3 Any refusal, suspension, condition or investigation relating to a licence or accreditation.

8.4 Compliance with relevant industry standards, codes and certification schemes.

8.5 Privacy policy and how customer and employee personal information is stored and handled.

8.6 Any regulator correspondence, notice, audit or direction received in the last three years.

9 Legal matters and disputes

Information required		Status	Where it is held / comments
		Have / To do / N/A	
9.1	Current litigation, arbitration or dispute of any kind, including debt recovery you have commenced.		
9.2	Threatened or anticipated claims, including customer complaints with the potential to escalate.		
9.3	Settlements and judgments in the last five years.		
9.4	Any statutory inquiry, investigation or inquest involving the business.		

10 Insurance

Information required		Status	Where it is held / comments
		Have / To do / N/A	
10.1	All current policies, including public and products liability, professional indemnity, industrial special risks, business interruption, motor, workers compensation and management liability, with schedules, limits and expiry dates.		
10.2	Claims history for the last three years, and anything that could reasonably give rise to a future claim.		
10.3	Confirmation that your cover meets the requirements set out in your customer contracts and licences.		

11 Work health and safety

Information required		Status	Where it is held / comments
		Have / To do / N/A	
11.1	WHS policies, procedures, safe work method statements and your safety management system.		
11.2	Incident register and injury data for the last three years, including LTIFR and TRIFR if you report them.		
11.3	Any improvement notice, prohibition notice, prosecution or regulator involvement.		
11.4	Safety accreditations, and any customer prequalification that depends on maintaining them.		
11.5	Workers compensation claims history and premium trend.		

12 Systems and IT

Information required

Status

Have / To do / N/A

Where it is held / comments

- | | |
|------|---|
| 12.1 | Core systems such as accounting, job management, payroll, CRM and estimating, with licence terms and annual cost. |
| 12.2 | Whether software licences and subscriptions are held in the company's name or an individual's. |
| 12.3 | Hardware list covering computers, servers, phones and tablets, with age and ownership. |
| 12.4 | IT support arrangements and any outsourcing agreement. |
| 12.5 | Backup and disaster recovery arrangements, and when they were last tested. |
| 12.6 | Any custom-built software, database or tool the business depends on, and who owns the underlying code. |

13 Brand and intellectual property

Information required

Status

Have / To do / N/A

Where it is held / comments

13.1 Registered business names and trading names, and the entity each is held by.

13.2 Trade marks registered or applied for, and any mark you use but do not own.

13.3 Domain names, website and hosting, and whose account they sit in.

13.4 Social media and review profiles, and who controls the logins.

13.5 Any licence you have granted, or received, to use someone else's intellectual property.

14 Tax

Information required

Status

Have / To do / N/A

Where it is held / comments

- | | | | |
|------|--|--|--|
| 14.1 | Income tax returns and assessments for the last six years, and confirmation that all lodgements are current. | | |
| 14.2 | BAS lodgement and payment history, and details of any ATO payment arrangement. | | |
| 14.3 | Any ATO review, audit, dispute, penalty or private ruling in the last three years. | | |
| 14.4 | Whether the group is tax consolidated, and any tax sharing or funding agreement. | | |
| 14.5 | Fringe benefits tax position, including vehicles and entertainment. | | |
| 14.6 | Payroll tax registration and lodgement history, including any grouping across related entities. | | |
| 14.7 | Your own tax position on a sale, covering capital gains tax, small business concessions, and whether your current structure is the right one to sell from. Discuss with your accountant now. | | |

15 Anything else

Information required	Status	Where it is held / comments
15.1 Anything not captured above that could materially affect the value, operations or reputation of the business.	Have / To do / N/A	
15.2 Anything you would want to know if you were the one buying it.		