

# Selling a Business Checklist

- 1. Have you chosen your legal and accounting advisers?** You should seek professional legal and accounting advice to assist you in organising your financial affairs and drafting a contract for the sale of your business. You should engage a lawyer and accountant at the beginning of the process. This is important in ensuring the sale moves quickly.
- 2. Will you engage a business sale agent?** Most vendors choose to engage an agent to assist them in selling their business. Engaging an agent can streamline the process and take some of the stress out of finding a purchaser.
- 3. Do you understand how your business will be valued?** You should seek professional accounting advice in relation to the valuation of your business. Some important considerations include the current market value in your industry, return on investment, business assets, past financials and projected profits.
- 4. Have you decided what is for sale?** As a vendor it is crucial that you decide what exactly what needs to be included in the sale of your business. You will also need to decide whether stock will be included in the sale price. It is important to decide whether you want to sell the business outright including all assets, whether you want to sell your registered business name, whether you want to sell any intellectual property and whether there are assets which you want excluded from the sale. If the sale is to be a 'going concern' for GST purpose, the sale will need to include everything the purchaser needs to run the business.
- 5. Are the financial records up-to-date?** You need to ensure that financial records are available to be assessed by the purchaser's accountant. Financials should be prepared for the last financial year.
- 6. Have you agreed on the key terms of the sale with the prospective purchaser?** Before the contract is drafted, you and the purchaser need to agree on key terms including the sale price, finance arrangements, treatment of stock, included assets, contingent conditions, settlement date, and training.
- 7. What are the tax implications of the transaction?** You should seek legal and accounting advice in relation to the application of capital gains tax and GST. Your accountant should advise you on how the purchase price should be apportioned between goodwill and equipment for tax effectiveness.
- 8. Have you created a list of plant and equipment?** You will need to make a list of plant and equipment which is owned, hired or leased. If any equipment leases are being transferred to the purchaser, relevant documentation will need to be provided.



- 9. Are any contracts transferring as part of the sale?** It is important to consider if there are any business contracts that are transferring to the purchaser. These may include agreements with contractors, suppliers or clients. Your solicitor will need to consider how these contracts can be transferred to the purchaser.
- 10. Does your business have intellectual property, business names or social media accounts that needs to be accounted for?** It is important to consider whether there is any intellectual property, business names or social media accounts that may need to be transferred to the purchaser. Intellectual property includes registered copyright material, patents, and trademarks.
- 11. Have you provided the purchaser with information about employees?** The purchaser will need to decide whether they will take on the employees of the business. Accordingly, you will need to provide the purchaser with employee records and contracts. Adjustments agreed prior to settlement to account for the transfer of employees to the purchaser.
- 12. Have you contacted the landlord regarding the lease?** Your current lease may be transferred to the purchaser, or the purchaser may wish to negotiate a new lease. Either way, it is important that you keep the landlord in the loop so that issues with the lease do not delay settlement.
- 13. Do you know what to hand over at settlement?** At settlement you will need to hand over the business, assets and relevant documentation, which will be noted in the sale contract. It is important that you understand what you need to hand over at settlement, and do not transfer any items to the purchaser until the settlement funds are received and contingent conditions are fulfilled.

