BENCHMARK BUSINESS SALES & VALUATIONS

Buying a Business Due Diligence Worksheet

A practical, printable workbook to help you check a business before you commit, track what you and your advisers find, and decide what to do before your due diligence deadline.

CHECK IT. VERIFY IT. DECIDE WITH CONFIDENCE.

About this worksheet

Business or listing reference

Completed by

Date

Industry

State or territory

How to use it

1

Lock in your deadline

Record your offer details and the due diligence period from your contract in section 01.

2

Line up your advisers

Note who will check what, and budget for their fees, in section 02.

3

Request and check

Track the documents in section 03, then work through the checks in sections 04 to 06.

4

Decide before the deadline

Weigh any red flags and record your decision in sections 07 and 08.

This worksheet helps you organise your checks and questions. It does not replace advice from your own accountant, solicitor or other professional advisers, and it is not legal, tax or financial advice.

01 Set up your due diligence

Due diligence is the period after the seller accepts your offer, when you check the business is what the seller says it is. Record the key details from your offer and contract so you know exactly what you are checking and by when.

ITEM	YOUR DETAILS	NOTES
Agreed purchase price Excluding stock	$	
Stock at value Usually counted at settlement and paid on top of the price	$	
Purchase structure	☐ Asset purchase ☐ Share purchase ☐ Not sure	
Offer conditional on due diligence? Check the clause wording with your solicitor	☐ Yes ☐ No ☐ Unsure	
Confidentiality agreement signed?	☐ Yes ☐ Not yet	
Due diligence starts Date		
Due diligence deadline Ask for any extension in writing before this date		
Finance approval due Date		
Landlord consent to assign the lease?	☐ Needed ☐ Not needed ☐ Unsure	
Buying a franchise? If yes, also complete the franchise checks in section 06	☐ Yes ☐ No	

How long it usually takes

BUSINESS	TYPICAL PERIOD	MY PERIOD
Small owner-operated business	2 to 4 weeks	
Larger business with staff and contracts	4 to 8 weeks	
Share purchase or complex business	Often longer, depending on the scope	

Watch the deadline

Due diligence usually runs alongside finance approval and landlord consent. If you need more time, ask for an extension in writing before the period ends. Once it lapses, the condition may be treated as satisfied.

02 Your advisers and budget

Your accountant checks the figures and your solicitor checks the contract, lease and legal position. Choose advisers who do business purchases regularly, and keep their details in one place.

ADVISER	NAME	PHONE	EMAIL
Accountant Verifies the financials, add-backs, tax position and working capital you will need			
Solicitor Reviews the contract, lease, searches, licences and legal risks			
Lender or finance broker Confirms finance, often after reviewing the same financials			
Business broker Acts for the seller, but coordinates information requests, inspections and deadlines			
Specialists Building, equipment or industry experts			
Franchisor For a franchise purchase: approval, disclosure and transfer			

You visit the business, talk to the seller, check how it operates and decide whether it suits you. Your advisers check the detail, but the decision is yours.

Budget for due diligence

The buyer pays for their own advisers, even if the purchase does not go ahead. Ask each adviser for a quote before you start.

COST	QUOTE OR ESTIMATE	QUOTE RECEIVED?
Accountant Financial and tax review	$	☐ Yes ☐ Not yet
Solicitor Contract, lease and searches	$	☐ Yes ☐ Not yet
Specialists Building, equipment or industry checks	$	☐ Yes ☐ Not yet
Other costs Searches, valuations, travel	$	☐ Yes ☐ Not yet
Total due diligence budget	$	

Choose experienced advisers

Their fees are small compared with the cost of buying the wrong business. Ask each one what they will check, how long it will take and what they need from you.

03 Documents to ask the seller for

Most information comes from the seller, through the broker. Track what you have asked for, what has arrived and what still needs explaining.

DOCUMENT AND WHAT TO CHECK	ASKED	RECEIVED	NOTES OR GAPS
Financial statements and tax returns (3 years) Profit, trends and whether the figures agree with each other	☐	☐	
BAS and bank statements That reported sales match the money going into the bank	☐	☐	
Year-to-date figures That the business is still trading as described	☐	☐	
Lease and any variations Term, options, rent, outgoings, assignment and make-good	☐	☐	
Asset and equipment list What is included, its condition, and anything leased or financed	☐	☐	
Staff list and entitlements Roles, pay rates, awards and accrued leave	☐	☐	
Key contracts Customer, supplier and franchise agreements, and whether they transfer	☐	☐	
Licences and permits That they are current and can be transferred or reissued	☐	☐	
Operating manuals and systems How the business runs and how easily you can take over	☐	☐	
Other	☐	☐	

Documents the seller has been slow to provide, and what I've been told

Your own checks

CHECK	DONE	WHAT I FOUND
PPSR search Security interests registered over the business assets	☐	
Site visits Operations, condition of the premises and equipment	☐	
Talk to the landlord Lease assignment, conditions and any issues	☐	
Talk to your lender What they need to approve finance	☐	
Talk to the franchisor If buying a franchise: approval and transfer	☐	

04 Financials, tax and legal

Work through each area with your advisers. Tick OK when it checks out, Follow up when you need more information or an explanation, and N/A if it does not apply to this business.

CHECK	OK	FOLLOW UP	N/A	NOTES
FINANCIALS				
Do the profit and loss statements, balance sheets, tax returns and BAS for the last three years agree with each other?	☐	☐	☐	
Do bank statements and point-of-sale or booking reports support the sales figures?	☐	☐	☐	
Are year-to-date figures in line with previous years?	☐	☐	☐	
Are the add-backs, such as owner's wages and one-off costs, genuine and supported by evidence?	☐	☐	☐	
Are gross margins steady and in line with the industry?	☐	☐	☐	
What are the trends in sales, margins and expenses, and why?	☐	☐	☐	
How much working capital will you need after settlement?	☐	☐	☐	
TAX				
Are BAS and tax returns lodged and paid up to date?	☐	☐	☐	
Is there any money owed to the ATO, or any audit or dispute?	☐	☐	☐	
Is payroll tax, where it applies, being paid correctly?	☐	☐	☐	
Are superannuation contributions up to date?	☐	☐	☐	
Does the sale qualify as a GST-free going concern?	☐	☐	☐	
LEGAL AND STRUCTURE				
Are you buying the business assets or the shares in the company? A share purchase needs much deeper checks.	☐	☐	☐	
Is there a PPSR search showing any security over the assets, and will it be released at settlement?	☐	☐	☐	
Are there any disputes, claims, complaints or compliance notices?	☐	☐	☐	
Are licences, permits and registrations current, and will they transfer or need a new application?	☐	☐	☐	
Who owns the business name, website, domains, trade marks and other intellectual property?	☐	☐	☐	
Do any key contracts need consent to assign, or end on a change of owner?	☐	☐	☐	

05 Premises, people and assets

Work through each area with your advisers. Tick OK when it checks out, Follow up when you need more information or an explanation, and N/A if it does not apply to this business.

CHECK	OK	FOLLOW UP	N/A	NOTES
LEASE AND PREMISES				
How long is left on the lease, and what options are there?	☐	☐	☐	
What are the rent, outgoings and review terms, and is the rent at market rate?	☐	☐	☐	
Will the landlord consent to assigning the lease to you, and on what conditions, such as a bank guarantee?	☐	☐	☐	
Are there make-good obligations at the end of the lease?	☐	☐	☐	
Does the premises have the right zoning and approvals for the business?	☐	☐	☐	
Are there any building, fire safety or access issues?	☐	☐	☐	
STAFF				
Who are the staff, what are their roles, and which key people will stay?	☐	☐	☐	
Are they paid correctly under the right award or agreement?	☐	☐	☐	
What annual leave and long service leave has built up, and how will it be handled at settlement?	☐	☐	☐	
Are there any underpayment claims, disputes or workers' compensation issues?	☐	☐	☐	
Does the business depend on the owner's own labour?	☐	☐	☐	
STOCK AND EQUIPMENT				
Do you have a full list of the plant and equipment included, and does it match what is on site?	☐	☐	☐	
Is the equipment in good repair, and are parts and servicing available?	☐	☐	☐	
Is any equipment leased or financed, and on what terms?	☐	☐	☐	
How will stock be counted and valued at settlement, and is obsolete or slow-moving stock excluded?	☐	☐	☐	
Is stock turnover in line with the industry?	☐	☐	☐	
Has work in progress been valued and agreed?	☐	☐	☐	

06 Customers, operations and franchises

Work through each area with your advisers. Tick OK when it checks out, Follow up when you need more information or an explanation, and N/A if it does not apply to this business.

CHECK	OK	FOLLOW UP	N/A	NOTES
CUSTOMERS AND SUPPLIERS				
How many customers make up most of the sales? Losing one large customer can change everything.	☐	☐	☐	
Are key customers on contracts, and will those contracts transfer?	☐	☐	☐	
Are supply arrangements secure, and on what terms?	☐	☐	☐	
What do online reviews and the business's reputation say?	☐	☐	☐	
Is there new competition nearby, or changes in the industry?	☐	☐	☐	
OPERATIONS				
Are systems, procedures and operating manuals documented?	☐	☐	☐	
What software, subscriptions and accounts does the business use, and will they transfer?	☐	☐	☐	
What does the seller do day to day, and who will do it after the sale?	☐	☐	☐	
What training and handover will the seller provide, and for how long?	☐	☐	☐	
Will the seller agree to a reasonable restraint of trade?	☐	☐	☐	
IF YOU ARE BUYING A FRANCHISE				
Have you reviewed the franchise agreement and the disclosure document?	☐	☐	☐	
Do you understand the fees, territory and renewal terms?	☐	☐	☐	
What does the franchisor's approval process involve, and how long does it take?	☐	☐	☐	
Have you talked to other franchisees about their experience?	☐	☐	☐	

Anything I need explained before I go further

07 Red flags to look for

A red flag does not always mean walking away, but each one needs an explanation you can verify. Mark anything you have found and what you will do about it.

RED FLAG AND WHAT IT MAY MEAN	FOUND?	WHAT I'LL DO ABOUT IT
Sales that are not in the books Profit you cannot verify, and tax risk. Do not pay for it	☐ Yes ☐ No ☐ Unsure	
Financials that do not match the BAS or bank statements Errors, or figures that have been dressed up	☐ Yes ☐ No ☐ Unsure	
Falling sales explained away as temporary A business in decline	☐ Yes ☐ No ☐ Unsure	
One customer, supplier or staff member it cannot lose A risk the price may not reflect	☐ Yes ☐ No ☐ Unsure	
A short lease or a reluctant landlord Goodwill that may not last	☐ Yes ☐ No ☐ Unsure	
Slow or incomplete answers Something the seller would rather you did not see	☐ Yes ☐ No ☐ Unsure	
Unpaid tax, super or staff entitlements Liabilities that need to be cleared or adjusted at settlement	☐ Yes ☐ No ☐ Unsure	

Questions the seller still needs to answer

Anything else that doesn't stack up

> **Stock and adjustments**
>
> Stock is usually counted on or just before settlement day and paid for on top of the price. Agree how it will be valued, and what is excluded, during due diligence.

08 What to do with what you find

Due diligence rarely ends with a perfect result. Most findings fall into one of four responses. Tick the one that fits, then record the actions that go with it.

☐ **Proceed**
The business is as described, and the condition is satisfied.

☐ **Renegotiate**
Adjust the price or terms to reflect a risk you have found, such as lower profit or an expiring contract.

☐ **Add protections**
Ask for warranties, a longer handover, a restraint of trade, part of the price held back or linked to performance, or for issues to be fixed before settlement.

☐ **Walk away**
If the business is not what you were told, end the contract within the due diligence period, following its terms.

My key findings and actions

FINDING	RESPONSE	WHO ACTS	BY WHEN

Act before the deadline
Whatever you decide, act before the due diligence period ends and put it in writing through your solicitor. Once the period passes or the condition is satisfied, you are generally committed.

My decision

☐ Proceed ☐ Renegotiate ☐ Add protections ☐ Walk away Decided on

Conditions still to be met before settlement, such as finance, landlord consent or licences

09 Your next conversation

Bring this worksheet to your accountant, solicitor and broker. You don't need every answer before you start.

Questions for my accountant

Questions for my solicitor

Questions for the broker or seller

LOOKING FOR A BUSINESS TO BUY?

Find your next business with Benchmark

Browse businesses for sale across Australia, or talk to a Benchmark broker about what is coming to market. We can help you understand the sale process from offer through to settlement.

8 offices across Australia

27+ years in business sales

50+ specialist brokers

Browse businesses for sale →

Or call 1300 366 521

Important information

This worksheet is general information for planning purposes only. It is not legal, tax, accounting or financial advice, and it does not replace due diligence carried out with your own accountant, solicitor and other professional advisers. Every business and every contract is different. Due diligence periods, conditions and your rights to end a contract depend on the terms of your contract and the law that applies. Get independent professional advice before you make decisions. Read the full guide, Due diligence checklist for buying a business in Australia, at benchmarkbusiness.com.au.