

12 Point Due Diligence Checklist When Preparing your Business for Sale

Considering selling your service business?

A purchaser will want to learn as much as possible about your business before finalizing the transaction. Start preparing for the buyer's investigations. Complete this checklist and organize the relevant documents. It is prudent to have a buyer sign a confidentiality agreement and pay an appropriate deposit before disclosing key information about your business.

1. Corporate Status and Records

Is your Corporation in good standing? Yes [] No []
Is your minute book up to date? Yes [] No []

Include articles of incorporation, current list of shareholders, directors, bylaws, etc.

2. Licences and Permits

Prepare a list of all the provinces and/or countries where you operate and whether you have the right licenses or permits.

3. Financial Statements and Tax Returns

Organize the last three years' of financial statements, tax returns and tax assessments.

4. Intellectual Property

Prepare a list of all registered or licensed trade-marks, copyright, patents, and industrial designs, corporate names, business names and service marks as well as any applications for any of these.

5. Your 20 Largest Suppliers

Prepare a list of your 20 largest suppliers and provide copies of any relevant supply contracts.

6. Your 20 Largest Customers

Prepare a list of your 20 largest customers and provide copies of any relevant contracts.

7. Employees

Prepare a list of all employees and independent contractors. Remember to include employment agreements, employment policies, as well as the positions, salaries, lengths of service, ages, benefits and plans for existing employees.

8. Debts and Creditors

Prepare a list of all the debts owed by your company including security taken or guarantees provided.

9. Litigation

Provide details of any lawsuits (potential or ongoing) or settlements.

10. Insurance

Provide details of insurance coverage held by your company.

11. Real Estate

Prepare a list of any real estate owned or leased. If your company owns land, make sure the ownership is up-to-date.

12. Environmental

Organize copies of any environmental studies of your land, facilities, products, services, and/or processes, including copies of any certificates, licenses, or orders provided by Environment Canada.

If you have any questions regarding how to compile any of the referenced documents, or require assistance preparing to sell your business, please contact:

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This checklist is intended strictly as a guideline to assist business owners with the preparation of internal documents for review by a potential purchaser.

This checklist is not a complete listing of documents that should be prepared for the purposes of due diligence, nor does any of this content constitute legal advice.

If you have a legal question, you should speak with a lawyer.