DUE DILIGENCE CHECKLIST FOR BUYERS

At **SBX Business Brokers**, we've been helping people successfully buy and sell businesses across Australia for over 30 years. We understand that purchasing a business is a significant decision—and conducting due diligence is a critical step in protecting your investment.

This checklist has been designed as a practical tool to help you assess the business opportunity in front of you. It's not legal or financial advice, but it will guide you through the key areas to review so you can make an informed decision.

Business Ownership & Structure

- ☐ Confirm the seller is the legal owner of the business.
- ☐ Understand the business structure (sole trader, company, trust, etc.).
- ☐ Review any connected entities or previous ownership changes.
- ☐ Verify ABN/ACN and business name registration.

Why this matters:

Ensures you are dealing with the rightful seller and gaining the proper authority to operate the business.

Financials & Trading Performance

- ☐ Review Profit & Loss statements, BAS reports, and bank statements.
- ☐ Validate weekly sales figures with receipts or supplier invoices.
- ☐ Understand the business's cash flow and seasonality.
- ☐ Review stock value and any upcoming financial obligations.

Tip: Don't be alarmed by low declared profits—many small businesses minimise profit to reduce tax. Focus on cash flow, sales stability, and verifiable income sources.

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NSW/ACT 02 9439 4403
QLD/VIC 1300 366 655

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Lease & Premises

- ☐ Review lease agreement, including rent, remaining term, and options to renew.
- ☐ Identify any demolition clause or terms allowing the landlord to terminate early.
- ☐ Understand make-good clauses, repair obligations, and any hidden costs.
- ☐ Confirm landlord approval process for lease transfer or new tenancy.
- ☐ Know the bond or bank guarantee requirements—typically 3 months' rent.
- ☐ Physically inspect the premises for suitability and condition.

Note:

The lease can significantly affect business value and future viability. A short or restrictive lease may impact finance approval or resale options.

Plant, Equipment & Fit-Out

- ☐ Request a full inventory list of equipment and fixtures included in the sale.
- ☐ Assess condition, age, and maintenance records of key assets.
- ☐ Identify any leased equipment or outstanding finance obligations.
- ☐ Determine if any items are critical to business operations.

Employees & Staffing

- ☐ Review employee and contractor arrangements, including wages and entitlements.
- ☐ Clarify which staff are staying on post-sale.
- ☐ Understand roles, responsibilities, and reliance on key personnel.
- ☐ Check for pending staff issues, disputes, or claims.

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Customers, Suppliers & Contracts

- ☐ Identify major customers and revenue concentration risks.
- ☐ Review supplier agreements, pricing, and terms.
- ☐ Confirm whether any contracts are transferrable or require third-party approval.
- ☐ Understand any franchise, licensing, or distributor obligations.

Online Presence & Intellectual Property

- ☐ Confirm ownership and transfer of website, domain name, email accounts, and social media handles.
- ☐ Verify branding, logo rights, and any registered trademarks.
- ☐ Ensure all key systems (POS, booking platforms, CRMs) are included and accessible.
- ☐ Ask about any software licences or subscriptions.

Licences, Permits & Certifications

- ☐ Ensure all required licences and permits are in place (e.g. food handling, RSA, trade licences).
- ☐ Check if these are transferrable or require reapplication.
- ☐ Verify the business's compliance with local council and industry regulations.

Reputation & Business Risk

- ☐ Search online reviews, social media sentiment, and customer feedback.
- ☐ Ask about any complaints, legal disputes, or insurance claims.
- ☐ Assess the brand's local reputation and customer loyalty.

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Market Position & Growth Potential

- ☐ Understand the business's competitive landscape.
- ☐ Identify growth opportunities (e.g. new services, products, locations, or digital channels).
- ☐ Consider your own skillset and how it could add value or improve the business.

Transition, Handover & Training

- ☐ Clarify what support or training the seller will provide post-sale.
- ☐ Confirm any agreed handover period.
- ☐ Understand the current systems and procedures that will be included.

Additional Costs to Budget For

- ☐ Lease bond or bank guarantee.
- ☐ Stock at value (SAV).
- ☐ Franchise or training fees, if applicable.
- ☐ Solicitor and accountant fees.
- ☐ Setup costs (e.g. business registration, rebranding, systems).
- ☐ Working capital buffer.

This checklist is designed to help you move forward with clarity and confidence. At SBX, we believe the best outcomes happen when buyers are well-prepared and informed.

We encourage all buyers to seek independent advice from an accountant and solicitor before committing to a purchase. Every business is different—your approach to due diligence should reflect the size, type, and complexity of the business you're looking to acquire.

If you have questions or need assistance with your buying journey, speak to your SBX broker, or visit www.sbx.com.au.

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