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WHAT WE DO FOR YOU WHEN YOU BUY OR SELL A BUSINESS

Buying or selling a business is a very different process to buying and purchasing property. We can help minimise your risk by making sure you have taken into consideration all the necessary factors and steps that will be required for the transaction.

The following are some of the items that you will need to consider:

Due Diligence - It is important to seek advice at the earliest opportunity in regards to the most appropriate ownership structure (sole trader, company, trust or partnership) so that tax effective strategies can be put in place. Your accountant and/or legal adviser will be able to assist with this aspect of your purchase. This is vital even if you believe you are fully informed about the business as they will see things from a different perspective.

To conduct a due diligence assessment of a business you will need to carefully review and consider the following:

- income statements, balance sheets, profit & loss records for the last 3 years
- tax returns including business activity statements
- records of accounts receivable and payable
- minutes of director's or management meetings
- business paper files (if available)
- the seller's claims about their business (why are they selling and what is their reputation like)
- level of stock required and how this will affect cashflow
- details about plant, equipment, fixtures, vehicles
- existing contracts with clients/staff/suppliers and privacy details
- partnership agreements
- guarantees and indemnities and warranties
- lease requirements
- franchise setup and ongoing costs (if applicable)

Form 2 Vendor's Statement - The *Land and Business (Sale and Conveyancing) Act 1994* provides that a Vendor's Statement (or Form 2) must be provided to a purchaser if the purchase price of the business is under \$300,000.00 (not including GST, the price of land or stock included in the sale). This will provide the following information:

- The purchaser's cooling off rights;
- The financials for the business over the last 3 years; and
- Land or leased premises associated with the business.

Business Sale Contract – this will detail the following items:

- Timeframe for due diligence;
- Warranties;
- Director's guarantees;
- GST and legal costs;
- New lease or Assignment of lease;
- Transfer of employees and how any entitlements are to be they dealt with;
- Assets to transfer including website, email addresses, phone and fax numbers;
- Valuation of stock in trade and what stock is included;
- Licence or franchise rights associated with the business;
- Restraint of trade;
- Business names;
- Training or Vendor assistance;
- How the debts and receivables of the business are dealt with

We always recommend that the Contract be checked BEFORE you sign. We can also prepare all necessary contract documentation if required.

Once the Contract has been signed we will then work towards settlement and will liaise with all other parties involved in the sale including your financiers. This usually includes the transfer of any other contracts that the business requires to function and the perusal of either the existing lease and deed of assignment or a new lease. We also deal with the adjustments of outgoings associated with the business and/or the lease. Employee entitlements for long service and annual leave will also be required to taken into consideration.

As part of the State Budget 2015-16 stamp duty was abolished on business transfer instruments executed on or after 18 June 2015.

Call us for a no obligation chat and we can explain how we can help.