

DUE DILIGENCE

WHAT YOU NEED TO CHECK BEFORE BUYING A BUSINESS

A. ORGANIZATION

- Memorandum of incorporation
- Shareholders agreement
- Organizational chart (Organogram key personnel)
- Share register
- CIPC Annual return report
- CIPC Registration certificates

B. FINANCIAL INFORMATION

- The past 3 years signed financial statements
- Latest management statements



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WHAT YOU NEED TO CHECK BEFORE BUYING A BUSINESS

B. FINANCIAL INFORMATION (CONT)

- Projections / cash flows or budgets
- Schedule of debts with repayment details
- Schedule of sureties given
- Debtors age analysis with recoverability details
- Creditors age analysis with credit terms
- Inventory report
- Fixed asset register
- Detailed breakdown of director / shareholder loan
- Schedule of leased assets



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C. PROPERTY

- Copy of property deed if owned
- Copy of lease agreement if leased
- Latest 3 month municipal statements
- Insurance policy schedule

D. EMPLOYEES

- List of all employees with appointment date, salaries, leave etc
- Declaration of all current employee disputes
- Details of remuneration policies, bonus structures etc
- The most current EMP501



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E. TAXES

- Statement of account for past 3 years (VAT)
- Statement of account for past 3 years (PAYE)
- Statement of account for past 3 years (Income tax)
- Tax clearance certificate
- Letter of good standing (WCA)

F. MATERIAL CONTRACTS / LICENSES

- List of all licences / permits held by company
- Copies of all material supplier contracts
- Copies of all material client contracts
- Copies of loan agreements (both third and related parties)



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G. LITIGATION



Declaration from director regarding any litigation



Details of any ongoing litigation if applicable

NOTES

