

4 July 2008

Acquisition Due Diligence

Information Requirements

High Priority Items

1. Copy of unaudited financial statements (including detail of major accounting policies) for the period ending 30 June 2001, 2002, 2003 and 2004.
2. Up to date management accounts including Profit & Loss Statement, Balance Sheet and Bank Reconciliation of current bank balance.
3. Taxation returns including supporting schedules and working papers for the years ending 30 June 2001, 2002, 2003 and 2004.
4. Fixed asset register and depreciation schedule.
5. Finance and operating lease agreements including schedule of leased equipment.
6. Copy of the forecast Profit & Loss, Balance Sheet and Cash Flow for the period up to 30 June 2005 (if available) and the most recently prepared accounts.
7. Copy of the current debtors ledger by customer including debtor aging as at 31 December 204 and 31 January 2005 (or if not available, the most current).
8. Copy of the current creditors ledger by supplier including creditor aging as at 31 December 2004 and 31 January 2005 (or if not available, the most current), and a breakdown of non-current accounts receivable.
9. Details of significant current contractual obligations (e.g., copies of any written agreements).
10. Copy of organisational chart including all employees.
11. Employment records, including schedule of employee entitlements – annual, sick and long service leave, and details of any other award or contract entitlements (e.g., sabbaticals).
12. Company profile, together with current business plan and/or marketing plan.
13. Details of the IT (accounting) system used and planned changes for the system.

Additional Items (Stock and Creditor information is highest priority)

1. Inventory report of stock-on-hand including cost and net realisable value of each line item.
2. Details of any stock on consignment and/or subject to retention of title.
3. Schedule of sales by customer for the year to date.
4. Trading terms and credit applications with respect to debtors.
5. List of suppliers with key suppliers highlighted.
6. Payment arrangements with creditors.
7. Details as to insurance policies (including WorkCover) and dates of cover.
8. Copies of any recent valuations for the business and/or fixed assets.
9. Details of current legal matters.
10. Tenancy details include lease contracts (or covenants if freehold property).
11. Copies and status of any licences and accreditations vital for operating the business.
12. Industrial awards/ EBAs applicable to employees/employment contracts.