

BUYING A BUSINESS

- **DO** have your solicitor and other service providers complete a due diligence on the business you propose to acquire.
- **DO NOT** rely on or accept the vendors comments regarding cash takings of the business which are claimed to be over and above those recorded in the business financial statements.
- **DO** check that all large suppliers are tied to the business and that the vendor isn't in breach of his trading terms.
- **DO NOT** accept possession of a leasehold business until a legally enforceable lease is entered into, or that the transfer of the current lease is completed. Where applicable mortgagees and/or chargees must consent to such a lease.
- **DO** arrange for all key personnel of the business, whom you are retaining, to be contractually tied to the business.
- **DO NOT** agree to pay for the Goodwill of the vendor, without having a signed restraint of trade from the vendor, and it's office bearers.
- **DO** research the business and be aware of all the risks and stresses involved, not just the financial risks.
- **DO NOT** accept stock which is not of resaleable quality. Stock should be valued by an independent qualified third party.
- **DO** ensure you have the full support of your family, and that they are aware of the benefits, risks and stresses.
- **DO NOT** rely on verbal agreements & promises - if it's not written it's not done.
- **DO** ensure you have structured your purchase to minimise the risk to your personal assets.

For further details please contact Adrian Riccioni or Barry Northfield at Lilydale on 9739 7377 and Frank Lamari at Carlton on 9344 1700.

DISCLAIMER: The above information is general in nature and believed to be correct at the time of writing. All matters should be discussed fully with your solicitor before any action is taken. No responsibility will be accepted by this firm for any loss or damage suffered by anyone as a result of the information contained above.