

Buying a small business in Australia can be an exciting and tricky time for potential business owners. There are many risks involved and you should consider various factors before and after finalizing the buying decision. Buying an established and existing small business has various advantages and disadvantages, however, it is equally risky to start a brand-new small business. Below are some common things to be aware of when you are making the decision to buy a business:

Items to Consider before buying a business

- Take your time and undertake research
- Get a professional's opinion of the asking price & perform Due Diligence (if applicable)
- Will the business provide the income and working hours you need & how will this impact your family?
- Do you have sufficient knowledge of the industry & do you know how to run a business?
- Are you comfortable to negotiate with suppliers, customers and have you employed or managed staff before?
- Can you raise the finance/afford to buy and run a business? Banks will usually require a Business Plan and Cashflow Forecast. Who will draft these?
- Terms of the Lease – Can this be reassigned
- Contract of Sale – How is the price apportioned between goodwill, plant, stock etc.
- Staff Leave and Contracts. Who will be responsible for any employees outstanding super, pay/leave disputes etc.?
- Have your employees been provided with the correct Notice Period before the changeover?
- Are the assets you buying free of debts & liens? If taking over a debt, what are the terms of repayment and can you afford these?
- Who will draft the Sale of Business Contract? Is the deposit refundable if the sale falls through?
- Do you have the correct business structure in place prior to signing the contract?
- How will the business be financed? Are you receiving a competitive interest rate?
- Have you considered any Stamp Duty implications?
- Have you engaged a Settlement Agent (if applicable)?

Items to Consider after buying a business

- Do you have the right insurances in place?
- Have you setup a Bank Account for the business & Eftpos machine
- How will you manage the day-to-day running of the business? I.e. Is a bookkeeper required?
- Is the business software setup?
- Have you met your Staff HR obligations? I.e. TFN declarations, Super Choice forms, Employment Contracts, Minimum wage rates, Workers Comp Insurance

Buying and Selling a Business BUSINESS FACT SHEET

Additional Costs that can arise

- Stamp Duty
- Legal Fees to review contracts & leases (if applicable)
- Settlement Agent Fees (if applicable)
- Structure Setup costs



Heaney Business Group is a CPA Practice

