



Level 1, 50-58 Moorabool Street,
Geelong 3220

Tel: (03) 5229 1991

Fax: (03) 5221 2362

E-mail: paulm@abcaccountants.com.au

ISSUES & ANSWERS

BUYING A BUSINESS

1. Buy for the right reasons:
 - ◆ to make a profit
 - ◆ to work reasonable hours
 - ◆ to enjoy the nature and people you are likely to come into contact with
2. The price paid should represent:
 - ◆ Stock
 - ◆ Assets
 - ◆ Goodwill
 - ◆ An investment return of profit over and above wages paid to you the owner.
3. Investigations prior to determining whether a business is worth considering are:
 - ◆ do you possess the temperament and ability of skills to manage it?
 - ◆ research the nature and trends of the business industry sector.
 - ◆ what are the competitive strengths and weaknesses of competitors?
 - ◆ will a loan be required to buy the business or equipment?
 - ◆ will staff remain or be required?
 - ◆ what licences, permits, registrations are required?
 - ◆ obtain a copy of the premises lease. In particular take note of the main details of rent, rent period, outgoings.
 - ◆ obtain a Form 19 Statement prepared by the sellers Accountant and Real Estate Agent.
 - ◆ obtain some work experience to get a better feel for the nature of the business.
 - ◆ discuss the possible purchase and the impact upon family and/or friends lives.
 - ◆ if the business being considered is a franchise, supply all documentation to Advance Business Centres for review.
 - ◆ collect all data and bring this to an interview with Advance Business Centres so that the viability can be assessed for your circumstances.
4. Once a purchase has been agreed ensure:
 - ◆ a restrictive covenant so that the seller (vendor) cannot compete in the immediate vicinity.
 - ◆ that equipment is all in working order.
 - ◆ any lease of premises and business names are assigned to you.
 - ◆ prepare a Projected Cash Flow.
 - ◆ consider a suitable business structure (see number 3 in this series).
5. Prepare a business strategy in conjunction with Advance Business Centres. This document will outline marketing and financial plans and discussion as to the most appropriate structure and insurances that are required to safeguard the business and its owners.