You are ready to buy a business. Here are some things to consider.

**Type of Purchase:**

A share purchase includes all assets and liabilities of the company.

An asset purchase enables you to pick and choose the assets and liabilities to be included in the sale.

**Government Approvals:**

Depending on the price, size and industry in which the company is operating, federal government approval for purchase may be required under the Investment Canada Act or Competition Act. Be aware of any requirements that could prohibit or delay the sale, or add to the cost of acquisition.
Due Diligence:

- Confirm valuation, to inform your choice of purchase price
- Confirm ownership and become aware of any outstanding contracts, labour agreements, income tax issues, liens or other issues that could impact sale or transfer of company assets.

Essential documents include incorporation certificate and bylaws, organizational chart, stockholder agreements, sale/purchase agreements and minutes from board, shareholder and executive committee meetings.

Financials:

- Review financial statements – income statements, balance sheets and cash flow statements – for the past five years if possible to determine any weaknesses or trends
- Review corporate tax returns for the past five years to confirm financials and identify any outstanding taxation issues
**Human Resources:**

Confirm number of employees, collective agreements, benefits and pension plans.

Review the employee manual for details and policies.

Obtain or compile a list of key employees, crucial to business operations.

Review records for workplace absenteeism and injuries, to identify potential dangers, issues and costs. Examine workplace records for turnover rates and areas in need of retention or recruitment.

**Intellectual Property:**

Confirm any technology or intellectual property belonging to the company.

Review and confirm any patents, copyrights, trademarks, domain names, trade secrets, licensing and agreements.

**Material Assets:**

Confirm ownership and value of any inventory, equipment, real estate, technology and research, as well as any liens or debts associated with them.

**Market Outlook**

Review the company’s newest business plan as well as previous plans to determine patterns of achievement and accuracy of forecasting.

Review competitors, monitor industry trends and consider how this company is positioned to succeed.
Post-Sale Documentation:

Notice of Directors

In the Province of Newfoundland and Labrador, for-profit corporations have 15 days to notify the Registry Office of a change in directors.

If the new number of directors is less than the minimum or more than the maximum number of directors allowed in the Articles, the Notice of Directors must also be accompanied by Articles of Amendment.

Business Number

A new Business Number may be required for a company that has been sold.

Confirm with the Canada Revenue Agency:
https://www.canada.ca/en/services/taxes/business-number.html

Tax Services

Contact information for corporate income tax will need to be updated.

Contact the Canada Revenue Agency to update directors and contact information.

Sources:


https://www.gov.nl.ca/dgsnl/faq/commercial-registration/#q18

https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/changes-your-business/buying-a-business.html#bsnss_nmb