

Checklist for financial and legal due diligence

Step 1: Gather documentation



General corporate information

- Description of the company's business operations and history



Financial information

- Financial statements for the past 3-5 years, including board and auditor reports
- Tax return and assessment papers for the past 3 years
- Budget for the previous year, as well as the coming years
- Overview of corporate assets and values (for the past 3 years and latest available)
- Valuation of the company and its assets
- Correspondence with the company's auditor for the past 3 years and confirmation that the auditor is released from its confidentiality agreement



Legal information

- Summary of patents, licenses, and trademarks
- Copies of all relevant agreements for the valuation of the company
- All correspondence with assessment and tax authorities from the past 3 years
- Copy of office lease, lease terms and other related agreements
- Summary of current and past disputes involving the company



Corporate structure

- Overview of board members and deputies
- Overview of the company's corporate governance
- Minutes from board and AGM meetings for last 5 years



Product information

- Description of the company's products, overview of key customers and competitors, normally top ten
- Market share and market position overview
- Pricing structure information
- Plans for further development and associated costs



Employee information

- List of all employees, including name, position, salary, and conditions of employment
- Copy of employment contracts, bonus, collective agreements, and employee handbook
- Salary and bonus overview for the past year
- Historical overview of development in number of employees and turnover
- Organisational overview of management and other key employees

Step 2: Plan and organise initial review



- Create task list and assign responsibilities within team
- Organise documents for read and review – by whom and when
- Annotate documents with questions for target company to respond to
- Set up security protocols – who can access which documents

Simplify due diligence with a virtual data room

- ✓ A virtual data room is a secure and flexible digital environment that speeds up the due diligence and dealmaking process.
- ✓ Streamline processes and tasks with digitised document upload and sharing, secure document level access control, easy task allocation, encrypted team communications and so much more.

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