

Due Diligence Checklist for Selling a Company

Treat each item as a question a buyer will ask, and make sure you can answer it with a document.

How to use it. Work through the list in three passes: confirm you have each document, check that it matches your other documents, then fix the item in the right-hand column before buyers see it. A gap you find yourself is a task. A gap a buyer finds is a negotiating point.

1. Corporate and legal

The buyer is asking: Who owns the company, and can the sellers sign?

HAVE READY

- ☐ Certificate of incorporation
- ☐ Articles
- ☐ Cap table
- ☐ Shareholder agreements
- ☐ Board minutes
- ☐ Subsidiary list
- ☐ Litigation log

FIX BEFORE LAUNCH

- ☐ Gaps in the share register
- ☐ Minutes that were never signed
- ☐ Undocumented side agreements

2. Financial

The buyer is asking: Are the numbers real and repeatable?

HAVE READY

- ☐ Three to five years of financial statements (audited if available)
- ☐ Monthly management accounts
- ☐ Current budget and forecast
- ☐ Debt schedule
- ☐ Working capital history

FIX BEFORE LAUNCH

- ☐ Management accounts that do not tie to statutory accounts
- ☐ Unexplained one-off items
- ☐ Forecasts that ignore history

3. Tax

The buyer is asking: Does any exposure come with the company?

HAVE READY

- ☐ Corporate tax returns
- ☐ VAT or sales tax filings
- ☐ Correspondence with tax authorities
- ☐ Payroll tax records

FIX BEFORE LAUNCH

- ☐ Late or missing filings
- ☐ Open queries with tax authorities

4. Commercial

The buyer is asking: Will revenue survive the sale?

HAVE READY

- ☐ Contracts with top customers
- ☐ Revenue by customer and product
- ☐ Pipeline and churn
- ☐ Pricing
- ☐ Key supplier contracts

FIX BEFORE LAUNCH

- ☐ Change-of-control or exclusivity clauses
- ☐ One customer above a large share of revenue
- ☐ Contracts that expired and continue informally

5. People

The buyer is asking: Will key people stay, and what do they cost?

HAVE READY

- ☐ Org chart
- ☐ Senior employment contracts
- ☐ Bonus and equity plans
- ☐ Contractor list

FIX BEFORE LAUNCH

- ☐ Missing signed contracts
- ☐ Contractors who look like employees
- ☐ Equity promises that were never documented

6. IP and technology

The buyer is asking: Does the company own what it sells?

HAVE READY

- ☐ Trademarks, patents and domains
- ☐ Software licences
- ☐ Open-source use
- ☐ IT systems overview
- ☐ Security policies
- ☐ Incident log

FIX BEFORE LAUNCH

- ☐ IP built by contractors without an assignment
- ☐ Licences that end on a change of control
- ☐ Unpatched systems

7. Operations and compliance

The buyer is asking: Can it run without the owner and stay compliant?

HAVE READY

- ☐ Licences and permits
- ☐ Process documentation
- ☐ Insurance schedule
- ☐ Data protection policies
- ☐ Supplier list

FIX BEFORE LAUNCH

- ☐ Processes that live in one person's head
- ☐ Expired permits
- ☐ No insurance summary

Prepare the company: eight steps

- ☐ Set the goal and appoint advisers (M&A adviser, lawyer, accountant)
- ☐ Clean up the financials: management and statutory accounts agree, one-offs explained
- ☐ Run your own diligence: log every gap with an owner and a date
- ☐ Fix what can be fixed: sign contracts, document IP assignments, renew permits
- ☐ Reduce dependence on people: document processes, agree retention terms
- ☐ Prepare the story and the answers: memorandum, presentation, ten hardest questions
- ☐ Build one source of truth: final versions in a single place, numbers matching
- ☐ Keep running the business while the process runs

When to start

When	What to do
12–24 months before exit (ideal)	Start the clean-up: accounts, contract renewals, IP assignments, key-person arrangements
3–6 months before launch (practical target)	Run your own diligence, fix gaps, draft the information memorandum, open the room in staging
4–6 weeks before formal diligence (minimum)	Upload and index every document, set permissions, test the room as a buyer would
Letter of intent signed	Give access to the chosen buyer groups and start the Q&A process

Buyer due diligence usually takes about 30 to 90 days after the letter of intent is signed, and the whole sale usually takes six to twelve months. Treat these as planning bands, not promises.

Release documents in stages

- ☐ Before the letter of intent: summary financials and anonymised customer data
- ☐ After the letter of intent: full documents
- ☐ Confirmatory phase: the most sensitive items (named employee data, customer contracts with pricing), only to the people who need them

Set up your due diligence data room

Organise documents, control what each bidder sees and keep every buyer question in one place.

ethosdata.com/due-diligence-data-room

General guidance only. Exact requirements depend on your country, industry and deal size, so confirm the final list with your M&A adviser and lawyer.