

# DUE DILIGENCE REPORT FORMAT AND SAMPLE



The Due Diligence Report includes a format and sample of information used in business transactions such as a merger or acquisition, partnership, investment, etc. The report requires research carried out prior to a financial transaction to assess commercial and legal risks, as well as opportunities. The findings of the investigation and analysis are summarized in a report which is known as the Due Diligence Report. This report is sent as an internal document to member of the executive team who are evaluating the transaction and is a requirement for closing the deal. The Due Diligence Report focuses on corporate structure, company's financial data, information about business operations and sales and marketing analysis. it also includes data about management staff, risks, legal issues, etc. Additional categories should be added as necessary depending of the nature of the due diligence in question.

## DUE DILIGENCE REPORT

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## 1. MANAGEMENT SUMMARY

Include key findings of Due Diligence investigation.

## 2. CORPORATE STRUCTURE AND OWNERSHIP

*Objectives: Identify if there are any issues with the ownership structure that may cause us difficulties/conflicts of interest in the future, or be prejudicial to our shareholder interest.*

- What Corporate Structure is used
- Who are the shareholders
- List by shareholding
- Identify who are:
  - ✓ Full time active in the company
  - ✓ Non full-time but active investors
  - ✓ Passive Shareholders
  - ✓ Corporate Shareholders

Identify shareholder objectives for all major shareholders. If Corporate shareholders exist, what is objective of shareholding.

Depending on split may be necessary to speak with all principal shareholders.

Identify any possible conflicts or difficulties with different shareholder interests.

Are there any subsidiaries?

If these exist, how are they managed?

### Documents to be provided

- Articles of Association and Memorandum, together with a copy of the company's latest annual return to Company's House. Copies of all shareholder agreements still in force.
- Current share register and details of different classes and rights, if applicable.
- Copies of all shareholder agreements still in force.
- List of proposed new investors with likely amounts to be invested and any

conditions applicable.

- Details of all outstanding share options, warrants, conversion rights or other agreements that may result in further shares being issued.
- List of any subsidiaries with percentage owned, purpose of company, name of director(s), and latest sales turnover, net profit and balance sheet.

### 3. FINANCIAL

*Objective: Ensure we have a true and accurate picture of the financial state of the company, and realistic projections going forward*

- Examine the accounts that exist. Are there any previously documented business plans with which to compare them? If not, why not?
- What are the key revenue items for the business? How reliable are they going forward?
- What are the key costs of the business? How are these likely to evolve over the next 3 years?
- How might they be reduced if circumstances required it?
- What are the assets on the balance sheet? If there are any unusual items, how is the value arrived at?
- Look at the debtors register. Is this company having difficulty getting aid? if so, why? Has the company filed all necessary tax returns (TVA/VAT, Profit related Tax etc).
- Is the company benefiting from any government grants/loans etc., and if so on what terms

#### Documents to be provided

- Copies of the last three audited (or provisional) annual accounts.
- Sales and estimated net profits during the current financial year to date and an estimated balance sheet at the latest available date. Details of any material changes since such balance sheet.
- Details of any loans, overdrafts or other indebtedness currently outstanding.
- Documentation relating to any government grant/aid or loans.

- Projections for the current full financial year and four further years, including sales turnover, gross margin, overhead costs, EBITDA, net cash flow and year end cash balance.
  - Contact details of the company's accountants and authority for us to speak to them about the company's financial affairs.
  - Name and contact details of the company's principle bank and authority for us to contact them to obtain a standard bank reference.
  - Details of any current or anticipated legal action or tax enquiries affecting the company. Name of legal adviser and permission to speak to them if any legal action pending.
  - List of premises occupied, leased or owned by the company with rents payable and dates of lease expiry or break clauses.
  - Summary of principle insurance policies.
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**This is a sample of the Due Diligence Report Format.**

**To get more information about this document click here:**



**[DUE DILIGENCE REPORT](#)**

# BUSINESS CONTRACTS & AGREEMENTS TEMPLATES

## BUSINESS CONTRACTS

- Strategic Alliance Agreement
- Joint Venture Agreement
- Manufacturing Contract
- Supply Contract
- Service Provider Contract
- Consulting Services Contract

## COMMERCIAL CONTRACTS

- Exclusive Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Sales Commission Contract
- Real State Agent Agreement

## LICENSE & FRANCHISE CONTRACTS

- Trademark License Agreement
- Technology Transfer Agreement
- Software License Agreement
- Franchise Contract
- Master Franchise Contract

## CONFIDENTIALITY CONTRACTS

- Confidentiality Contract between Companies
- Confidentiality Contract for Product or Business Idea
- Confidentiality Contract for Employees
- Confidentiality Contract for Consultants and Contractors

## SHAREHOLDERS & INVESTORS AGREEMENTS

- Shareholders Agreement for a New Company
- Investors Agreement
- Business Plan for Investors
- Business Proposal for Investors

## BUSINESS SALE AND PURCHASE AGREEMENTS

- Business Sale and Purchase Agreement
- Share Sale and Purchase Agreement
- Broker Agreement for the Sale of a Business
- Broker Agreement for the Sale of Shares
- Confidentiality Agreement for Selling a Business
- Disclosure Letter for Selling a Business
- Letter of Intent to Purchase a Business
- Due Diligence Report
- Due Diligence Checklist
- Legal Due Diligence

### Online Purchase

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[info@globalnegotiator.com](mailto:info@globalnegotiator.com)



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