

Acquisition Checklist



	FACTOR	ITEM	✓
	General Information	Exact corporate name	
		Address	
		Date and state of incorporation	
		States in which the company is qualified to do business	
		Location of minute books, by-laws, and certificate of incorporation	
		History	
		Description of products	
		Fiscal year	
		Capitalization	
		Rights of each class of stock and securities	
		Stockholder's agreements	
		Name of stockholders and holdings	
		Bank depositaries and average bank balances	
		Bank references	
		Credit rating	
		Location of company records	
		Accountants: name and address	
		Attorneys: name and address	
	Personnel	Directors and their affiliations	
		Officers	
		Organization chart	
		Employee contracts	
		Number of employees in production, sales, administration, etc.	
		Union contracts	

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	Personnel (continued)	Strike record, handling of labor relations	
		Labor market	
		Pension, profit sharing, insurance, stock bonus, deferred compensation, and severance plans	
		Comparison to industry as to number of employees, hours per week, and wage rates	
	Operations	Capacity and percent of utilization	
		Production controls (scheduling and inventories)	
		Shipping and receiving controls	
		Accounting controls	
		Principal suppliers and terms	
		Distribution methods and terms (also, brokers or agents and compensation arrangements)	
		Branch offices and their operations	
		Subsidiaries	
		Government contracts and subcontracts	
		Seasonal factors	
		Sales	Description of market
	Number of customers and names of principal customers		
	Gross and net sales for the past five years and past twelve months		
	Sales comparison with the industry for the past five years and past twelve months		
	Sales backlog, accounts receivable activity, customer continuity		
	Sales correspondence		
	Sales policies and method of compensation of sales personnel		
	Pricing policies and fluctuations in the past five years		
	Relative size in the industry		
	Comparative advantages and disadvantages		

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	Sales (continued)	Advertising and other sales promotion: cost and effectiveness in the past five years	
		Research program: cost, history, scope, results, work by outsiders	
		New developments and industry trends	
	Earnings and Dividends	Earnings record and budget for last five years	
		Earnings comparison with the industry for the past five years	
		Dividend and earnings record for the past five years in total and per share	
		Potential economies	
		Analysis of selling and general administrative expenses	
	Plant Facilities	Location	
		Shipping facilities	
		Real estate taxes	
		Acreage	
		Cost	
		Land assessed value	
		Land fair market value	
		Building age and condition	
		Building depreciation: reserves, methods, rates, policies	
		Building assessed value	
		Building fair market value	
		Fire insurance	
		Title to realty and title policy	
		Equipment Description	
		Equipment age, condition, efficiency, insurance coverage	
	Equipment depreciation: reserves, methods, rates, policies		

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	Plant Facilities (continued)	Future plant and equipment requirements	
		Capital expenditures and repair costs for the past five years	
		Efficiency of operations	
		Subcontracting done by others	
		Facility contracts or leases	
	Assets	Relationship of cash to current liabilities	
		Age and number of accounts receivable	
		Provision for bad debts	
		Inventory locations	
		Inventory finished goods by product	
		Work in process by product	
		Raw materials by product	
		Pricing methods	
		Accounting methods and procedures	
		Analysis of notes receivable	
		Analysis of investments	
		Patents, trademarks, copyrights	
		Liabilities	Current federal and state tax status and tax payments for the past three years
	Commitments for new buildings, machinery, inventories		
	Long-term loans outstanding and terms		
	Debentures outstanding and terms		
	Dividend and interest arrearages		
	Pensions		
	Contingent liabilities: warranties, patent infringements, loss contracts, compensation for services		

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	Financial Data	Annual statements and audit reports for the past five years	
		Tax returns for the past five years	
		Disposition of funds statement	
		Reports to Securities and Exchange Commission	
		Chart of accounts	
		Book, net quick, liquidating, and market values for the past five years	
		Working capital for the last five years and normal requirements based on trade practices	
		Inventory turnover for the past five years	
		Interest charges for the past five years	
		Exchange, if any, on which the company's stock is traded; recent price	
		Price to earnings	
		Price to book value	
		Sales to accounts receivable	
		Sales to inventories	
		Sales to fixed assets	
		Earnings to book value	
	Terms of Acquisition	Reasons for sale	
		Price to be paid	
		Terms of payment	
		Financing	
		Brokerage fees	
		Tax considerations	
	Projected Financial Data	projected pro forma balance sheet	
		projected earnings forecast: income statements and statements of cash flows	