



Financial PRE-Diligence

Purpose:

- Pre-Diligence is a financial accounting technique used by sellers to prepare their business to survive a buyer's rigorous Due Diligence.
- Pre-Diligence is frequently used for businesses valued at \$2 million and above, especially when Private Equity is likely to be involved in the buying process.
- From the buyer's perspective, their #1 priority is MITIGATING RISK. So when they see anything that looks "weird" or out of place, they become instantly hesitant. And because the ONLY thing buyers can analyze are financial statements and tax returns, making sure those documents are as good as possible - with solid explanations for any anomalies - ensures that the business is 1.) Sellable, and 2.) Worthy of the best price possible.

Scope of Work:

- Bookkeeping & Accounts Review
- Review bookkeeping accuracy and completeness.
- Reconcile banks, AR, AP, and key balance sheet accounts.
- Validate revenue recognition and cost allocation.
- Identify misclassifications and corrections.

Financial Analysis:

- Quality of earnings analysis.
- EBITDA normalisation.
- Working capital assessment.
- Cash flow sustainability review.
- Variance and trend analysis.
- Review accounting processes and workflows.
- Identify gaps, risks, and improvement areas.
- Review financial reporting pack and KPIs.

Key Deliverables:

- **Financial Pre Diligence Report**
- **Cleaned and adjusted financial statements**
- **Working capital analysis**

Timeline:

- Data access & bookkeeping review: 5-7 days
- Financial analysis & adjustments: 5-7 days
- Reporting & final pack: 4-6 days