

# Due Diligence Checklist: Financials

1. Does the company have detailed and well-substantiated projections?
2. Has the company used an independent accounting firm to prepare and audit its financials?
3. Has the company made sound assumptions in preparing its projections?
4. Are the expected revenues realistic? Are they supported by evidence from existing orders?
5. How long before the company is cash-flow positive and what cash requirements are needed to get it there?
6. Has the company raised money previously? If so, how much was raised and what were the terms?
7. How much funding, if any, will the company need in future? Has the company thought about its future needs properly?
8. What are the on-going financial commitments of the business (leases, debt repayments, salary costs)? How far can the overheads be varied to support the business in case of a slump in performance?



9. Is the company's balance sheet in good order? Are creditors being paid on time and is every liability accounted for?
10. What is the value of the assets given on the balance sheet? Are these valuations reasonable?
11. What's the company's exit strategy? How far does this depend on factors beyond the management's control?

## Tax Specific Questions (UK Only)

1. Is the company eligible for SEIS and/or EIS tax relief?
2. Have all taxes been paid on time?
3. Have all tax returns been filed on time?
4. Is the company eligible for R&D relief and has a claim been made?
5. Has the company ever been investigated by HMRC?
6. Are all staff paid through the payroll? Are there any freelancer and consultants who should be treated as an employee?



7. Is the Company VAT registered? Who is responsible for the tax compliance function?
8. Who is responsible for the tax compliance function?
9. Does the Company have any tax losses carried forward, and if so what are the nature of these losses (e.g., trading or non-trading/capital)?
10. Has the Company undertaken any tax planning or claimed special reliefs from taxation?