The exit readiness checklist.

For BC owners who expect to sell or hand over the business in the next few years. If you cannot answer a question below, that is the useful part.

1 — THE NUMBERS A BUYER WILL TEST

- ☐ **Can you produce a normalised earnings figure?**
  Reported profit is not what a buyer pays on. They adjust for owner compensation, one-off items and personal expenses. If you have never built that number, you do not know what the business is worth.
- ☐ **Are the last three years of statements consistent?**
  Changes in how revenue or expenses were recorded between years invite questions, and questions cost time and price.
- ☐ **Is the bookkeeping current to within a month?**
  Books that are six months behind signal risk before a buyer has looked at a single number.
- ☐ **Do you know your normal working capital level?**
  Deals are priced on delivering a normal level of working capital at closing. Most owners have never calculated theirs, and it moves the final cheque.
- ☐ **Are personal expenses run through the company identified and quantified?**
  They can often be added back, but only if they are documented rather than discovered.

2 — STRUCTURE AND TAX

- ☐ **Do your shares currently meet the tests for the lifetime capital gains exemption?**
  Qualification depends on what the corporation's assets are used for, both at the moment of sale and throughout the 24 months before it.
- ☐ **Is there surplus cash or an investment portfolio sitting in the operating company?**
  Non-active assets can push you offside the asset tests. Moving them takes planning and time, not a signature.
- ☐ **Is real estate held inside the operating company?**
  Property not used in the business is a common reason shares fail to qualify.
- ☐ **Has a holding company or family trust been considered?**
  Each has real trade-offs in cost and flexibility. Neither is automatically right.
- ☐ **Would an estate freeze suit your timeline?**
  Freezing today's value and directing future growth elsewhere is time-sensitive by nature.

3 — WHAT THE BUSINESS IS WORTH WITHOUT YOU

- ☐ **Could the business run for 90 days without you?**
  Owner dependence is priced as risk. Some of it is fixable, and it is worth knowing which parts.
- ☐ **What share of revenue comes from your largest customer?**
  Concentration is one of the most common reasons a multiple comes in below expectations.

- ☐ Are key relationships held by the company or by you personally?
  Contracts, licences and supplier terms in your own name do not transfer cleanly.
- ☐ Are contracts, leases and IP documented and assignable?
  Buyers pay for what transfers. Handshake arrangements do not.
- ☐ Is there a second layer of management?
  A team that can operate without the owner is worth a premium on its own.

4 — THE PART THAT IS ACTUALLY ABOUT YOU

- ☐ Do you know what you would net after tax?
  The headline price and the amount that reaches you are different numbers, sometimes very different.
- ☐ Do you know what you actually need?
  This decides whether you sell now or spend two more years building value first. It is the question most owners have never had answered.
- ☐ Have you set a timeline?
  Two to three years of runway gives you real options. A few months gives you very few.
- ☐ Do you know who the likely buyers are?
  A competitor, a financial buyer, your management team and your children each want different things and price differently.

Why two to three years, and not two to three months

Several of the items above are time-sensitive by law rather than by preference. Qualifying for the lifetime capital gains exemption turns partly on tests measured over the 24 months before a sale, so purifying a balance sheet is not something that can be done the week a buyer appears. Start early and you have choices. Start late and you have whatever structure you happen to be in.

Questions on any line above? Book a free 15–20 minute call.

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