

WHAT TO DO WITH YOUR RECORDS AFTER SALE

Purchasers and vendors both need access to the same records after handover. Vendors may need to refer to the trading records for a tax audit, a workers' compensation claim or to collect outstanding debtors' amounts.

Most records must be 'kept' for at least 5 years; some for 7 years and others much longer. There are websites showing this information, so rather than take up space here, simply go to Google, search Australian sites for 'retention of records'.

Purchasers are entitled to access to the trading records which form part of the intellectual property of the business which they have purchased. In addition, employee records should be retained on site.

Computer-based accounting data has made it easier to meet both requirements.

Here's our recommendation:

- At time of handover, the vendor clones the accounting data files (backup and restore to an off-site computer) and winds up the trading activities on the offline version; one version of data stays on site with the original program so the purchaser can refer to the trading history. If desired, remove non-business related information from the version left on site;
- For larger computer installations where the systems cannot easily be run offsite, agree that the vendor can access the accounting system for a specified time to allow completion of the financial accounts;
- Agree to leave all records on site, on the understanding that the vendor is to be allowed full access to their old records if necessary;
- Agree that the purchaser will not discard the records without permission of the vendor; these records to be offered to the vendor before discarding.