Buying a bakery or cake shop.

The seven stages, the essential checklist, and the twelve findings that should change your price.
You know baking — this covers the transaction.

START WITH THE NUMBER THAT GOVERNS EVERYTHING ELSE

Across the Australian retail bakery industry, average profit runs at **5.3% of revenue** — and it has fallen **9.7 percentage points in five years**, from roughly fifteen. The average business turns over about $1.07m with 8.7 staff and makes around **$56,000 a year before the owner's own wage is considered**. Wages take a third of every dollar through the till. None of that means don't buy. It means buy on the rebuilt number, not the advertised one.

The seven stages — and the gate on each

1 Can you complete? · 2 Rebuild the earnings · 3 Verify everything · 4 The contract · 5 The funding · 6 Settlement · 7 First 100 days

#	Stage	Don't move past it until
1	**Can you complete?**	Council registration, food safety supervisor and franchisor consent all confirmed achievable in your name
2	**Rebuild the earnings**	Every unpaid owner role costed at market, and the offer settles stock, forward orders and handover
3	**Verify everything**	Five streams complete — lease and franchise, numbers, food safety, plant and stock, people
4	**The contract**	Every condition written in. There is no cooling-off period on a business sale
5	**The funding**	Unconditional approval, on a clause dated from the funding plan not the agent's template
6	**Settlement**	Registration granted, consents in, forward orders reconciled, stocktake and PPSR re-run
7	**First 100 days**	The product hasn't changed, and wastage is being measured from week one

Before you look

- ☐ Buying entity locked with your accountant before signing
- ☐ Borrowing capacity assessed **before** you negotiate
- ☐ Envelope budgeted: price, stock, franchise and training fees, any refit due, working capital

Before you offer

- ☐ PEBITDA rebuilt — every unpaid role at market wage, plus your real rent
- ☐ Occupancy cost calculated as a share of revenue
- ☐ The three clocks compared: lease, franchise term, loan term
- ☐ Who bakes — and whether they're staying
- ☐ Deposit to a trust account. Never to the vendor

Before you sign

- ☐ Stock capped, near-date product excluded, counting method agreed
- ☐ Forward orders scheduled, deposits verified and adjusted
- ☐ Recipes and production schedules listed as assets, handed over in writing
- ☐ Council registration made a condition, granted in your name
- ☐ Equipment warranted as owned, free of security interests
- ☐ Handover measured in production shifts, not just counter hours
- ☐ Restraint **and** non-solicitation, realistic radius

The preliminary pack.

Five documents decide whether there's a deal at all. Ask for them in one written request, dated, the day the confidentiality agreement is signed.

1 · The lease	2 · Financials	3 · POS reports	4 · Franchise pack	5 · Registration
in full, with outgoings and option notices	3 years min, 5 if held, tax returns, BAS, YTD	monthly by product, with transaction counts	agreement, disclosure, register entry	council registration, food safety programme, audits
↓	↓	↓	↓	↓
Proves the goodwill has somewhere to live	**Proves** the earnings are real and reconcilable	**Proves** what actually sells, and to how many	**Proves** how long you have, and what it costs	**Proves** you can lawfully trade from day one

Any one of the five coming back thin, late or heavily qualified is itself a finding — record it before you spend another dollar.

Then the rest of the first request

- ☐ **Monthly** revenue, 24–36 months — a bakery year is never flat
- ☐ The PEBITDA worksheet, with what the owner and any family are actually paid
- ☐ Product mix, transaction counts and average transaction value
- ☐ Day-of-week trading pattern
- ☐ **Wastage records**, by category
- ☐ Occupancy cost as a percentage of revenue, by year
- ☐ Equipment register, showing **what sits on finance**
- ☐ Staff schedule — including who works the early shift
- ☐ Forward order book, with deposits held
- ☐ Wholesale and café accounts — share, and whether contracted
- ☐ Any refit or refresh obligation falling due
- ☐ Reason for sale, in writing

Searches you run yourself

- ☐ **PPSR** on the entity, directors, and **by serial number** for ovens, provers, mixers and refrigeration
- ☐ **Council records** — registration status, inspection history, any orders or notices on the premises
- ☐ **Franchise Disclosure Register** entry for the system
- ☐ **ASIC and court searches** on the entity and principals
- ☐ **Reviews and socials**, read all the way back

ASK FOR FIVE YEARS, NOT THREE

Three years is a snapshot. Five shows whether the shop is growing, holding or quietly sliding — and a well-prepared vendor already has it.

READING THE RESPONSE

Complete in a fortnight — working systems and a prepared vendor. Move, because others will. **Partial or heavily qualified** — rarely dishonesty; usually a business that can't produce its own numbers, which is a finding about how it's run. **Refused under an NDA** — every item here is standard on a properly-run sale. The refusal is the finding.

The 12 deal-killers.

One is a negotiation. Three is a walk. At a 5.3% industry margin there is very little room between a good bakery and a bad one — anything touching occupancy cost or production capacity counts double.

1 **The vendor is the baker.** No one else can produce the product, and there's no written recipe or schedule.

2 **Occupancy cost eating the margin.** Rent, outgoings and levies climbing as a share of revenue in a 5% margin trade.

3 **The shortest clock is too short.** Lease or franchise term ending before your loan does.

4 **PEBITDA taken at face value.** One or two unpaid owner roles sitting inside the advertised figure.

5 **Wastage nobody measures.** No records, no production plan, no idea what goes in the bin.

6 **A refit falling due just past settlement.** Franchise refresh or make-good triggered on transfer or renewal.

7 **Compliance history with a pattern.** Repeat non-conformances, an outstanding notice, or records that stop.

8 **Allergen claims that can't be substantiated.** Gluten-free or nut-free sold from a flour-filled room with no separation.

9 **Forward orders with deposits spent.** Cakes ordered and paid for months out, cash already banked by the vendor.

10 **Equipment on finance.** Ovens, provers or refrigeration already secured to a financier.

11 **Unpaid super or penalty-rate exposure.** Entitlements behind, or early and weekend loadings not properly paid.

12 **No restraint, no handover.** The vendor stays local, keeps the customers, and nothing stops them.

Score it — write the date you cleared each one

1 ________	2 ________	3 ________	4 ________	5 ________	6 ________
7 ________	8 ________	9 ________	10 ________	11 ________	12 ________

THE ONE MOST BUYERS GET WRONG

Council food business registration does not transfer with the business. It attaches to the proprietor and the premises. A new owner generally applies in their own name and the council will usually inspect before granting it — which means any outstanding order or improvement notice on those premises becomes yours. Talk to the council early, and make registration in your name a condition of the contract.

THREE IS A WALK — AND THAT IS A RESULT

Walking costs you the due diligence spend and returns your deposit. Buying the wrong shop costs the deposit, the loan, any guarantee you gave, and several years of very early mornings. Buyers who can walk are the only ones negotiating from strength — and vendors can tell the difference.

The number that starts every one of these conversations

$180,000
PEBITDA advertised

→

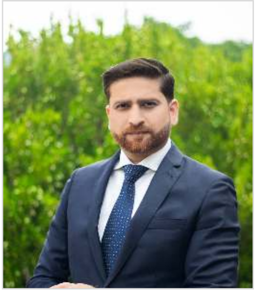
$38,000
what the lender assesses

Illustrative. Take out a market wage for the baker, a second unpaid role many shops quietly rely on, the rent under the lease **you** will sign, and the equipment due for replacement. In a five per cent margin trade the add-back can exceed the entire reported profit.

PREVAIL FINANCE

Send the pack. Get an answer in 24 hours.

Funding is decided on the quality of the submission, not only the quality of the deal. Send these to **priyank@prevailfinance.com.au** and a written action plan comes back within one business day.



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With gratitude

About the shop

- ☐ The preliminary pack — lease, financials, POS, franchise, registration
- ☐ The listing or information memorandum
- ☐ Monthly revenue and product mix
- ☐ Equipment register, showing what is financed
- ☐ Occupancy cost as a share of revenue
- ☐ Asking price and how it was built

About you

- ☐ Two years' personal tax returns and notices, plus entity financials
- ☐ Assets and liabilities, with an equity source
- ☐ Six months' loan statements, three months' transaction accounts
- ☐ Photo ID · trade or food safety qualifications
- ☐ A short work history — credit assesses **your** capacity too
- ☐ Proposed buying entity and transition plan

Why the pack decides the outcome

Complete pack (everything, first time) → **One clean submission** (the story holds together) → **Credit reads it once** (confidence, not questions) → **Room to negotiate** (gearing, pricing, exceptions)

Partial pack (sent in pieces) → **Questions, then re-work** (days lost each round) → **Credit reads it twice** (doubt attaches to the file) → **Conditions and delay** (and a finance clause running out)

Same deal, same buyer, same lender. The only variable is what arrived in the first email — and it moves the terms, not just the timeline.

Within 24 hours of a complete pack

- ☐ A written action plan — what happens, in what order
- ☐ The funding pathway scoped for this shop
- ☐ An indicative pricing band
- ☐ The finance clause date your contract needs
- ☐ Pre-approval process under way

Then what we do with it

- ☐ **Maximise the funding** — rebuilt earnings and the three clocks, presented the way credit assesses them
- ☐ **Check the accreditation** — a franchised system's lender position can change the answer materially
- ☐ **Argue the exceptions** — the case put directly to the decision-maker. The decision is theirs; the argument is ours
- ☐ **Hold the timeline** — lease, franchisor and council clocks mapped backwards

The complete guide — 26 pages.

This gets you started. The full guide gives you the rest — the **earnings rebuild worked line by line**, the **revenue and production grid**, the **offer term sheet** covering stock caps, forward orders and handover, the **settlement planner** keyed to the trading calendar, and the **full Round 2 request**. Plus the three-clocks chapter, food safety and allergens, and modules on cake shops and franchise systems.

At **www.prevailfinance.com.au** — name, email and mobile, and it's yours.

Talk to us before you sign

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We're paid when a deal settles. If the numbers say walk, we'll still tell you to walk.

With gratitude