Accelerated Diligence without Blind Spots: The Minimum Evidence Set for Distressed Deals

A Risk-Ranked Framework for Value, Title, Liquidity, Continuity and Completion

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Abstract

Time-compressed diligence can preserve value in a distressed transaction, yet speed creates a risk that buyers, lenders, office-holders and boards make irreversible decisions from incomplete or internally inconsistent evidence. The solution is a minimum evidence set built around decision consequences rather than a conventional data-room index. This paper develops a forty-step framework for defining, collecting, grading, reconciling and governing the evidence required to test authority, ownership, title, liquidity, debt, security, claims, contracts, customers, suppliers, employees, pensions, tax, regulation, sanctions, intellectual property, technology, data, cyber, property, environment, insurance, disputes and operational continuity. It introduces a risk-ranked request list, an evidence-quality score, an exception-to-remedy matrix, a common-basis bid bridge and a completion control book. Selected United Kingdom, European Union and United States sources illustrate public-register, insolvency, data-protection, competition and reporting evidence. Five figures and five tables use analytical scenarios rather than observed company results. The minimum evidence set does not replace legal, financial, tax, commercial, technical, actuarial, environmental or regulatory judgement. Decision-makers should obtain qualified advice and adapt the framework to the transaction, jurisdiction, sector and insolvency process.

JEL Classification: G33, G34, G32, K22, M42

Keywords: distressed M&A, accelerated diligence, minimum evidence set, title verification, liquidity runway, operational continuity, transaction risk, evidence quality, completion readiness

1. Establish authority and the diligence objective

The transaction team should confirm board, office-holder, lender, court and adviser powers together with decision ownership. Evidence should come from constitutions, appointments, finance documents, orders, minutes and engagement terms. The controlling question is who may disclose, investigate, negotiate and bind each entity. The answer should be dated, attributed and linked to the legal entity, asset, liability or operating dependency it describes [1][2][3][4].

The controlled output is an authority and diligence charter. It should state the source, calculation method, owner, exceptions, required approvals and the next irreversible deadline. This allows a board, officeholder, creditor or buyer to reproduce the conclusion when facts change.

The principal risk is that work may begin on an invalid mandate or outside lawful powers. The team should quantify the effect on liquidity, stand-alone earnings, creditor recoveries, operating continuity and completion probability. A material exception should update the perimeter and funding plan.

2. Put the diligence clock inside the cash runway

This workstream requires the company and its advisers to date cash exhaustion, payroll, taxes, debt service, milestones, bids and completion, using thirteen-week cash flow, banks, liabilities, process plan and funding commitments. The practical test is how much verified time remains for each irreversible decision. Analysis should use one cut-off date so that cash, claims, contracts, people and transaction documents reconcile [5][6][7][8].

Decision-makers should maintain an integrated liquidity and diligence calendar. It should distinguish legal ownership from economic allocation, current evidence from forecast assumptions and committed funding from indications. Qualified advisers retain responsibility for legal, insolvency, tax, pensions, accounting and regulatory judgements.

Execution can fail when a complete report delivered after cash exhaustion has no transaction value. Each dependency needs a control, evidence threshold, escalation route and decision time. The transaction remains viable only while the funded separation plan can absorb a credible delay or shortfall.

3. Define the decision perimeter

The readiness team should state the legal entities, assets, rights, liabilities, people, systems and jurisdictions under review. The evidence base includes structure charts, registers, contracts, ledgers, licences and operating maps. The central question is what is being bought, financed, retained, excluded or relied upon. Conclusions should remain at entity and dependency level because the failing group may have pooled cash, shared rights and cross-guarantees [1][9][10][11].

The required deliverable is a transaction perimeter memorandum. It should connect the proposed sale documents to the stand-alone operating model and the residual estate. Every material assumption should show its source and sensitivity.

The downside is that evidence may be gathered for the wrong entity or asset set. Management should test the base case and a combined downside against minimum cash, customer continuity and the completion timetable. Unsupported benefits should not be treated as available funding.

4. Rank questions by consequence

The seller should score each question for value, title, liquidity, legality, continuity and completion impact. Relevant evidence includes deal thesis, downside model, legal advice, process timetable and stakeholder objectives. The decision asks which unanswered question can destroy or materially reprice the deal. A reliable answer links financial analysis to title, transfer mechanics, operating capability and the applicable approval process [3][5][12][13].

The decision pack should contain a risk-ranked diligence map. It should show calculation dates, owners, dependencies and the documents that implement the conclusion. This creates a defensible record for later scrutiny and post-completion reconciliation.

A material failure occurs when teams may spend scarce time on volume rather than decision risk. The response should identify a funded cure, alternative perimeter or fallback route. Continuing without one can reduce going-concern value and creditor recovery.

5. Design the minimum evidence set

The transaction team should translate each critical question into source, owner, cut-off date and acceptance test. Evidence should come from risk map, source systems, registers, contracts and specialist requests. The controlling question is what is the smallest reproducible evidence package that supports the decision. The answer should be dated, attributed and linked to the legal entity, asset, liability or operating dependency it describes [12][14][15][16].

The controlled output is a minimum evidence register. It should state the source, calculation method, owner, exceptions, required approvals and the next irreversible deadline. This allows a board, officeholder, creditor or buyer to reproduce the conclusion when facts change.

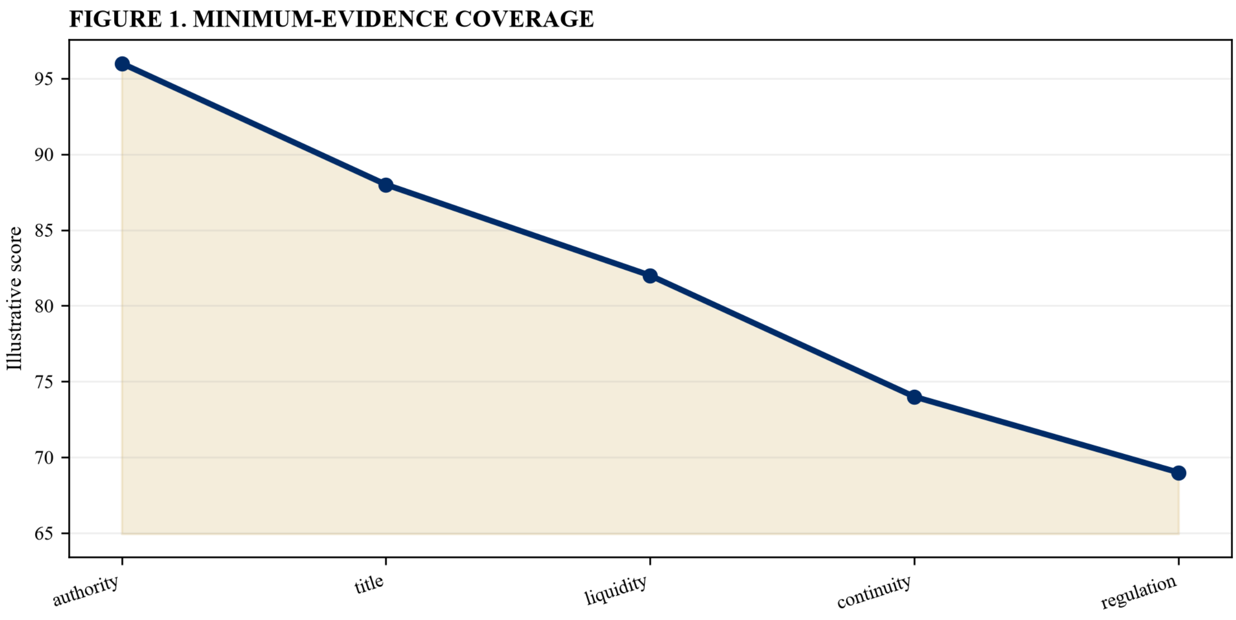
The principal risk is that minimum can be misread as superficial or generic. The team should quantify the effect on liquidity, stand-alone earnings, creditor recoveries, operating continuity and completion probability. A material exception should update the perimeter and funding plan.

Table 1. Minimum evidence set

Decision domain	Controlling evidence	Acceptance test
authority	appointments and approvals	power and signatory agree
title	registers and chain documents	seller owns transferable interest
liquidity	banks and source-linked cash flow	runway survives downside date
continuity	contracts, people, systems and licences	day-one operation is evidenced

Values and scores are analytical scenarios; transaction evidence should replace model values.

Figure 1. Minimum-evidence coverage



Illustrative analytical scenario; transaction evidence should replace model values.

6. Grade evidence quality

This workstream requires the company and its advisers to score provenance, authority, recency, completeness, reconciliation and reproducibility, using original documents, registers, system exports, confirmations and audit trails. The practical test is how much reliance can be placed on each item. Analysis should use one cut-off date so that cash, claims, contracts, people and transaction documents reconcile [14][17][18][19].

Decision-makers should maintain an evidence-quality scorecard. It should distinguish legal ownership from economic allocation, current evidence from forecast assumptions and committed funding from indications. Qualified advisers retain responsibility for legal, insolvency, tax, pensions, accounting and regulatory judgements.

Execution can fail when management summaries may receive the same weight as controlling records. Each dependency needs a control, evidence threshold, escalation route and decision time. The transaction remains viable only while the funded separation plan can absorb a credible delay or shortfall.

7. Control versions and cut-off dates

The readiness team should identify authoritative versions, updates, superseded files and the effective date. The evidence base includes data-room logs, file metadata, registers, approvals and source-system timestamps. The central question is which facts were true at the decision cut-off. Conclusions should remain at entity and dependency level because the failing group may have pooled cash, shared rights and cross-guarantees [14][20][21][22].

The required deliverable is a version and cut-off control sheet. It should connect the proposed sale documents to the stand-alone operating model and the residual estate. Every material assumption should show its source and sensitivity.

The downside is that different teams may rely on conflicting versions. Management should test the base case and a combined downside against minimum cash, customer continuity and the completion timetable. Unsupported benefits should not be treated as available funding.

8. Build the exception register

The seller should record missing, inconsistent, stale, unauthorised and disputed evidence. Relevant evidence includes request lists, reconciliations, interviews, confirmations and specialist findings. The decision asks what is unresolved, why it matters and when a decision is required. A reliable answer links financial analysis to title, transfer mechanics, operating capability and the applicable approval process [12][14][23][24].

The decision pack should contain an exception-to-remedy register. It should show calculation dates, owners, dependencies and the documents that implement the conclusion. This creates a defensible record for later scrutiny and post-completion reconciliation.

A material failure occurs when open items may disappear inside email and meeting notes. The response should identify a funded cure, alternative perimeter or fallback route. Continuing without one can reduce going-concern value and creditor recovery.

9. Verify legal existence and ownership

The transaction team should reconcile incorporation, status, directors, shareholders, beneficial ownership and group links. Evidence should come from official registers, constitutional documents, member registers and filings. The controlling question is which legal person owns and controls each relevant entity. The answer should be dated, attributed and linked to the legal entity, asset, liability or operating dependency it describes [9][25][26][27].

The controlled output is a verified legal-entity and ownership map. It should state the source, calculation method, owner, exceptions, required approvals and the next irreversible deadline. This allows a board, officeholder, creditor or buyer to reproduce the conclusion when facts change.

The principal risk is that public filings may be incomplete, late or inconsistent with internal records. The team should quantify the effect on liquidity, stand-alone earnings, creditor recoveries, operating continuity and completion probability. A material exception should update the perimeter and funding plan.

10. Verify authority to sell and buy

This workstream requires the company and its advisers to test corporate approvals, reserved matters, lender controls, insolvency powers and conflicts, using articles, shareholder agreements, board records, finance documents and court orders. The practical test is who can authorise the transaction and on what conditions. Analysis should use one cut-off date so that cash, claims, contracts, people and transaction documents reconcile [1][2][28][29].

Decision-makers should maintain an approval and conflicts memorandum. It should distinguish legal ownership from economic allocation, current evidence from forecast assumptions and committed funding from indications. Qualified advisers retain responsibility for legal, insolvency, tax, pensions, accounting and regulatory judgements.

Execution can fail when a signed document may lack valid authority. Each dependency needs a control, evidence threshold, escalation route and decision time. The transaction remains viable only while the funded separation plan can absorb a credible delay or shortfall.

11. Prove title to shares and assets

The readiness team should trace legal and beneficial title, acquisition history, possession and restrictions. The evidence base includes registers, certificates, deeds, invoices, assignments and official copies. The central question is whether the seller owns the interest it proposes to transfer. Conclusions should remain at entity and dependency level because the failing group may have pooled cash, shared rights and cross-guarantees [9][30][31][32].

The required deliverable is a chain-of-title file. It should connect the proposed sale documents to the stand-alone operating model and the residual estate. Every material assumption should show its source and sensitivity.

The downside is that operational use may be mistaken for transferable ownership. Management should test the base case and a combined downside against minimum cash, customer continuity and the completion timetable. Unsupported benefits should not be treated as available funding.

12. Map security and priority

The seller should identify charges, liens, pledges, guarantees, retention rights and intercreditor terms. Relevant evidence includes public filings, registries, finance documents, confirmations and payoff letters. The decision asks which claims attach to sale proceeds or transferred assets. A reliable answer links financial analysis to title, transfer mechanics, operating capability and the applicable approval process [33][34][35][36].

The decision pack should contain a security and priority schedule. It should show calculation dates, owners, dependencies and the documents that implement the conclusion. This creates a defensible record for later scrutiny and post-completion reconciliation.

A material failure occurs when an undiscovered encumbrance may survive or block completion. The response should identify a funded cure, alternative perimeter or fallback route. Continuing without one can reduce going-concern value and creditor recovery.

13. Reconcile cash and bank control

The transaction team should verify balances, restrictions, signatories, sweeps, blocked accounts and trapped cash. Evidence should come from bank statements, direct confirmations, mandates, reconciliations and facility terms. The controlling question is what cash is available to the business and who controls it. The answer should be dated, attributed and linked to the legal entity, asset, liability or operating dependency it describes [5][37][38][39].

The controlled output is a bank and cash-control matrix. It should state the source, calculation method, owner, exceptions, required approvals and the next irreversible deadline. This allows a board, officeholder, creditor or buyer to reproduce the conclusion when facts change.

The principal risk is that reported cash may be restricted, pledged or outside the perimeter. The team should quantify the effect on liquidity, stand-alone earnings, creditor recoveries, operating continuity and completion probability. A material exception should update the perimeter and funding plan.

14. Build the thirteen-week cash flow

This workstream requires the company and its advisers to reconcile opening cash, receipts, payments, taxes, payroll, debt service and scenarios, using banks, ledgers, aged balances, payroll, contracts and forecasts. The practical test is when liquidity fails under base and downside cases. Analysis should use one cut-off date so that cash, claims, contracts, people and transaction documents reconcile [5][6][40][41].

Decision-makers should maintain a source-linked short-term cash model. It should distinguish legal ownership from economic allocation, current evidence from forecast assumptions and committed funding from indications. Qualified advisers retain responsibility for legal, insolvency, tax, pensions, accounting and regulatory judgements.

Execution can fail when forecast precision may conceal weak source data or collection assumptions. Each dependency needs a control, evidence threshold, escalation route and decision time. The transaction remains viable only while the funded separation plan can absorb a credible delay or shortfall.

15. Reconcile debt and financing obligations

The readiness team should map principal, interest, fees, covenants, defaults, security, guarantees and maturity. The evidence base includes facility documents, statements, notices, models and lender confirmations. The central question is what must be repaid, waived, refinanced or assumed. Conclusions should remain at entity and dependency level because the failing group may have pooled cash, shared rights and cross-guarantees [33][34][42][43].

The required deliverable is a debt and default bridge. It should connect the proposed sale documents to the stand-alone operating model and the residual estate. Every material assumption should show its source and sensitivity.

The downside is that ledger balances may omit default interest, fees or contingent exposure. Management should test the base case and a combined downside against minimum cash, customer continuity and the completion timetable. Unsupported benefits should not be treated as available funding.

16. Map creditor claims and the waterfall

The seller should classify secured, preferential, administrative, employee, tax, pension and unsecured claims. Relevant evidence includes proofs, ledgers, contracts, law, practitioner records and disputes. The decision asks how value is distributed under each transaction route. A reliable answer links financial analysis to title, transfer mechanics, operating capability and the applicable approval process [1][2][7][44].

The decision pack should contain a claims and recovery waterfall. It should show calculation dates, owners, dependencies and the documents that implement the conclusion. This creates a defensible record for later scrutiny and post-completion reconciliation.

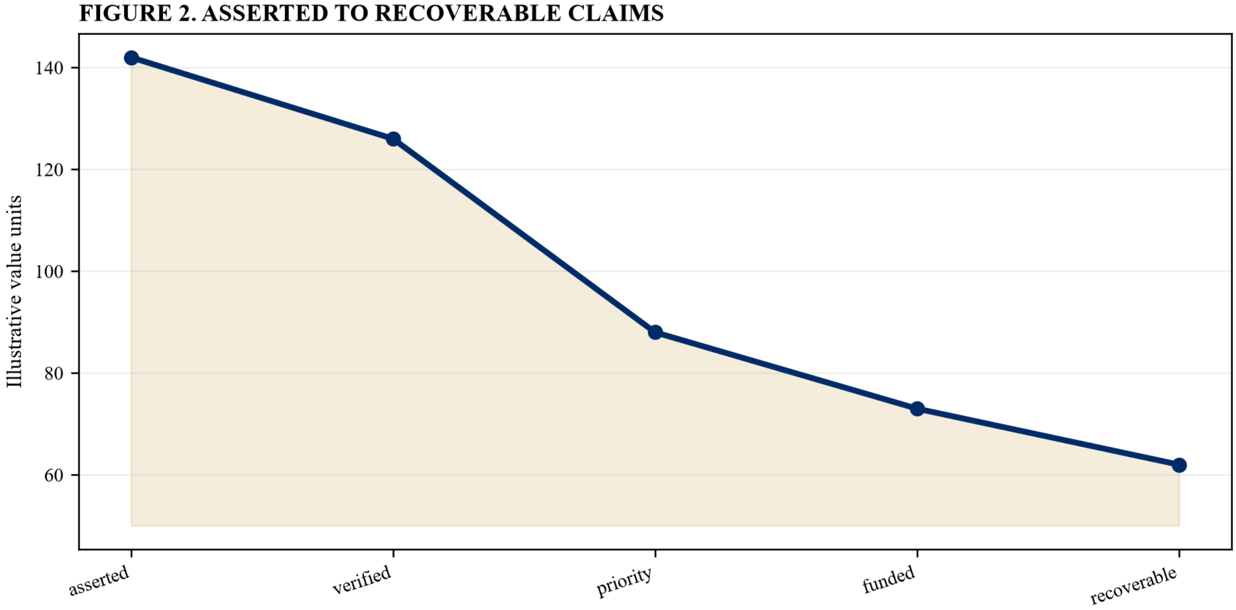
A material failure occurs when one claim may be omitted, duplicated or mis-prioritised. The response should identify a funded cure, alternative perimeter or fallback route. Continuing without one can reduce going-concern value and creditor recovery.

Table 2. Illustrative claims waterfall

Claim class	Asserted	Verified	Recovery case
secured	62	60	58
employee and priority	14	12	11
tax and pension	19	16	12
unsecured	47	38	9

Values and scores are analytical scenarios; transaction evidence should replace model values.

Figure 2. Asserted to recoverable claims



Illustrative analytical scenario; transaction evidence should replace model values.

17. Test revenue quality and collectability

The transaction team should reconcile reported revenue to contracts, delivery, invoices, cash, credits and disputes. Evidence should come from general ledger, contracts, CRM, fulfilment, invoices, banks and correspondence. The controlling question is what revenue is earned, repeatable and collectible. The answer should be dated, attributed and linked to the legal entity, asset, liability or operating dependency it describes [17][40][45][46].

The controlled output is a revenue-to-cash bridge. It should state the source, calculation method, owner, exceptions, required approvals and the next irreversible deadline. This allows a board, officeholder, creditor or buyer to reproduce the conclusion when facts change.

The principal risk is that booked revenue may not convert into cash within the runway. The team should quantify the effect on liquidity, stand-alone earnings, creditor recoveries, operating continuity and completion probability. A material exception should update the perimeter and funding plan.

18. Verify customer contracts and concentration

This workstream requires the company and its advisers to identify counterparties, term, price, termination, change of control, set-off and service duties, using executed contracts, amendments, orders, invoices and customer confirmations. The practical test is which relationships and economics survive the transaction. Analysis should use one cut-off date so that cash, claims, contracts, people and transaction documents reconcile [14][45][47][48].

Decision-makers should maintain a customer contract and concentration matrix. It should distinguish legal ownership from economic allocation, current evidence from forecast assumptions and committed funding from indications. Qualified advisers retain responsibility for legal, insolvency, tax, pensions, accounting and regulatory judgements.

Execution can fail when headline backlog may be cancellable, disputed or non-transferable. Each dependency needs a control, evidence threshold, escalation route and decision time. The transaction remains viable only while the funded separation plan can absorb a credible delay or shortfall.

19. Verify supplier and critical-input continuity

The readiness team should map sole sources, arrears, retention rights, deposits, licences and replacement lead times. The evidence base includes contracts, purchase orders, aged payables, correspondence and operating data. The central question is which suppliers can stop, reclaim or reprice essential inputs. Conclusions should remain at entity and dependency level because the failing group may have pooled cash, shared rights and cross-guarantees [5][48][49][50].

The required deliverable is a supplier continuity plan. It should connect the proposed sale documents to the stand-alone operating model and the residual estate. Every material assumption should show its source and sensitivity.

The downside is that a small overdue balance may interrupt the entire operating chain. Management should test the base case and a combined downside against minimum cash, customer continuity and the completion timetable. Unsupported benefits should not be treated as available funding.

20. Reconcile working capital

The seller should test receivables, inventory, payables, accruals, cut-off and normalisation. Relevant evidence includes subledgers, counts, invoices, receipts, payments and historical patterns. The decision asks what working capital transfers and what cash it requires. A reliable answer links financial analysis to title, transfer mechanics, operating capability and the applicable approval process [17][40][51][52].

The decision pack should contain a verified working-capital bridge. It should show calculation dates, owners, dependencies and the documents that implement the conclusion. This creates a defensible record for later scrutiny and post-completion reconciliation.

A material failure occurs when distress actions may distort the apparent normal level. The response should identify a funded cure, alternative perimeter or fallback route. Continuing without one can reduce going-concern value and creditor recovery.

21. Test inventory existence and realisable value

The transaction team should verify location, ownership, count, condition, obsolescence, consignment and security. Evidence should come from physical counts, warehouse records, title, purchase files and sales evidence. The controlling question is what inventory exists and can be sold or used. The answer should be dated, attributed and linked to the legal entity, asset, liability or operating dependency it describes [17][30][51][53].

The controlled output is an inventory evidence schedule. It should state the source, calculation method, owner, exceptions, required approvals and the next irreversible deadline. This allows a board, officeholder, creditor or buyer to reproduce the conclusion when facts change.

The principal risk is that system quantity may include missing, third-party or obsolete stock. The team should quantify the effect on liquidity, stand-alone earnings, creditor recoveries, operating continuity and completion probability. A material exception should update the perimeter and funding plan.

22. Map employees and workforce liabilities

This workstream requires the company and its advisers to reconcile employer, location, status, contract, pay, claims, immigration and critical role, using HRIS, payroll, contracts, tax, benefits, visas and operating maps. The practical test is who transfers, what is owed and which roles preserve continuity. Analysis should use one cut-off date so that cash, claims, contracts, people and transaction documents reconcile [54][55][56][57].

Decision-makers should maintain a worker-level evidence file. It should distinguish legal ownership from economic allocation, current evidence from forecast assumptions and committed funding from indications. Qualified advisers retain responsibility for legal, insolvency, tax, pensions, accounting and regulatory judgements.

Execution can fail when headcount totals can conceal claims and capability gaps. Each dependency needs a control, evidence threshold, escalation route and decision time. The transaction remains viable only while the funded separation plan can absorb a credible delay or shortfall.

23. Measure pension and benefit exposure

The readiness team should bridge contributions, insured benefits, defined-benefit funding, covenant and withdrawal risks. The evidence base includes plan rules, provider statements, actuarial reports, payroll and trustee records. The central question is which obligations transfer, crystallise or require mitigation. Conclusions should remain at entity and dependency level because the failing group may have pooled cash, shared rights and cross-guarantees [58][59][60][61].

The required deliverable is a pension and benefits exposure bridge. It should connect the proposed sale documents to the stand-alone operating model and the residual estate. Every material assumption should show its source and sensitivity.

The downside is that an accounting provision may not represent transaction cash cost. Management should test the base case and a combined downside against minimum cash, customer continuity and the completion timetable. Unsupported benefits should not be treated as available funding.

24. Reconcile tax status and exposures

The seller should map registrations, returns, payments, audits, losses, groups, withholding and transaction taxes. Relevant evidence includes tax accounts, returns, assessments, ledgers, advice and authority correspondence. The decision asks what is due, contingent, transferable or affected by structure. A reliable answer links financial analysis to title, transfer mechanics, operating capability and the applicable approval process [62][63][64][65].

The decision pack should contain a tax exposure and clearance matrix. It should show calculation dates, owners, dependencies and the documents that implement the conclusion. This creates a defensible record for later scrutiny and post-completion reconciliation.

A material failure occurs when unpaid or group tax may attach outside the visible ledger. The response should identify a funded cure, alternative perimeter or fallback route. Continuing without one can reduce going-concern value and creditor recovery.

25. Verify licences and regulatory permissions

The transaction team should inventory licences, permits, controller approvals, reporting and transfer conditions. Evidence should come from official registers, decisions, filings, correspondence and compliance records. The controlling question is whether the buyer can lawfully own and operate on day one. The answer should be dated, attributed and linked to the legal entity, asset, liability or operating dependency it describes [66][67][68][69].

The controlled output is a regulatory permission register. It should state the source, calculation method, owner, exceptions, required approvals and the next irreversible deadline. This allows a board, officeholder, creditor or buyer to reproduce the conclusion when facts change.

The principal risk is that legal title may transfer without operating authority. The team should quantify the effect on liquidity, stand-alone earnings, creditor recoveries, operating continuity and completion probability. A material exception should update the perimeter and funding plan.

26. Test merger and investment approvals

This workstream requires the company and its advisers to apply current control, turnover, market, ownership and sensitive-activity tests, using accounts, revenues, ownership, market data, technology and legal advice. The practical test is which filings, standstill duties or call-in risks apply. Analysis should use one cut-off date so that cash, claims, contracts, people and transaction documents reconcile [70][71][72][73].

Decision-makers should maintain an approval critical path. It should distinguish legal ownership from economic allocation, current evidence from forecast assumptions and committed funding from indications. Qualified advisers retain responsibility for legal, insolvency, tax, pensions, accounting and regulatory judgements.

Execution can fail when an omitted approval may invalidate or delay completion. Each dependency needs a control, evidence threshold, escalation route and decision time. The transaction remains viable only while the funded separation plan can absorb a credible delay or shortfall.

27. Screen sanctions, AML and source of funds

The readiness team should verify parties, beneficial owners, lenders, payment routes and restricted assets. The evidence base includes identity files, official lists, bank evidence, screening and risk assessment. The central question is whether funds and assets can lawfully move. Conclusions should remain at entity and dependency level because the failing group may have pooled cash, shared rights and cross-guarantees [27][74][75][76].

The required deliverable is a sanctions and financial-crime control memorandum. It should connect the proposed sale documents to the stand-alone operating model and the residual estate. Every material assumption should show its source and sensitivity.

The downside is that completion funds may be blocked or linked to an undisclosed controller. Management should test the base case and a combined downside against minimum cash, customer continuity and the completion timetable. Unsupported benefits should not be treated as available funding.

28. Verify intellectual-property ownership

The seller should trace creation, employment, contractor, assignment, registration, licence and challenge. Relevant evidence includes registers, agreements, repositories, payroll, invoices and disputes. The decision asks what intellectual property is owned, licensed or encumbered. A reliable answer links financial analysis to title, transfer mechanics, operating capability and the applicable approval process [30][77][78][79].

The decision pack should contain an intellectual-property chain-of-title map. It should show calculation dates, owners, dependencies and the documents that implement the conclusion. This creates a defensible record for later scrutiny and post-completion reconciliation.

A material failure occurs when core technology may sit with a founder, contractor or excluded entity. The response should identify a funded cure, alternative perimeter or fallback route. Continuing without one can reduce going-concern value and creditor recovery.

29. Assess technology and architecture

The transaction team should map applications, infrastructure, interfaces, code, dependencies, support and technical debt. Evidence should come from architecture diagrams, repositories, inventories, contracts, logs and interviews. The controlling question is whether the technology can operate safely and independently. The answer should be dated, attributed and linked to the legal entity, asset, liability or operating dependency it describes [80][81][82][83].

The controlled output is a technical-operability assessment. It should state the source, calculation method, owner, exceptions, required approvals and the next irreversible deadline. This allows a board, officeholder, creditor or buyer to reproduce the conclusion when facts change.

The principal risk is that a working demonstration may conceal unsupported dependencies. The team should quantify the effect on liquidity, stand-alone earnings, creditor recoveries, operating continuity and completion probability. A material exception should update the perimeter and funding plan.

30. Assess data rights and privacy

This workstream requires the company and its advisers to identify personal, confidential, regulated, licensed and localisation-restricted data, using data maps, notices, consents, contracts, processing records and transfer tools. The practical test is what data may be disclosed, transferred and used after completion. Analysis should use one cut-off date so that cash, claims, contracts, people and transaction documents reconcile [84][85][86][87].

Decision-makers should maintain a lawful data-transition plan. It should distinguish legal ownership from economic allocation, current evidence from forecast assumptions and committed funding from indications. Qualified advisers retain responsibility for legal, insolvency, tax, pensions, accounting and regulatory judgements.

Execution can fail when diligence or migration may breach data-protection duties. Each dependency needs a control, evidence threshold, escalation route and decision time. The transaction remains viable only while the funded separation plan can absorb a credible delay or shortfall.

31. Assess cyber exposure and access

The readiness team should test identities, privileged access, incidents, vulnerabilities, backups, recovery and third parties. The evidence base includes security logs, scans, policies, incident records, access exports and tests. The central question is whether systems and data can be controlled and recovered. Conclusions should remain at entity and dependency level because the failing group may have pooled cash, shared rights and cross-guarantees [81][82][88][89].

The required deliverable is a cyber risk and access-transition plan. It should connect the proposed sale documents to the stand-alone operating model and the residual estate. Every material assumption should show its source and sensitivity.

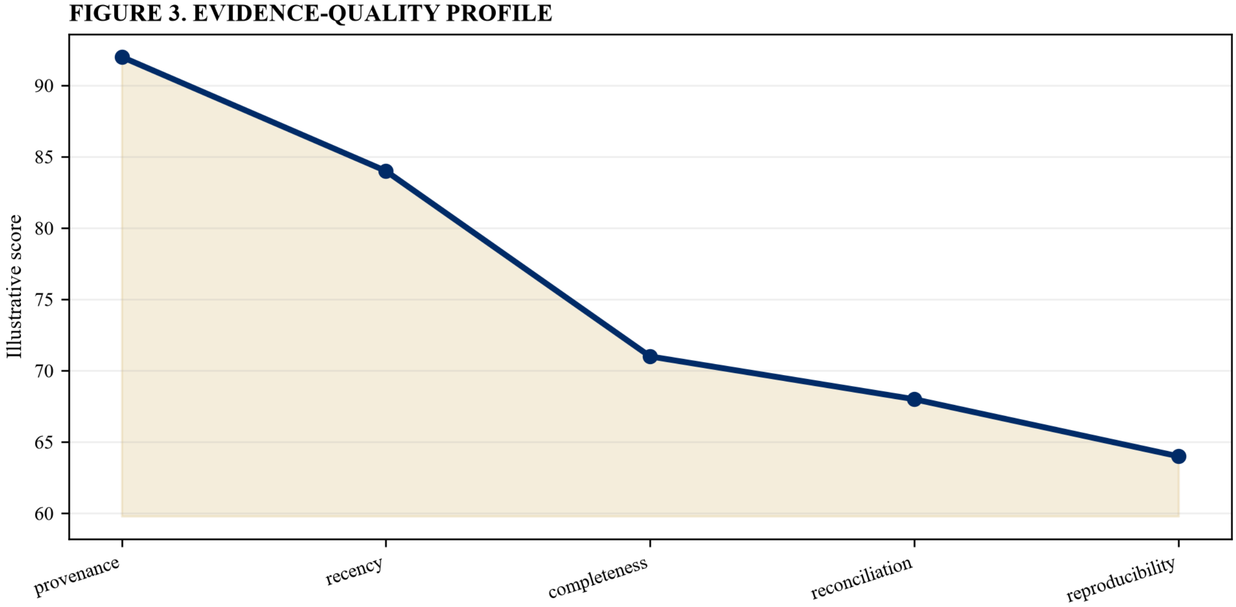
The downside is that seller credentials or compromised systems may survive completion. Management should test the base case and a combined downside against minimum cash, customer continuity and the completion timetable. Unsupported benefits should not be treated as available funding.

Table 3. Evidence-quality score

Evidence item	Provenance	Recency	Reliance
bank confirmation	primary	current	high
signed customer contract	primary	current	high
management schedule	derived	current	medium
undated presentation	derived	unknown	low

Values and scores are analytical scenarios; transaction evidence should replace model values.

Figure 3. Evidence-quality profile



Illustrative analytical scenario; transaction evidence should replace model values.

32. Verify real-estate rights and site dependencies

The seller should reconcile title, leases, mortgages, rights, planning, utilities and change-of-control terms. Relevant evidence includes official title, leases, plans, permits, bills and landlord correspondence. The decision asks which sites can be occupied and operated after completion. A reliable answer links financial analysis to title, transfer mechanics, operating capability and the applicable approval process [31][32][90][91].

The decision pack should contain a property title and continuity schedule. It should show calculation dates, owners, dependencies and the documents that implement the conclusion. This creates a defensible record for later scrutiny and post-completion reconciliation.

A material failure occurs when an informal occupation or restricted title may be treated as secure tenure. The response should identify a funded cure, alternative perimeter or fallback route. Continuing without one can reduce going-concern value and creditor recovery.

33. Assess environment, health and safety

The transaction team should map permits, contamination, waste, emissions, incidents, remediation and assurance. Evidence should come from permits, audits, monitoring, claims, site reports and regulator correspondence. The controlling question is what liabilities and operating controls attach to the buyer. The answer should be dated, attributed and linked to the legal entity, asset, liability or operating dependency it describes [92][93][94][95].

The controlled output is an environmental and safety risk register. It should state the source, calculation method, owner, exceptions, required approvals and the next irreversible deadline. This allows a board, officeholder, creditor or buyer to reproduce the conclusion when facts change.

The principal risk is that latent site exposure can exceed asset value. The team should quantify the effect on liquidity, stand-alone earnings, creditor recoveries, operating continuity and completion probability. A material exception should update the perimeter and funding plan.

34. Map litigation, investigations and complaints

This workstream requires the company and its advisers to identify claims, threatened matters, orders, evidence holds, complaints and settlement terms, using court searches, counsel letters, registers, correspondence and provisions. The practical test is what can crystallise, restrict assets or interrupt operations. Analysis should use one cut-off date so that cash, claims, contracts, people and transaction documents reconcile [17][96][97][98].

Decision-makers should maintain a disputes and investigations schedule. It should distinguish legal ownership from economic allocation, current evidence from forecast assumptions and committed funding from indications. Qualified advisers retain responsibility for legal, insolvency, tax, pensions, accounting and regulatory judgements.

Execution can fail when management may disclose booked claims while omitting threatened matters. Each dependency needs a control, evidence threshold, escalation route and decision time. The transaction remains viable only while the funded separation plan can absorb a credible delay or shortfall.

35. Test insurance and recoveries

The readiness team should verify policies, insured entities, limits, exclusions, claims, premiums and run-off. The evidence base includes policies, schedules, broker letters, claims records and payment evidence. The central question is which risks and historic acts remain covered. Conclusions should remain at entity and dependency level because the failing group may have pooled cash, shared rights and cross-guarantees [99][100][101][102].

The required deliverable is an insurance continuity and recovery matrix. It should connect the proposed sale documents to the stand-alone operating model and the residual estate. Every material assumption should show its source and sensitivity.

The downside is that policy existence may be mistaken for collectible coverage. Management should test the base case and a combined downside against minimum cash, customer continuity and the completion timetable. Unsupported benefits should not be treated as available funding.

36. Map carve-out and shared-service dependencies

The seller should identify shared people, systems, data, sites, contracts, cash and licences. Relevant evidence includes service maps, allocations, agreements, access rights and operating interviews. The decision asks what the perimeter needs from the residual group. A reliable answer links financial analysis to title, transfer mechanics, operating capability and the applicable approval process [3][49][80][103].

The decision pack should contain a dependency and separation schedule. It should show calculation dates, owners, dependencies and the documents that implement the conclusion. This creates a defensible record for later scrutiny and post-completion reconciliation.

A material failure occurs when a viable business may be unable to stand alone at completion. The response should identify a funded cure, alternative perimeter or fallback route. Continuing without one can reduce going-concern value and creditor recovery.

37. Translate findings into valuation and funding

The transaction team should bridge verified earnings, cash, working capital, debt, claims, capex and continuity costs. Evidence should come from diligence findings, models, market evidence and financing terms. The controlling question is what value and funding remain after identified exposures. The answer should be dated, attributed and linked to the legal entity, asset, liability or operating dependency it describes [12][17][40][104].

The controlled output is an evidence-to-value bridge. It should state the source, calculation method, owner, exceptions, required approvals and the next irreversible deadline. This allows a board, officeholder, creditor or buyer to reproduce the conclusion when facts change.

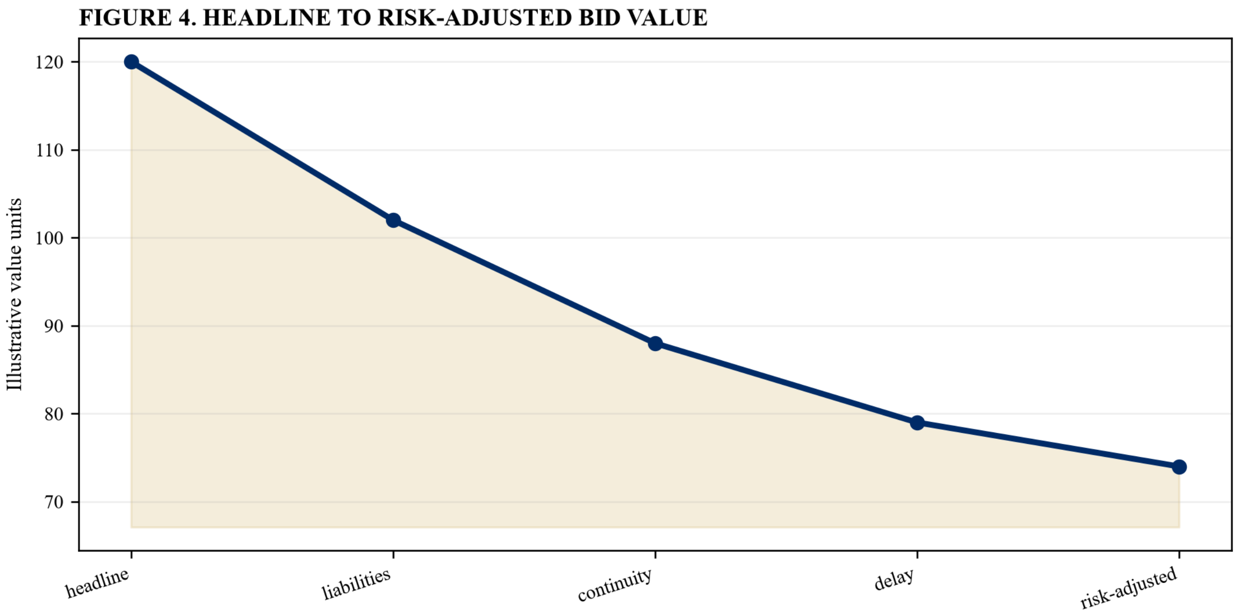
The principal risk is that headline valuation may exclude the cost of making the business operable. The team should quantify the effect on liquidity, stand-alone earnings, creditor recoveries, operating continuity and completion probability. A material exception should update the perimeter and funding plan.

Table 4. Illustrative bid bridge

Measure	Bid A	Bid B	Bid C
headline value	120	114	107
verified liabilities	-18	-12	-8
continuity funding	-14	-8	-5
risk-adjusted value	74	83	86

Values and scores are analytical scenarios; transaction evidence should replace model values.

Figure 4. Headline to risk-adjusted bid value



Illustrative analytical scenario; transaction evidence should replace model values.

38. Allocate unresolved risks contractually

This workstream requires the company and its advisers to convert exceptions into price, conditions, covenants, indemnities, escrows, insurance and walk rights, using exception register, advice, bids, documents and funding. The practical test is who bears each unresolved risk and how it is measured. Analysis should use one cut-off date so that cash, claims, contracts, people and transaction documents reconcile [14][23][105][106].

Decision-makers should maintain a contractual risk-allocation matrix. It should distinguish legal ownership from economic allocation, current evidence from forecast assumptions and committed funding from indications. Qualified advisers retain responsibility for legal, insolvency, tax, pensions, accounting and regulatory judgements.

Execution can fail when generic drafting may not match the quantified exposure. Each dependency needs a control, evidence threshold, escalation route and decision time. The transaction remains viable only while the funded separation plan can absorb a credible delay or shortfall.

39. Build the completion evidence book

The readiness team should assemble authority, title, releases, consents, funding, certificates, notices and funds flow. The evidence base includes signed originals, official evidence, payoff letters, approvals and test results. The central question is whether every completion dependency is satisfied or waived by authority. Conclusions should remain at entity and dependency level because the failing group may have pooled cash, shared rights and cross-guarantees [28][33][66][107].

The required deliverable is a completion control book. It should connect the proposed sale documents to the stand-alone operating model and the residual estate. Every material assumption should show its source and sensitivity.

The downside is that legal completion may occur with an unfunded or unauthorised gap. Management should test the base case and a combined downside against minimum cash, customer continuity and the completion timetable. Unsupported benefits should not be treated as available funding.

40. Govern the first hundred days

The seller should sequence cash, controls, access, customers, suppliers, people, licences and remediation. Relevant evidence includes completion book, transition plans, KPIs, owners and assurance evidence. The decision asks who owns each post-close obligation and proof of closure. A reliable answer links financial analysis to title, transfer mechanics, operating capability and the applicable approval process [15][49][88][108].

The decision pack should contain a hundred-day evidence and value plan. It should show calculation dates, owners, dependencies and the documents that implement the conclusion. This creates a defensible record for later scrutiny and post-completion reconciliation.

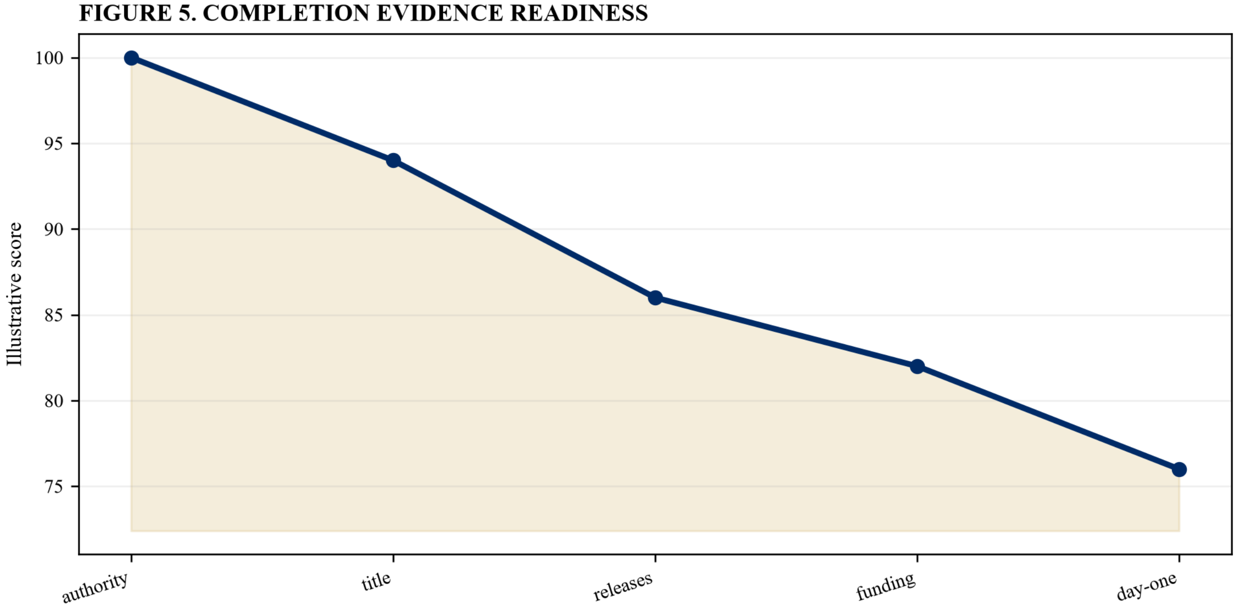
A material failure occurs when open diligence items may disappear after responsibility changes. The response should identify a funded cure, alternative perimeter or fallback route. Continuing without one can reduce going-concern value and creditor recovery.

Table 5. Implementation sequence

Horizon	Decision	Evidence
48 hours	authority, perimeter and runway	mandates, registers and banks
days 3 to 7	title, security and continuity	official records and contracts
to signing	exceptions and allocation	models, advice and documents
day 1 to 100	control and remediation	owners, KPIs and closure evidence

Values and scores are analytical scenarios; transaction evidence should replace model values.

Figure 5. Completion evidence readiness



Illustrative analytical scenario; transaction evidence should replace model values.

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