

AU-CPsp01

## Shares buy-sell agreement: full version

### Share sale agreement

**Sale Shareholder 1:** [name]

**Continuing Shareholder 1:** [name]

**Continuing Shareholder 2:** [name]

**Buyer:** [name]

[Guarantor:]

**Date:** [date]

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Date: [date]

**This agreement is made between:**

[full name 1]  
of [full address] (a Sale Shareholder)  
[full name 2]  
of [full address] (a Sale Shareholder)  
[full name 3]  
of [full address] (a Continuing Shareholder)  
[full name 4]  
of [full address] (a Continuing Shareholder)  
[full name 5]  
of [full address] (the "Buyer")  
[full name 6]  
of [full address] (the "Guarantor")

**Background**

- A. The Buyer has agreed with the Shareholders to buy the
- B. The Continuing Shareholders have agreed to join in this agreement for the
- C. The Guarantor has agreed to guarantee the performance of this

**Terms of agreement**

**1. Definitions**

So far as the context permits, the following words

:

"Accountants" means the firm of [name of Accountants]

[ ].

"Accounts"	means the audited profit and loss account and balance sheet as at the Last Year End of
"Asset"	means fixed or moveable, tangible or intangible property, including
"Business"	means any business conducted by the Company now or likely to be 12
"Completion Date"	means today or whatever future date when
"Confidential Information"	means all information about the parties to this agreement, including any information which may give a commercially competitive advantage  information about staff and their personal contact information, data or information relating to product plans, marketing strategies, finance, operations, customer relationships, customer profiles, sales estimates, business plans,  information about the Intellectual Property and
"Continuing Shareholder"	means a shareholder who does not sell shares in this agreement, but who joins in
"Contract"	means any contract whatever, to which the
"Disclosure Letter"	means the disclosure letter of the same date as this agreement from
"Domain Names"	means the Internet domain names used by the Company in connection with its Website or in

"First Year Accounts"	means the audited consolidated balance sheet of the Company at <a href="#">[first date after today to which annual</a> ].
"FRS"	means a financial reporting standard issued by
"Intellectual Property"	means intellectual property of every sort, whether or not registered or registrable in any country, including intellectual property of kinds coming into existence after today; and including, among others, patents, trade marks, unregistered marks, designs, copyrights, software, domain names, discoveries, know-
"Last Year End"	means <a href="#">[date]</a> (being the date to which ).
"Net Assets"	means the net assets of the Company as defined by
"Net Profit"	means the consolidated profit (less losses) of the Company as shown by ( ): <ul style="list-style-type: none"> <li>(a) after deducting all expenses and depreciation;</li> <li>(b) after adding added back all payments, bonuses, options and pensions and any ;</li> <li>(c) after adding back sums for transactions not at</li> <li>(d) without taking account of capital profits or losses;</li> <li>(e) before deducting tax on that profit.</li> </ul>

"Price"	means \$ [15. 47 ]
"Properties"	means the land and buildings owned and /
"Purchase Price"	means the
"Sale Shareholder"	means a shareholder who
"Sale Shares"	[number] ordinary shares of \$ [ 1 ]
"Shares"	means all the
"Shareholder"	means every person
"Trustee"	means a
"Trustee Warranties"	means the limited warranties given by any Trustee.
"Warranties"	means any warranties given in this agreement.
"Website"	means the websites of the Company and all data of the Company

## 2. Interpretation

In this agreement unless the context otherwise requires:

- 2.1 a reference to one gender shall include any or
- 2.2 a reference to a person includes a ,
- 2.3 a reference to a person includes reference to that person's successors, legal representatives,
- 2.4 a reference to a paragraph or schedule is to
- 2.5 the headings to the paragraphs and schedules ( )
- 2.6 any agreement by any party not to do or
- 2.7 [\[except where stated otherwise\]](#),
- 2.8 a reference to the knowledge, information, belief or awareness
- 2.9 a reference to an act or
- 2.10 all money sums mentioned in this agreement are calculated net of
- 2.11 this agreement is made only in the English language. If there is any conflict in meaning between the English language version of this

agreement

### **3. Agreement for sale and subscription**

Subject to this agreement, the Buyer now

3

1

3.1 The Sale Shareholders each now agree to sell the number

3

1

3.2 The Price is

3.3 Each of the Sale Shareholders now waives any pre-

3.4 The Continuing Shareholders each agree to

3.5 The Guarantor agrees

3.6 Each Sale Shareholder will resign

3.7 So far as any Sale Shareholder has any power or control of any aspect

### **4. Calculation of minimum Net Profit**



4.1 After completion of this agreement the Accountants shall be instructed jointly by the Sale Shareholders [ ]

4.2 The cost of the audit and certification shall be paid as to

OR

4.3 The cost of the

4.4 The parties shall promptly provide to the

4.5 If the Net Profit shown by the First Year Accounts is less \$ [ ], [ 3 ]

4.6 Any reduction in the Purchase Price

4.7 If the Sale Shareholders fail to make payment within [14] days, [ ] %

## 5. Completion and delivery of documents

5.1 Completion of this transaction shall take place immediately upon the signing of ,

5.2 The Sale Shareholders shall deliver to the Buyer:

5.2.1 signed share transfer forms ;

5.2.2 [If the Company ] ;

5.2.3 the resignations of certain directors, namely [names] and the secretary of the Company, with a

5.2.4 [the resignation ];

5.2.5 written confirmation by each ;

5.2.6 a list of .

*(Only if control is to be changed)*

5.2.7 the certificate of incorporation of the Company;

5.2.8 the appropriate forms to be ;

5.2.9 [Employment contracts / service agreements], signed in escrow, [ 1 ] [ 2 ] [ 3 ] ;

5.2.10 all records relating , .

5.2.11 The minutes of meetings , : [name] [ ] ;

transfer forms ;

the resignations of [name] [ ] [ ] .

5.3 Following Completion, the Buyer shall obtain the release of

- 5.4 The Sale Shareholders , ,  
:
- 5.4.1 immediately repay to the Company any  
;
- 5.4.2 immediately and constantly use their best endeavours to  
transfer all matters relating to

## 6. Warranties applicability and limitation

- 6.1 None of the
- 6.2 Each of the Sale Shareholders undertakes, in relation to any Warranty  
,
- 6.3 Each of the
- 6.4 The rights and remedies of the Buyer in
- 6.5 [\[Each Sale Shareholder / Every party to this agreement\]](#)
- 6.6 The Buyer may make any agreement with one or more  
,
- 6.7 The Buyer acknowledges that it has not
- 6.8 The Buyer undertakes to use his best endeavours to [\[operate / manage  
/ / \]](#)

6.9 If and only if any warranty cannot be generally referable to

## 7. Warranties by Sale Shareholders

The Sale Shareholders ( )

:

7.1 (If any Sale Shareholder is a ) [

];]

7.2 there is no

;

7.3 the Sale Shareholders are entitled to transfer the

;

7.4 the Sale Shareholders are entitled to transfer the Sale

;

7.5 after completion of this ,

7.6 except as disclosed in the Disclosure Letter, all of the

3

;

7.7 the contents of the Disclosure Letter are true

,

;

7.8 The Warranties

## 8. Trustee Warranties

Each of the Trustees warrants:

8.1 that he has legal title to \_\_\_\_\_ ;

8.2 that he has both \_\_\_\_\_ ;

8.3 that he has no knowledge of any circumstance unknown \_\_\_\_\_ .

## 9. Warranties by Continuing Shareholders

Each Continuing Shareholder now jointly and severally warrants that to the best of his knowledge, the \_\_\_\_\_ [ 2 ] \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ .

1-7

17-30

## 10. Restrictive agreement

So that the Buyer has the full benefit \_\_\_\_\_ , \_\_\_\_\_ : \_\_\_\_\_ .

10.1 for [3] years after Completion Date, either alone or jointly with \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ .

10.2 at any time after Completion Date disclose to any person, \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ ; \_\_\_\_\_ , \_\_\_\_\_ .

10.3 for [three] years after Completion Date either on his own account or for any other person directly \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ .

10.4 Each of the Sale Shareholders now agrees that this paragraph shall be treated as

10.5 Following completion of this agreement, none of the Sale Shareholders will register

## 11. Sale Shareholders' protection

11.1 Any claim against any Shareholder, in relation to the

11.2 No claim shall be valid unless made in writing, before the expiry of [ ]

11.3 If proceedings in respect of a Warranty claim have not been issued and served [ ]

11.4 No single Shareholder can be liable for any Warranty claim unless his

\$ [ 5 , 000 ].

11.5 In any event, the maximum \$ [ 100 , 000 ].

## 12. Guarantor

The Guarantor agrees:

12.1 that his obligations are made to the Buyer.

12.2 that his obligations will continue

;

12.3 to indemnify the Buyer against all losses incurred as a result of any failure by any Sale Shareholder to

### **13. Miscellaneous matters**

13.1 No amendment or variation to this agreement

13.2 The parties acknowledge and agree that this

13.3 Unless otherwise stated in this agreement, all expenses in connection

13.4 So far as any time,

13.5 If any term or provision of this agreement is at any time held by any jurisdiction to be void, invalid or unenforceable, then it shall be treated

13.6 [If any of the Sale Shares shall at any time be sold or transferred, the benefit](#)

OR

13.7 This agreement shall be binding upon each party's successors, assigns and ( )

13.8 No failure or delay by any party to exercise any right,

13.9 The parties agree that

13.10 Any communication to be served on either of the parties

It shall be deemed to have been delivered:

if delivered :

;

if sent by post : 72

;

If sent by : 24

;

If sent by e-mail to the address from which the receiving party has last sent e-mail: 24

-

. [

-

].

13.11 In the event of a dispute between the parties to this agreement,

13.12 This agreement does



13.13 In the event of any conflict between any term of this agreement and the

13.14 This agreement may be executed in multiple counterparts

13.15 The validity, construction and performance of this agreement shall be governed by [ ]

[ ].

Signed by [personal name], a Sale Shareholders

Signed by [personal name], a Sale Shareholders

Signed by [personal name], a Continuing Shareholders

Signed by [personal name], a Continuing Shareholders

Signed by [personal name], the Guarantor

Signed by [personal name], the Buyer

## Schedule 1 - Shareholdings

### Shareholder name and address

	No shares owned	Number of Sale Shares
[Here list the Sale , , ,		
Peter Maurice Woodward	8500	500
Stockland House 181 Castlereagh Street Sydney, NSW		
Susan Kate Peters	12000	8000
234 Hunter Street Bolton Street Newcastle NSW 2300		
Ali Saeed	12000	12000
26 Lee Street Sydney		
etc, etc]		

## Schedule 2 - Details of the Company

Company number: [number]

Date of incorporation: [date]

Share capital: [10, 000 \$ 1 ]

Registered office: [address]

Directors: [list all names in full]

Secretary: [name in full]

## Schedule 3 - The Warranties

### General

1. All of the information and
2. All information concerning the Company, given by the Sale
3. All facts and data which could
4. No information has been held back
5. No governmental organisation
- 6.
- 7.

### No damaging effect of this agreement

8.
  - 8.1.
  - 8.2. any employee will leave the Company.
9. No term of this agreement conflicts with:
  - 9.1.
  - 9.2. the constitution of the Company.

10.

**Company structure and operation**

11.

[ 5 ] %

12.

13.

14.

15.

16.

17.

18.

19.

**Accounts**

20.

[ ]

21.

[ ].

22.

23. The Accounts:

23.1.

;

23.2.

2001 ,

;

23.3. comply with FRS.

23.4.

,

24.

:

its purchase price;

its production cost;

its net realisable value.

25.

26. Since the Last Year End:

26.1.

;

26.2.

,

;

26.3.

,

27.

**Cash flow**

28.

29.

30.

31.

**Taxation**

32.

33.

34.

35.

36.

37.

[ ]

38.

39.

40.

].

### **Guarantees and borrowing**

41.

41.1.

;

41.2. the terms of every loan;

41.3.

;

41.4.

42.

43.

44.

### **Assets**

45. All Assets used by the Company:

45.1. are in its possession and control;



45.2. ,  
;

45.3. ;

45.4. ;

45.5. are required to operate the Business.

46. [ \$ [ ] ]  
[ ] .

### Trading and contracts

47. - - , / , ,  
.

48. .

49. Since the Last Year End:

49.1. ;

49.2. the Company has paid its creditors promptly;

49.3. ;

49.4. [ ] .

50. , :

50.1. ;

50.2. no payments due to the Company are overdue;

50.3. all contracts comply with the relevant law;

50.4.

51. [ / ]

52. No existing Contract is for work which:

52.1. is outside the normal course of business;

52.2. [ ] ;

52.3. is likely to result in a loss;

52.4. ;

52.5. [ 10 ] %

53. [ ] .

54. ,

55.

56. [ ],

57. [ 25 ]

[ 25 ]

58. ,

59.

60.

### **Statutory restrictions**

61.

2010 .

62.

63.

### **Litigation and regulation**

64.

65.

66.

### **Properties - all**

67.

4 .

68.

69. None of the Properties is:

69.1.

;

69.2. situated in a conservation area;

69.3.

;

69.4. in an area liable to flooding.

70. 4

71.

72.

72.1.

72.2.

72.3. there are no rent reviews in progress.

73. -

74.

75.

76.

77.

78.

78.1.

78.2.

79.

- 79.1. water;
- 79.2. drainage;
- 79.3. electricity;
- 79.4. gas;
- 79.5. telecommunications.

80.

81.

82.

83.

**Properties let by the Company**

84.

4 .

85.

86.

:

- 86.1. the name and address of the tenant;
- 86.2. the name and address of any guarantor;
- 86.3. the address of the Property;

86.4.

;

86.5. the rent;

86.6.

;

86.7.

,

,

;

86.8.

;

86.9.

,

,

;

86.10.

.

86.11. any unusual provisions.

87.

.

### **Defective Products and Service Liabilities**

88.

.

89. The Disclosure Letter list particulars of:

89.1.

;

89.2.

;

89.3.

.

### **Exceptional regulations**

90. No part of the Business is:

90.1. /  
;

90.2. A producers of replacement components for such vehicles;

90.3. /  
(  
).

91. ,  
, - ,

2007 .

92. .

93. ,  
.

### Employees

94. , -  
.

95. .

96. - .

97. [ ] ,  
[ %  
].

98. [ ] .

99.

100. The Company is involved in no employment dispute.

### **Pensions**

101.

5 .

*OR*

102.

102.1. *copies of the trust deeds;*

102.2. *the latest report by the fund manager;*

102.3. *details of the current membership.*

103.

### **Insurance**

104.

105. No policy contains any special term or restriction.

106.

107.

### **Intellectual Property**

108.



109.

110.

111.

112.

113.

114.

115.

**Information technology (“IT”)**

116.

116.1. the name;

116.2. name and contact information of registrant;

116.3. tag holder name, land address and website;

116.4. date to which the name is registered;

117.

118.

119.

120. [ ].

121. .

122. ,  
:

122.1. ;

122.2. technical, customer and client support services;

122.3. ;

122.4. an email service provider.

123. . 12

124. ,

. .

125. , :

125.1. ;

125.2. what password he uses;

125.3.

. .

125.4.

. .

## **Schedule 4 - Short particulars of the properties**

Part 1: Freehold properties

2 :

Part 3: Particulars of tenancies

## Schedule 5 - Pension arrangements

[

]

## Explanatory notes:

### Shares buy-sell agreement: plain

## General notes

### 1. What is the deal?

We have provided for a deal involving the purchase and sale of existing shares. The structure of your deal will be agreed only after extensive consideration of the effects in tax and control of the company.

This document covers a deal whereby the buyer receives cash from a sale by shareholders. There is no reason why the sale

### 2. Which shareholders will be bound?

Unlike an agreement to buy all the shares in a company, where the buyer will want fullest protection, in the circumstances of an acquisition of less than all the shares, the buyer may or may not wish

Your decision on which warranties to use and which to delete depends on how far you want to tie down the selling shareholders - or

### 3. Complete the agreement now

This agreement has been drawn for completion immediately "as signed". To complete the transaction, each party should sign and date and exchange copies. The agreement proves for multiple

The parties must then immediately do whatever else they have promised in order to complete the process. It is perfectly possible to complete at a later date than the agreement is signed. However, problems then arise with control of the company

## Paragraph Specific Notes:

Notes with reference to specific paragraph numbers

## 1. Definitions

You will find it easiest to edit the document then come back

First Year Accounts: the sale of a company rarely falls at the perfect time to tie in with prompt preparation of annual accounts. A buyer must either insist on new accounts soon after completion, or chase for completion very soon after the last annual accounts, or simply take pot luck. But there is no reason in

"Net Profit" must be considered very carefully, as it is the base lines for calculation of a shortfall. The important point is to make the calculation the same for pre and post sale of shares, so that figures are truly comparable. Of course, you may not

If the same accountants conduct the audits, that should present no problem. If the buyer is likely to appoint new accountants, he would be wise to obtain a written statement from the sale shareholders' accountants setting out the method of calculation, so that he can instruct new accountants to use the same methodology. It may also be necessary further

Provision has been made for the proposition that one or more people may hold shares as trustees. The buyer should make certain that any such person is a disinterested trustee. It could be that a major sale shareholder has placed some of the shares in a family trust and he remains a trustee, or that some other person is a trustee. Either way, the buyer should insist that such person himself either gives full warranties or guarantees the same on behalf of his trustee(s).

## 2. Interpretation

A number of provisions are there, each of which has application at one of more points later in the document. We suggest you do

## 3. Agreement for sale

This is the basic deal. Edit only to reflect the precise terms

#### **4. Calculation of minimum Net Profit**

The template document provides for the possibility of a "claw back" from the sale shareholders of some part of the purchase price in the event of the company failing to produce expected profits. Clearly, this provision is inappropriate if the buyer is buying only a small minority interest. However, if the interest bought is material, or a loan is attached, or the company depends on particular future events

#### **5. Completion and delivery of documents**

We have included here only the documents whose form and content are well known in advance. By far the largest set of documents will

5.1. The company may retain shareholder records electronically and not through share certificates. If used at all, share certificates are documents of title, but if not available (lost or never issued), a

5.2. The buyer will wish to avoid any claim for compensation by a former director. But the directors are not (necessarily) shareholders, so it is important that they are bound by the proposition that they have no claim. If they receive no "consideration" as directors, they will not be bound by a simple statement

" "

5.3. This provides for any key people to remain as employees. Their new contracts would be dated the same date as the agreement and would take

5.4. The sale shareholders will already have satisfied themselves that the beneficiary of a guarantee (like a bank)

#### **6. Warranties applicability and limitation**

In other words, the Buyer can do a deal or let off one sale shareholder without

## 7. Warranties

Warranties can be given by any shareholder, where a seller or a continuing shareholder. It is up to you to edit

It may be that you have been invited to buy shares by the continuing shareholders and it is therefore they, and not the sale shareholders, who should

"Joint and several liability" means that all the sale shareholders are jointly liable. No one of them can avoid liability to the buyer by saying he was personally not to be blamed. This means that the buyer can (and would) claim against the wealthier sale shareholders if

To avoid this situation, the sale shareholders should prepare a simple shareholders agreement setting out exactly which of them is responsible for what areas and who pays what to whom in the event of a claim. Such an agreement cannot prejudice the buyer, who still may sue whom he wishes. It serves only to sort the position between the shareholders themselves. One of the

A company may sign up a deal, by the hand of its directors, but if its constitution of company prevent such a contract being made (for one of any number of reasons), then it can wash its hands of

Unlike the warranties in Schedule 3, these are so fundamental to the transaction that it is reasonable that they should be unlimited. (Remember to change the !)

## 8. Trustees Warranties

The trustees warrant only that they are selling fairly and know of no reason why the sale should not proceed. He has

## 9. Continuing Shareholder Warranties

The buyer may insist on some warranties by the continuing shareholders. They will be his co-shareholders once this agreement has been completed. It would not have been possible to put this deal together without them, so they should be prepared to co-operate. The warranties required by the buyer could



be any or

#### **10. Restrictive agreement**

These provisions are required to protect the buyer and are reasonable. Note that they do not prevent a former director from setting up in competition, unless he is also a shareholder. Such a restriction would

This paragraph may not be enforceable against a sale shareholder who has hitherto had no interest in the business of the

#### **11. Sale Shareholders' protection**

This paragraph is most important to the sale shareholders as it caps their liability. How this is done is a matter for negotiation. This proposal is fair, subject of course to

#### **12. Guarantor**

Delete if not required.

#### **13. Miscellaneous matters**

A number of special points. We have identified each of these as important to protect you. Some are relevant to particular paragraphs in the document,

### **The Sale Shareholders' signatures**

If no more than say, ten sale shareholders, then all should sign. There are no rules on this. If more than say ten, then buyer should make sure the signing sale shareholder really does have authority to sign on behalf of every other sale shareholder. This can

" "

## No further notes on numbered paragraphs

### Notes on Schedule 3 Warranties

Warranties: a buyer has no particular "right" to warranties other than those given in the body of the document 3 .

We have provided here a very full set of warranties. They are suitable for a transaction where the buyer -

The extent and your choice of warranties will also depend on the industry sector, the proportion of control

These warranties have been drawn to provide as large a "menu" as possible to a prospective buyer. Some

- A. Delete any warranties that do
- B. Tick to accept those warranties that you
- C. For the rest, check those which may to some extent duplicate
- D. Do not delete warranties relating to matters about which full information has already been provided. If you
- E. Add new industry-specific

Take the document to your account to check and

For sale shareholders, warranties may be greatly reduced in effect simply by changing sentence " " " "

Warranties relating to accounts and tax are usually passed to the company accountants with an instruction such as: "Please confirm that the sale shareholders may safely give these warranties. Please also provide precise text

### **Note: explanation of warranties**

To use this document you have to understand how warranties work. They are simpler than

### **Warranties - the inside-out promises**

The first matter to consider is the "back-to-front" way in which the buyer or his lawyer pulls out information from a seller. Most legal agreements consist in a number

The agreement is drawn by the buyer. That is fair because the buyer knows nothing about the business and the seller knows everything (we hope)! So the agreement first covers the mechanics of the deal - what is being sold, where it is, how it is to be transferred, and so on. Then it

Warranties work like this: I am a seller. You produce an agreement. In that agreement, ( )  
60

The letter of disclosure is the other "half" of the process. In my letter of disclosure, I refer in turn to each of the warranties you have written in to the agreement. I then qualify them in the letter, so as to make them true. I do this by providing the information which then

" ( )

In that way, before he can sue you, the buyer has to prove not merely that the warranty is breached, but that you knew it was wrong

“Where any warranty refers to the knowledge, information or belief of the seller, he undertakes that it has made

”  
!

Suppose the seller warrants:

“Neither the seller nor any of its shareholders has any interest, directly or indirectly, in any

”

The reply to this warranty above could also be that

Now, finally, let us suppose the warranty had not been in the draft agreement at all. This is what would have happened: I sell to you. My dear old mum steps in and makes the peace between me and my brother and in five minutes I am in there

You may find aspects of my illustration to be immoral. That may be. But I assure you that the World is full of pleasant people

### **Warranties - seller's tactics**

The “task” of the seller is essentially to provide full and truthful information and to avoid being tripped up in the process. The task of the buyer is to ask for the warranties,

“ ”

As a seller, you have a number of

:

- You be the one to produce the draft agreement and remove the “ ” ;
- When you receive the draft agreement, you must seek the ;
- in your draft disclosure letter, which will be sent to the buyer with your amendments , ;
- Consider the breadth of each warranty. It may be appropriate to give a , ;
- Even where you “answer” the warranty in some way, there is still a strong case for qualifying absolute warranties, “ ” “ ”. ;
- At all costs avoid the easy way out of leaving the warranties as they are. It is odds on that your buyer, who ,

### Warranties - buyer’s response

If you want a fair and satisfactory outcome, use warranties. The weight of advantage is firmly with the seller. He has the .

However, if your warranties are all “absolute” in matters where it is unreasonable to expect the seller to ,

Set out the warranties according to the transaction. Do not include warranties which ,

If the seller is represented by a solicitor, you will have to decide whether this creates an uneven playing field. “

”

“

”

!

Some solicitors acting for a buyer will see the provision of warranties as an opportunity to go back to

## Warranties: drafting notes continued

It is good practice to delete irrelevant warranties,

“

”

”

“

### General

These are very basic and general requirements. They are also broad,

### No damaging effect of this agreement

The buyer needs to

### Company structure and operation

With reference to the licences and consents: in any business which has been operating for more than a few

A loan (or some other borrowing) by a company can be registered at Australian

! ( )

### **Accounts, Cash flow and Taxation**

The buyer should take advice

The basis of valuation of the business is likely to have been the last audited annual accounts,

### **Guarantees and borrowing**

A list of creditors should be readily

### **Assets**

Even if all accounts information is absolutely correct,

The most important answers sought here are as

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### **Trading and Contracts**

This section covers every contract - from customers and suppliers to the office cleaner and the car leases. Particular care should be taken with

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The buyer's requirement for details of customers and suppliers will be  
1,000

The most common reason for litigation about contracts arises because someone,

### **Litigation and regulation**

These warranties are general,

### **Properties - all**

Real property is

Most of these items cover the facts that would be

### **Properties let by the Company**

If none, delete.

### **Defective Products and Service Liabilities**

No matter how strong the insurance, this is an area for unwavering questioning. We strongly

### **Exceptional regulations**

The reason why we have included this special section is that these items have become

### **Employees**



If your involvement in the business is not relevant to management,

### **Pensions**

See our comment above on “Employees”.

### **Insurance**

We have no comment

### **Intellectual Property**

All businesses acquire some intellectual property. Even quite small

A buyer should consider what IP this company might need

### **Information technology (“IT”)**

These are of course an item of intellectual property. We have placed them under a separate heading to

## **End of notes**