CA-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:	[■ ■ ■ ■]

Contents

1. Definitions
2. Interpretation
3. Agreement for sale and subscription
4. Calculation of minimum Net Profit
5. Completion and delivery of documents
6. Warranties applicability and limitation
7. Warranties by Sale Shareholders
8. Trustees Warranties
9. Warranties by Continuing Shareholders
10. Restrictive agreement
11. Sale Shareholders' protection
12. Guarantor
13. Miscellaneous matters

Schedule 1 Shareholdings
Schedule 2 Details of the Company
Schedule 3 Warranties
General
No damaging effect of this agreement
Company structure and operation
Accounts
Cash flow
Taxation
Guarantees and borrowing
Assets
Trading and contracts
Statutory restrictions
Litigation and regulation
Properties - all
Properties let by the Company
Defective Products and Service Liabilities
Exceptional regulations
Employment
Pensions
Insurance
Intellectual Property
Information technology
Schedule 4 Short particulars of the properties
Schedule 5 Pension arrangements

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 [redacted].

B. The Continuing Shareholders have agreed to join in this agreement for the [redacted].

C. The Guarantor has agreed to guarantee the performance of this [redacted].

Terms of agreement

1. Definitions

So far as the context permits, the following words [redacted]:

© Andrew Taylor and Net Lawman Ltd

"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 ■ ■ ■ ■

"Domain Names"	means the Internet domain names used by the Company in connection with its Website or in ■ ■ ■

■ ■ ■ ■ ■ ■

(d) without taking account of capital profits or losses;

(e) before deducting tax on that profit.

"Price"	means $ [15.47] for each ordinary ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ .
"Property/ies"	means the land and buildings owned and / or used by the Company, brief details ■ 4 .
"Purchase Price"	means the total price paid today ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ .
"Sale Shareholder"	means a shareholder who sells his shares in the Company ■ .
"Sale Shares"	[number] ordinary shares of $ [1] each being the shares ■ .
"Shares"	means all the shares in the Company, ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ .
"Shareholder"	means every person who is a shareholder immediately ■ .
"Trustee"	means a Sale Shareholder who holds ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ .
"Trustee Warranties"	means the limited warranties given by any Trustee.
"Warranties"	means any warranties given in this agreement.
"Website"	means the website of the Company and all data of the Company accessed via the Internet, together with all software systems, website "engines", ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ , ■ .

© Andrew Taylor and Net Lawman Ltd

2. Interpretation

In this agreement unless the context otherwise requires:

2.1 a reference to one gender shall include any or all genders and a reference to the singular may be interpreted ■ ■ ■

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 [redacted], [redacted]. [redacted], [redacted].

3. Agreement for sale and subscription

Subject to this agreement, the Buyer now [redacted] 3 [redacted] 1 [redacted].

3.1 The Sale Shareholders each now agree to sell the number [redacted] 3 [redacted] 1 [redacted].

3.2 The Price is [redacted].

3.3 Each of the Sale Shareholders now waives any pre- [redacted], [redacted].

3.4 The Continuing Shareholders each agree to [redacted].

3.5 The Guarantor agrees [redacted].

3.6 Each Sale Shareholder will resign [redacted].

3.7 So far as any Sale Shareholder has any power or control of any aspect [redacted], [redacted], [redacted].

© Andrew Taylor and Net Lawman Ltd

4. Calculation of minimum Net Profit

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

4.2 The cost of the audit and certification shall be paid as to [redacted], [redacted], [redacted].

OR

4.3 The cost of the [redacted].

4.4 The parties shall promptly provide to the [redacted].

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

4.6 Any reduction in the Purchase Price [redacted].

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

5. Completion and delivery of documents

5.1 Completion of this transaction shall take place immediately upon the signing of [redacted], [redacted].

5.2 The Sale Shareholders shall deliver to the Buyer:

© Andrew Taylor and Net Lawman Ltd

5.2.1 signed share transfer forms [redacted], [redacted];

5.2.2 [If the Company [redacted]] [redacted];

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

5.2.4 [the resignation [redacted]];

5.2.5 written confirmation by each [redacted];

5.2.6 a list of [redacted].

(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 [redacted];

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

5.2.10 all records relating [redacted], [redacted].

5.2.11 The minutes of meetings [redacted], [redacted]:

[name] [redacted] [[redacted]] [redacted];

transfer forms [redacted];

the resignations of [name] [redacted] [[redacted]] [redacted] [[redacted]] [redacted].

© Andrew Taylor and Net Lawman Ltd

5.3 Following Completion, the Buyer shall obtain the release of [redacted].

5.4 The Sale Shareholders [redacted], [redacted], [redacted]:

5.4.1 immediately repay to the Company any [redacted];

5.4.2 immediately and constantly use their best endeavours to transfer all matters relating to [redacted].

6. Warranties applicability and limitation

6.1 None of the [redacted].

6.2 Each of the Sale Shareholders undertakes, in relation to any Warranty [redacted], [redacted], [redacted].

6.3 Each of the [redacted].

6.4 The rights and remedies of the Buyer in [redacted].

6.5 [Each Sale Shareholder / Every party to this agreement] [redacted].

6.6 The Buyer may make any agreement with one or more [redacted], [redacted].

© Andrew Taylor and Net Lawman Ltd

6.7 The Buyer acknowledges that it has not [redacted].

6.8 The Buyer undertakes to use his best endeavours to [operate / manage / [redacted] / [redacted]] [redacted].

6.9 If and only if any warranty cannot be generally referable to [redacted], [redacted].

7. Warranties by Sale Shareholders

The Sale Shareholders ([redacted]) [redacted]:

7.1 (If any Sale Shareholder is a [redacted]) [[redacted];]

7.2 there is no [redacted];

7.3 the Sale Shareholders are entitled to transfer the [redacted];

7.4 the Sale Shareholders are entitled to transfer the Sale [redacted];

7.5 after completion of this [redacted], [redacted];

7.6 except as disclosed in the Disclosure Letter, all of the [redacted] 3 [redacted], [redacted], [redacted], [redacted], [redacted];

© Andrew Taylor and Net Lawman Ltd

7.7 the contents of the Disclosure Letter are true [redacted] ;

7.8 the Warranties [redacted] .

8. Trustee Warranties

Each of the Trustees warrants:

8.1 that he has legal title to [redacted] ;

8.2 that he has both [redacted] ;

8.3 that he has no knowledge of any circumstance unknown [redacted] .

9. Warranties by Continuing Shareholders

Each Continuing Shareholder now jointly and severally warrants that to the best of his knowledge, the [redacted] [2] [redacted] :

1-7

17-30

10. Restrictive agreement

10.1 So that the Buyer has the full benefit [redacted] :

10.1.1 for [3] years after Completion Date, either alone or jointly with [redacted]

© Andrew Taylor and Net Lawman Ltd

[redacted].

10.1.2 at any time after Completion Date disclose to any person, [redacted], [redacted], [redacted];

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

10.2 Each of the Sale Shareholders now agrees that this paragraph shall be treated as [redacted], [redacted], [redacted].

10.3 Following completion of this agreement, none of the Sale Shareholders will register [redacted].

11. Sale Shareholders' protection

11.1 Any claim, against any Shareholder, in relation to [redacted], [redacted], [redacted].

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

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

© Andrew Taylor and Net Lawman Ltd

11.4 No single Shareholder can be liable for any Warranty claim unless his [redacted], [redacted] $ [5 , 000].

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

12. Guarantor

The Guarantor agrees:

12.1 that his obligations are made to the Buyer.

12.2 that his obligations will continue [redacted];

12.3 to indemnify the Buyer against all losses incurred as a result of any failure by any Sale Shareholder to [redacted]. [redacted], [redacted], [redacted].

13. Miscellaneous matters

13.1 No amendment or variation to this agreement [redacted], [redacted].

13.2 The parties acknowledge and agree that this [redacted].

13.3 Unless otherwise stated in this agreement, all expenses in connection [redacted], [redacted].

13.4 So far as any time, [redacted], [redacted].

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

© Andrew Taylor and Net Lawman Ltd

[redacted], [redacted] [redacted]. [redacted], [redacted] [redacted].

13.6 Any obligation in this agreement [redacted].

13.7 No public announcement shall be made [redacted].

13.8 If any of the Sale Shares shall at any time be sold or transferred, the benefit [redacted].

OR

13.9 This agreement shall be binding upon each party's successors, assigns and [redacted] ([redacted]) [redacted] [redacted].

13.10 No failure or delay by any party to exercise any right, [redacted].

13.11 The parties agree that [redacted].

13.12 Any communication to be served on either of the parties [redacted] - [redacted].

It shall be deemed to have been delivered:

if delivered [redacted]: [redacted] [redacted];

if sent by post [redacted]: [redacted] 72 [redacted]

© Andrew Taylor and Net Lawman Ltd

[redacted];

If sent by [redacted]: [redacted] 24 [redacted];

If sent by e-mail to the address from which the receiving party has last sent e-mail: [redacted] 24 [redacted]-[redacted].[[redacted]-[redacted].[redacted], [redacted]].

13.13 In the event of a dispute between the parties to this agreement, [redacted].

13.14 This agreement does [redacted].

13.15 In the event of any conflict between any term of this agreement and the [redacted], [redacted].

13.16 This agreement may be executed in multiple counterparts [redacted].

13.17 The validity, construction and performance of this agreement shall be governed by [redacted] [[redacted]] [redacted] [[redacted]].

Signed by [personal name], a Sale Shareholders

Signed by [personal name], a Sale Shareholders

© Andrew Taylor and Net Lawman Ltd

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

© Andrew Taylor and Net Lawman Ltd

Schedule 1: Shareholdings

Shareholder name and address

	No shares owned	Number of Sale Shares
[Here list the Sale ■ ■ ■ ■ , ■ ■ ■ ■ , ■ , ■ ■ ■ ■ ■ ■ ■ ■		
Peter Maurice Woodward	8500	500
80 Wellington Street Brantford ON N3T 2L9		
Susan Kate Peters	12000	8000
Elgin Street 4th Floor Ottawa ON K2P 2K1		
Ali Saeed	12000	12000
Broadway Avenue, ■ ■ ■ ■ # 7 ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ 1J7		
etc, etc]		

© Andrew Taylor and Net Lawman Ltd

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]

© Andrew Taylor and Net Lawman Ltd

Schedule 3: The Warranties

General

1. All of the information and [redacted].

2. All information concerning the Company, given by the Sale [redacted], [redacted], [redacted], [redacted].

3. All facts and data which could [redacted], [redacted].

4. No information has been held back [redacted], [redacted], [redacted].

5. No governmental organisation [redacted].

6. The Company has at all times complied with current practice recommended by any department of government [redacted], [redacted], [redacted], [redacted].

7. Since the last year end [redacted].

No damaging effect of this agreement

8. The Sale Shareholders have no reason to [redacted]:

    8.1. any contractual or non-contractual [redacted], [redacted], [redacted];

    8.2. any employee will leave the Company.

9. No term of this agreement conflicts with:

    9.1. any other contract [redacted];

    9.2. the articles of incorporation of the Company.

© Andrew Taylor and Net Lawman Ltd

10. No term of this agreement nor the agreement as [redacted] , [redacted] .

Company structure and operation

11. None of the Sale Shareholders has any interest, directly or indirectly, in any business (other than those of [redacted]) [redacted] . [redacted] [5] % [redacted] ([redacted]).

12. The Company has not entered into any contract by which [redacted] .

13. The Company has fulfilled every [redacted] .

14. So far as any other company is a debtor [redacted] , [redacted] .

15. No guarantee [redacted] .

16. The Company uses no [redacted] [[redacted] / [redacted]].

17. The Company is not now, and has not [redacted] , [redacted] , [redacted] , [redacted] .

18. No person other than [redacted] , [redacted] .

19. [redacted] , [redacted] .

Accounts

© Andrew Taylor and Net Lawman Ltd

20. [redacted] [redacted] [redacted].

21. [redacted] [redacted].

22. [redacted].

23. The Accounts:

    23.1. [redacted];

    23.2. [redacted], [redacted];

    23.3. [redacted];

    23.4. [redacted], [redacted].

24. [redacted]:

    its purchase price;

    its production cost;

    its net realisable value.

25. [redacted].

26. Since the Last Year End:

    26.1. [redacted];

    26.2. [redacted], [redacted];

    26.3. [redacted], [redacted].

© Andrew Taylor and Net Lawman Ltd

27. [redacted]

Cash flow

28. [redacted]

29. [redacted]

30. [redacted]

31. [redacted]

Taxation

32. [redacted]

33. [redacted]

34. [redacted]

35. [redacted]

36. [redacted]

37. [redacted]

© Andrew Taylor and Net Lawman Ltd

[redacted].

38. [redacted].

39. [redacted].

40. [redacted] / [redacted] [[redacted] / [redacted]].

Guarantees and borrowing

41. [redacted], [redacted]:

    41.1. [redacted];

    41.2. the terms of every loan;

    41.3. [redacted];

    41.4. [redacted].

42. [redacted].

43. [redacted], [redacted], [redacted].

44. [redacted].

Assets

© Andrew Taylor and Net Lawman Ltd

45. All Assets used by the Company:

45.1. are in its possession and control;

45.2. [redacted];

45.3. [redacted];

45.4. [redacted];

45.5. are required to operate the Business.

46. [redacted] $ [redacted]] [redacted] [redacted] [redacted].

Trading and contracts

47. [redacted], [redacted] - [redacted] - [redacted], [redacted] / [redacted], [redacted].

48. [redacted].

49. Since the Last Year End:

49.1. [redacted];

49.2. the Company has paid its creditors promptly;

49.3. [redacted];

49.4. [redacted] [redacted] [redacted].

50. [redacted], [redacted]:

© Andrew Taylor and Net Lawman Ltd

50.1. [redacted];

50.2. no payments due to the Company are overdue;

50.3. all contracts comply with the relevant law;

50.4. [redacted].

51. [redacted] [[redacted] / [redacted]] [redacted].

52. No existing Contract is for work which:

52.1. is outside the normal course of business;

52.2. [redacted] [[redacted]] [redacted];

52.3. is likely to result in a loss;

52.4. [redacted];

52.5. [redacted] [10] % [redacted].

53. [redacted] [[redacted]] [redacted].

54. [redacted], [redacted]

55. [redacted].

56. [redacted] [[redacted]], [redacted].

57. [redacted] [25] [redacted] [25] [redacted].

© Andrew Taylor and Net Lawman Ltd

58. [redacted], [redacted].

59. [redacted].

60. [redacted].

Statutory restrictions

61. [redacted]-[redacted], [redacted].

62. [redacted], [redacted].

63. [redacted].

Litigation and regulation

64. [redacted].

65. [redacted], [redacted].

66. [redacted].

Properties - all

67. [redacted]4.

68. [redacted].

© Andrew Taylor and Net Lawman Ltd

69. None of the Properties is:

69.1. [redacted] ;

69.2. situated in a conservation area;

69.3. [redacted] ;

69.4. in an area liable to flooding.

70. [redacted] 4 [redacted] , [redacted] .

71. [redacted] .

72. [redacted] :

72.1. [redacted] .

72.2. there are no rent reviews in progress.

73. [redacted] , [redacted] - [redacted] .

74. [redacted] .

75. [redacted] , [redacted] .

76. [redacted] .

77. [redacted] .

78. [redacted] , [redacted] :

© Andrew Taylor and Net Lawman Ltd

78.1. [redacted];

78.2. [redacted].

79. [redacted]:

79.1. water;

79.2. drainage;

79.3. electricity;

79.4. gas;

79.5. telecommunications.

80. [redacted]. [redacted].

81. [redacted].

82. [redacted].

83. [redacted], [redacted], [redacted], [redacted]- [redacted].

Properties let by the Company

[redacted].

84. [redacted], [redacted] 4 .

85. [redacted].

© Andrew Taylor and Net Lawman Ltd

86. [redacted]:

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. [redacted];

86.5. the rent;

86.6. [redacted];

86.7. [redacted], [redacted], [redacted];

86.8. [redacted];

86.9. [redacted], [redacted], [redacted];

86.10. [redacted].

86.11. any unusual provisions.

87. [redacted].

Defective Products and Service Liabilities

88. [redacted].

89. The Disclosure Letter list particulars of:

© Andrew Taylor and Net Lawman Ltd

89.1. [redacted];

89.2. [redacted];

89.3. [redacted].

Exceptional regulations

90. No part of the Business is:

90.1. [redacted]/[redacted];

90.2. A producers of replacement components for such vehicles;

90.3. [redacted]/[redacted]([redacted]).

91. [redacted], [redacted], [redacted]-[redacted], [redacted].

92. [redacted].

93. [redacted], [redacted] 2003 .

Employees

94. [redacted], [redacted]-[redacted].

95. [redacted].

96. [redacted]-[redacted].

© Andrew Taylor and Net Lawman Ltd

97. [redacted] [redacted] [redacted] [redacted] %[redacted].

98. [redacted] [redacted] [redacted].

99. [redacted].

100. The Company is involved in no employment dispute.

Pensions

101. [redacted] 5 .

OR

102. [redacted]:

102.1. copies of the trust deeds;

102.2. the latest report by the fund manager;

102.3. details of the current membership.

103. [redacted].

Insurance

104. [redacted].

105. No policy contains any special term or restriction.

106. [redacted]

© Andrew Taylor and Net Lawman Ltd

[redacted], [redacted].

107. [redacted].

Intellectual Property

108. [redacted].

109. [redacted].

110. [redacted].

111. [redacted].

112. [redacted].

113. [redacted].

114. [redacted] ([redacted]) [redacted], [redacted].

115. [redacted] - [redacted].

Information technology ("IT")

116. [redacted]:

116.1. the name;

116.2. name and contact information of registrant;

© Andrew Taylor and Net Lawman Ltd

116.3. tag holder name, land address and website;

116.4. date to which the name is registered;

117. [redacted].

118. [redacted].

119. [redacted], [redacted];

120. [redacted] [[redacted]].

121. [redacted], [redacted].

122. [redacted], [redacted]:

122.1. [redacted];

122.2. technical, customer and client support services;

122.3. [redacted];

122.4. an email service provider.

123. [redacted]. [redacted] 12 [redacted].

124. [redacted], [redacted].

125. [redacted], [redacted]:

© Andrew Taylor and Net Lawman Ltd

125.1. [redacted];

125.2. what password he uses;

125.3. [redacted].

125.4. [redacted].

© Andrew Taylor and Net Lawman Ltd

Schedule 4: Short particulars of the properties

Part 1: Freehold properties

■ ■ ■ ■ 2 : ■ ■ ■

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. ■ ■ ■

copies. The agreement proves for multiple ■ ■ ■

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). ■ ■ ■

■ ■ ■

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 ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■

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, [redacted].

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 [redacted].

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 [redacted] 3 [redacted].

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

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

These warranties have been draw to provide as large a "menu" as possible to a prospective buyer. Some [redacted].

A. Delete any warranties that do [redacted].

B. Tick to accept those warranties that you [redacted].

© Andrew Taylor and Net Lawman Ltd

C. For the rest, check those which may to some extent duplicate [redacted].

D. Do not delete warranties relating to matters about which full information has already been provided. If you [redacted],

E. Add new industry-specific [redacted].

Take the document to your account to check and [redacted].

For sale shareholders, warranties may be greatly reduced in effect simply by changing sentence [redacted].

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 [redacted]."

Note: explanation of warranties

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

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 [redacted].

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 [redacted].

© Andrew Taylor and Net Lawman Ltd

[redacted] . [redacted] , [redacted] , [redacted] .

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

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 [redacted] . [redacted] . [redacted] “ [redacted] ”. [redacted] , [redacted] ([redacted]) [redacted] .

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 [redacted] . [redacted] . [redacted] :

“Where any warranty refers to the knowledge, information or belief of the seller, he undertakes that it has made [redacted] ”. [redacted] , [redacted] , [redacted] !

Suppose the seller warrants:

“Neither the seller nor any of its shareholders has any interest, directly or indirectly, in any [redacted] .”

The reply to this warranty above could also be that [redacted] .

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 [redacted] , [redacted] . [redacted]

© Andrew Taylor and Net Lawman Ltd

[redacted] . [redacted] , [redacted] .

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 [redacted] , [redacted] . [redacted] , [redacted] .

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, [redacted] . [redacted] . [redacted] " [redacted] " [redacted] .

As a seller, you have a number of [redacted] :

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

Warranties - buyer's response

If you want a fair and satisfactory outcome, use warranties. [redacted] . [redacted] . [redacted]

© Andrew Taylor and Net Lawman Ltd

[redacted]

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

Set out the warranties according to the transaction. Do not include warranties which [redacted]

If the seller is represented by a lawyer, you will have to decide whether this creates an uneven playing field. [redacted]

Some lawyers acting for a buyer will see the provision of warranties as an opportunity to go back to [redacted]

Warranties: drafting notes continued

It is good practice to delete irrelevant warranties, [redacted]

General

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

© Andrew Taylor and Net Lawman Ltd

[redacted]

No damaging effect of this agreement

The buyer needs to [redacted]

Company structure and operation

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

A loan (or some other borrowing) by a company can be registered at provincial [redacted]

Accounts, Cash flow and Taxation

The buyer should take advice [redacted]

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

Guarantees and borrowing

A list of creditors should be readily [redacted]

Assets

© Andrew Taylor and Net Lawman Ltd

Even if all accounts information is absolutely correct, [redacted].

The most important answers sought here are as [redacted]!

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 [redacted].

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

The most common reason for litigation about contracts arises because someone, [redacted].

Litigation and regulation

These warranties are general, [redacted] - [redacted].

Properties - all

Real property is [redacted].

Most of these items cover the facts that would be [redacted].

Properties let by the Company

© Andrew Taylor and Net Lawman Ltd

If none, delete.

Defective Products and Service Liabilities

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

Exceptional regulations

The reason why we have included this special section is that these items have become [redacted] . [redacted] . [redacted] , [redacted] ; [redacted] .

Employees

If your involvement in the business is not relevant to management, [redacted] . [redacted] , [redacted] . [redacted] .

Pensions

See our comment above on “Employees”.

Insurance

We have no comment

Intellectual Property

All businesses acquire some intellectual property. Even quite small [redacted] . [redacted] . [redacted] .

A buyer should consider what IP this company might need [redacted] . [redacted] ; [redacted] - [redacted] .

© Andrew Taylor and Net Lawman Ltd

Information technology ("IT")

These are of course an item of intellectual property. We have placed them under a separate heading to [redacted] . [redacted] - [redacted] , [redacted] . [redacted] . [redacted] " [redacted] " [redacted] .

End of notes

© Andrew Taylor and Net Lawman Ltd