CA-CPsp03

Shares subscription agreement: basic

Date:	[date]
between:	
Shareholder 1:	[name]
Shareholder 2:	[name]
Shareholder 3:	[name]
Shareholder 4:	[name]
and	[Company name]
and	[Subscriber name]

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Date: [date]

This agreement is made between:

[Company name] incorporation number [number], whose registered office is [redacted] [[redacted]] [redacted] “ [redacted] ”

	[full name 1]	
of	[full address]	(a Shareholder)
	[full name 2]	
of	[full address]	(a Shareholder)
	[full name 3]	
of	[full address]	(a Shareholder)
	[full name 4]	
of	[full address]	(a Shareholder)
	[full name 5]	
of	[full address]	(the "Subscriber”)

Background

A. The Subscriber has agreed with the Shareholders to lend the Company the [redacted] $ [5 , 000 , 000]. [redacted] .

B. The parties have agreed that [redacted] [4560] [redacted] .

C. The Company joins in this [redacted] .

Terms of agreement

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1. Definitions

So far as the [redacted] , [redacted] :

“Accountants” means the firm [redacted] [[redacted]] [redacted] [[redacted]].

“Accounts” means the audited profit and loss account and [redacted] .

“Audit Report Date” means the date when [redacted] .

“Completion Date” means today or [redacted] .

“First Year Accounts” means the audited consolidated balance sheet of the [redacted] [[redacted]]

“First Payment” means $ [50,000] the sum [redacted] .

“Net Profit” means the consolidated profit (less [redacted]) [redacted] ([redacted]):

(a) after deducting all expenses and depreciation;
(b) after adding added back all payments, [redacted] , [redacted] , [redacted] ;
(c) after adding back [redacted]
(d) without taking account of capital profits or losses;
(e) before deducting tax on that profit.

“New Shares” means new ordinary shares of $ [1] [redacted]

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[redacted], [redacted].

"Shareholder" means every person [redacted].

"Subscription Price" means the price which the [redacted], [redacted] $[15.47].

"Total Price" means the number [redacted].

2. Interpretation

In this agreement unless the context otherwise requires:

2.1. a reference to a person includes a [redacted], [redacted].

2.2. in connection with any benefit given by [redacted], [redacted], [redacted].

2.3. a reference to a person includes reference to that person's successors, legal representatives, [redacted], [redacted], [redacted]-[redacted].

2.4. the headings of the paragraphs and schedules ([redacted]) [redacted].

2.5. [except where stated otherwise], [redacted].

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

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2.7. [redacted].

2.8. [redacted] / [redacted], [redacted], [redacted].

3. Agreement for subscription

3.1. [redacted]:

3.1.1 [redacted] [4 , 650] [redacted].

3.1.2 [redacted] $[[redacted]] [redacted].

3.2. [redacted]. [redacted] [60] [redacted].

3.3. [redacted] $ [50 , 000] [[redacted]].

3.4. [redacted].

4. Calculation of minimum Net Profit

4.1. [redacted]

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[[redacted]] [redacted].

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

OR

4.3. [redacted].

4.4. [redacted].

4.5. [redacted] $[[redacted]] [redacted] [[redacted]] [redacted]. [redacted], [redacted].

5. Completion and delivery of documents

5.1. [redacted].

5.2. The Shareholders shall deliver to the Subscriber:

5.2.1 a share certificate for the New Shares.

5.2.2 [redacted] [[redacted]] [redacted], [redacted], [redacted];

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5.2.3 [redacted].

(Only if control is to be changed)

5.2.4 [redacted] - [redacted] - [redacted];

5.2.5 the certificate of incorporation of the Company;

5.2.6 [redacted];

5.2.7 [[redacted] / [redacted]], [redacted], [redacted] [[redacted] 1] [redacted] [[redacted] 2] [redacted] [[redacted] 3] [redacted];

5.2.8 [redacted], [redacted]:

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

[redacted];

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

6. Miscellaneous matters

6.1. [redacted].

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

6.3. [redacted]

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[redacted]

6.4. [redacted]

6.5. [redacted]

6.6. [redacted]

6.7. [redacted]

6.8. [redacted]

It shall be deemed to have been delivered:

[redacted]: [redacted];

[redacted]: [redacted] 72 [redacted];

[redacted]: [redacted] 24 [redacted];

[redacted] - [redacted] - [redacted]: [redacted] 24 [redacted] - [redacted]. [redacted] - [redacted]. [redacted],

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[redacted].

6.9. [redacted], [redacted].

6.10. [redacted].

6.11. [redacted], [redacted].

6.12. [redacted].

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

Signed by [name] a director of the Company, who certifies that he has the authority of the Company to sign this agreement on its behalf

Signed by [personal name], a Shareholder

Signed by [personal name], a Shareholder

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Signed by [personal name], a Shareholder

Signed by [personal name], a Shareholder

Signed by [personal name], the Subscriber

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Explanatory notes:

Shares subscription agreement: basic

General notes

1. What is the deal?

This document covers a deal whereby the subscriber subscribes to new shares. The structure of your deal will be agreed only after extensive consideration of the effects in tax and control of the company. We have not tried to give you examples. Where we have inserted a figure, we have done so only to tell you that a figure [redacted].

So far as different documents are inter-reliant, all documents should be exchanged as a pack. Do not complete one part of the agreement and leave some other part outstanding. Specifically, if a loan is involved you should record it properly in a loan agreement. [redacted].

2. Complete the agreement now

This agreement has been drawn for completion immediately "as signed". Signing completes the deal. 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 [redacted].

Paragraph specific notes

Notes numbering refers to paragraph numbers.

1. Definitions

You will find it easiest to edit the [redacted].

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First Year Accounts: the sale of a company rarely falls at the perfect time to tie in with prompt preparation of annual accounts. A subscriber must either insist on new accounts soon after completion, or chase for completion [redacted].

"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 [redacted].

If the same accountants conduct the audits, that should present no problem. If the subscriber is likely to appoint new accountants, he would be wise to obtain a written statement from the shareholders' accountants setting out the method of [redacted].

2. Interpretation

There are some provisions, each of which has application at one of more points later [redacted].

3. Agreement for subscription

This is the basic deal. Edit only [redacted].

4. Calculation of minimum Net Profit

The template document provides for the possibility of a "claw back" from the shareholders of some part of the purchase price in [redacted].

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5. Completion and delivery of documents

We have included [redacted].

5.1. Share certificates are documents of title, [redacted] ([redacted]), [redacted].

5.2. The subscriber will wish to avoid any claim for compensation by a former director. But the directors are [redacted] ([redacted]) [redacted], [redacted]. [redacted] "[redacted]" [redacted], [redacted]. [redacted] "[redacted]".

6. Miscellaneous matters

A number of special points. We have identified each of these as [redacted]. [redacted], [redacted]. [redacted]. [redacted].

The shareholders' signatures

If no more than say, ten shareholders, then all should sign. There are no rules on this. If more than say [redacted], [redacted]. [redacted], [redacted] "[redacted]" [redacted]. [redacted].

End of notes

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