

IN-COMbsl08

## **Business sale agreement: motor repair garage or service station**

**Date:** [date]

**Between:**

**The Buyer is:** [name] of [address]

**The Seller is:** [name] of [address]

**The Guarantor is:** [name] of [address]

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**Agreement for the Sale and Purchase of the Business known as [name]**

This agreement is dated: [date]

**Personal version:**

The Buyer is: [name]  
of [private address]

The Seller is: [name]  
of [private address]

The First Guarantor is: [name]  
of [private address]

The Second Guarantor is: [name]  
of [private address]

OR

**Corporate version**

The Buyer is: ABC Pvt Limited, a company incorporated in the Republic of India [under corporate identity number [number] ]  
[ ].

The Seller is: DEF Pvt Limited, a company incorporated in the Republic of India [under corporate identity number [number] ]  
[ ].

The First Guarantor is: [name]  
of [private address]

The Second Guarantor is: [name]  
of [private address]

**NOTE:**

*The personal version is for an individual seller and not a company seller. Delete whichever does not apply. Do the same for the buyer. Throughout this agreement,*

*we have assumed that the seller is an individual, but*

”

“ ” “

**It is now agreed as follows:**

## **1. Definitions**

So far as the context permits, the following words

:

"Accounts"	means the audited profit and loss account of the Business, made up to [day and month] in each year and the
"Last Accounts Date"	means the date to which the Accounts have
"Assets"	means all tangible and intangible assets whatever, owned by the
"Business"	means the [type of business] business carried on by the Seller until this today under the name and [ ]
"Contracts"	means current contracts of the Seller in relation to the Business,
"Creditors"	means trade creditors and accrued charges in connection with the Business
"Disclosures"	means the disclosures set out in
"Disclosure Letter"	means the disclosure letter of the same date as this agreement from the Seller
"Employee/Employees"	means a person who is employed by the Seller

	for
"Excluded Assets"	means the Assets listed in Schedule 3 which are owned by the Seller but
"Goodwill"	means the goodwill in relation to the Business, being goodwill of the Seller until this
"ISP"	means the Internet service provider;
"Lease"	means the lease or leases , [ ,]
"Payment Service Provider"	means the banking intermediary who provides
"Price"	means the
"Products / Services"	means the products
"Property/Properties"	means the freehold or leasehold properties, , 1 .
"Stocks"	means stocks of Products, raw materials, work in progress and finished goods, and goods for - , , ,
"Third Party Software"	means software owned by some

"Warranty/Warranties" means the warranties and

"Website" means [www.\[URL\]](#) and [www.\[URL\]](#) and

## 2. Corporate seller provisions

If the Seller is a

2.1 Every reference to the Seller shall be interpreted

2.2 The Business may

2.3 Every reference to the Business shall be interpreted as

2.4 Every reference to the Company

## 3. Interpretation

This agreement

3.1 A reference to a person includes a

3.2 In connection with any benefit given by

3.3 A reference to a person includes reference to that person's successors, legal representatives,

3.4 A reference to the knowledge, information, belief or awareness

3.5 A reference to a paragraph or schedule is to

3.6 The headings to the paragraphs and schedules ( )

3.7 Any agreement by any party not to do or

3.8 [\[except where stated otherwise\]](#),

3.9 A reference to the knowledge, information, belief or awareness

3.10 A reference to an act or

3.11 All money sums mentioned in this

3.12 This agreement is made only in the English language. If there is any conflict in meaning between the English language version of this agreement and any

## 4. Entire agreement

4.1 Each party acknowledges that this agreement and the Disclosure Letter

4.2 So far as any relevant law permits, conditions,

4.3 Each of the parties warrants that he  
[  
].

4.4 The Seller warrants and undertakes that he is not

## 5. Buyer's acknowledgment of inspection

The Buyer admits that:

5.1 the Assets agreed to

;

5.2 he enters into this agreement on the basis of that inspection and not in reliance

[

].

## 6. Agreement for sale

6.1 Subject to the terms of this agreement,

:

6.1.1 the Business as a going concern;



- 6.1.2 the Leasehold Property;
- 6.1.3 the Assets;
- 6.1.4 the Stocks;
- 6.1.5 the benefit of the Contracts;
- 6.1.6 all other Assets owned by

6.2 Completion shall take place today,

6.3 The assignment of the leasehold

1 .

## 7. Transfer of Contracts

The Seller undertakes that for a period of [three] years, he will do his utmost

7.1 enter into any novation agreement.

7.2 provide information about any  
[ ] .

7.3 immediately tell the

## 8. The Price

8.1 The Price for the Business shall

:

Goodwill	Rs [ ]
Leasehold Properties	Rs [ ]
Assets	Rs [ ]

Contracts and all other property, Assets and rights	Nil
The Stocks	To be ascertained
<b>Total Price [excluding Stock]</b>	<b>Rs [ ]</b>

8.2 The Price shall be paid as follows:

8.2.1 as to Rs [amount], by banker's draft /

8.2.2 as to the ,

8.3 If the assignment of the Lease cannot be completed today, /  
[ ]

8.4 Value added tax will :  
*[list property on which VAT payable]*

OR

8.5 The Price .

## 9. Items to be delivered to the Buyer at completion

The Seller shall handover to the Buyer or otherwise ,  
:

9.1 whatever the ;

9.2 all books , ;

9.3 all information and records relating to customers and suppliers,  
including a list of all the [ ]  
[ ],

;

- 9.4 complete records relating to Employees, [ 6 ]
- 9.5 *[if the seller is a limited company]* signed and certified copy of the minutes of a meeting of [ ];
- 9.6 assignment of the leasehold Property *[unless* ];
- 9.7 marketing material of every sort in any medium;
- 9.8 all other .

## 10. Completion

- 10.1 As soon as the items listed above have passed into the possession , , .
- 10.2 The Seller has a continuing obligation to do what is , - , .
- 10.3 The Buyer shall not be obliged to .
- 10.4 If any or all of the transactions set out in this paragraph do not , .

## 11. Employees transferred

11.1 The parties agree that with effect from today, the

11.2 The Buyer agrees to indemnify the Seller against any

## 12. Stocks

12.1 For the purpose of  
[ ].

OR

12.2 The parties shall within [14 days] of today's date jointly attend to the valuation of the

12.3 The amounts agreed or decided under the last previous sub-paragraph shall

[ ]

12.4 The Seller shall be liable for

## 13. Debtors

13.1 The Buyer shall use all reasonable effort to collect the debts on

13.2 If it becomes apparent to the Buyer that recovery of any of the book debts is not likely to be possible within

13.3 Where a debtor who has so failed to pay,

13.4 Unless the debtor shows a contrary intention when making payment,

13.5 The Seller may inspect the books of the Buyer for  
[ 12 ]

## 14. Creditors and liabilities

14.1 The Seller shall immediately discharge all the debts of the

OR

14.2 The Seller shall remain liable for all claims by third parties in respect of any [Products / Services] supplied by the Seller or any act or omission of the Seller prior

14.3 After today, the Buyer must discharge the outstanding obligations and liabilities of the Seller under the Contracts, including

/ ].

14.4 The Buyer shall not be liable for any breach of any contract by the

## 15. Value Added Tax (VAT)

15.1 The parties shall procure that the sale of the Business

15.2 The parties have entered into this agreement on the basis that

15.3 The Seller shall immediately deliver to

15.4 The Buyer shall for a period of not less than [6 years]

## 16. Warranties by the Seller

16.1 The Seller warrants to the Buyer that:

16.1.1 the Warranties set [ 4 ]

;

16.1.2 the Disclosures are true, accurate and comprehensive;

16.1.3 where any Warranty refers to the knowledge, information

16.1.4 where the subject matter of a Warranty may refer both to the

16.2 The Seller agrees to indemnify the Buyer against all costs, claims and

16.3 The Warranties in this agreement are not

OR

16.4 The Warranties in this agreement are not limited in monetary value, but  
no claim

[ ]

## 17. Limitation of Seller's liability

17.1 Except in the case of death or personal injury, the total liability of the  
Seller under [ 10 , 000 ].

17.2 This paragraph (and any other paragraph which excludes or restricts  
the )

## 18. Future activities

In order to give the

18.1 for a period of [2] years after the date of agreement without the Buyer's prior written consent

[ ]

[ ]

;

18.2 within [three years] of today, make or sell any product or service which competes with any

[ ]

18.3 within [three years] of today, employ or provide work

[ ]

18.4 trade under any name

## 19. The Guarantee

19.1 [Each of]

:

19.1.1 that every statement,

;

19.1.2 that he will procure

;

19.1.3 that he will indemnify the Buyer against all

,

;

19.2 [ ]

,

19.3 [ ]



19.4 This guarantee is limited to:

19.4.1 the sum of [sum] in total;

19.4.2 [ ]

## 20. Publicity / Announcements

20.1

OR

20.2 No party shall:

20.2.1 make any public announcement; or

20.2.2 disclose any information; or

20.2.3

20.3

5,

## 21. Damages not adequate

,

[ ]

,

,

] [ /

## 22. Miscellaneous matters

22.1

22.2

22.3

22.4

22.5

22.6

22.7

22.8

22.9

It shall be deemed to have been delivered:

;

72 ;

- : 24

.[

)]

].

22.10

22.11

22.12

22.13

22.14

22.15

**Signed by [personal name]** on behalf of **[named Seller]** as its / his representative who personally accepts liability for the proper authorisation by **[named Seller]** to enter into this agreement.

**Signed by [personal name]** on behalf of **[named Buyer]** as its / his representative who personally accepts liability for the proper authorisation by **[named Buyer]** to enter into this agreement.

**Signed by [personal name]** on behalf of **[named Guarantor]** as its / his representative who personally accepts liability for the proper authorisation by **[named Guarantor]** to enter into this agreement.

**OR**

**Signed by [Seller name in full]**

AND

**Signed by [Buyer name in full]**

AND

**Signed by [Guarantor]**

## Schedule 1: Leasehold Property

50

[ , ]

1.

2. [ ]

3.

4.

OR

5. [ ]

6.

7.

OR

8.

*AND*

9.

9.1

9.2

9.3

9.4

9.5

9.6

Witness to signature:

Name:

Address

**Signed by [personal name],** duly authorised for the Buyer

Witness to signature:

Name:

Address

**Signed by [personal name],** the Guarantor

Witness to signature:

Name:

Address

## Schedule 2: Assets

*[list Assets]*



## **Schedule 3: Excluded Assets**

*[list excluded assets]*

## Schedule 4 - Warranties

[

,

.]

### General

1.

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2.

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,

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3.

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4.

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,

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5.

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,

,

6.

,

-

,

.

7.

[ ]

,

.

### Accounts

8.

[ ]

.

9. [ ].

10. The Accounts:

10.1.

;

10.2.

;

10.3.

2013 ,

;

11.

:

its purchase price;

its net realisable value.

12.

13.

;

13.1.

;

13.2.

13.3.

14.

,

## Assets

15. All Assets:

15.1. are transferred by this agreement and

15.2. ,

;

15.3.

;

16.

[

[ ]

[ ]]

### Trading and contracts

17.

18.

19.

[ 25 ]

[ 25 ]

20.

[ ] ,

21.

].

[

22.

,

,

23.

,

24.

25.

## **Employees**

26. The Disclosure Letter contains for each Employee:

26.1. an employment history;

26.2. a curriculum vitae;

26.3. terms of employment;

26.4. non-contractual matters and informal arrangements.

27.

28.

[ ]

29.

[ ]

30. The Seller is involved in no employment dispute.

31.

32.

33.

## **Leasehold Property**

34.

35.

36.

37.

38.

39.

39.1. water;

39.2. drainage;

39.3. electricity.

40.

41. As to the lease:

41.1.

41.2. there are no rent reviews in progress.

42.

### **Information technology ("IT")**

43.

44.

45.

46.

46.1.

46.2. what password he uses;

46.3.

46.4.

**End of Warranties**

## **Schedule5 - Press release**

*[Set down the text you have agreed].*



## Explanatory notes:

### Business sale agreement: motor repair garage or service station

## General notes

This is a long document which requires many changes. We suggest you save a perfect copy in case

### 1. Who is the named seller?

In naming a party at the top of the document, use the personal version for any human person or people who are together a partnership,

### 2. The Guarantee

This note covers the general proposition about a guarantee. As you will appreciate, a contract with a company is often worth nothing. The money you pay could be in the Bahamas with the director and his wife a few hours after you have completed. If you buy from a human person, you are safer, but

For a company, the guarantors should be the directors or controlling shareholders. For a private individual, insist on a spouse, life partner

If the seller is just one individual, he may be prepared to become bankrupt after having transferred assets to a spouse. So you

You can obtain additional security by structuring your deal for payment in instalments, particularly if the amount is related to profit performance. Most sellers will be reluctant to accept this,

### 3. Advantage to the buyer

This document is usually drawn and submitted by the buyer to the seller. If you are the seller, you have a great advantage if you are able to present this draft to

### 4. Warranties and disclosure letter

The seller has a reason to sell. That may not be the reason he has given to you. The only way you can cover yourself is through the warranties. An agreement for the sale and purchase of a business or a company is all about the warranties. What you ask in warranties, and what the seller replies in the disclosure letter are of great importance. If a warranty does not apply, delete it. Generally, do

#### **5. Disclosure letter to be worked up**

The agreement proposes that the disclosure letter is handed over at completion. It is - in the final accepted version. However, the buyer should obtain a draft disclosure letter as soon as ever possible. It will contain many matters for the buyer's further investigation. It is likely that

#### **6. Property lease references**

If no real property is to change hands, delete all references to it. Otherwise, read on. A formal legal assignment of each property will be required. This document contains a form of assignment of leasehold in the first schedule. It should be repeated for each

#### **7. Initial extra pages**

In a document as complicated as this, it is good practice for all parties to initial each page

## **Matters relating to numbered paragraphs in the document**

(some points are covered in the Warranties )

#### **1. Definitions**

Please read the general notes sent along with

For "Confidential Information", we have provided a very full menu of items. Depending on your business,

But if you do change any defined word, make sure it applies to every capitalised use

You should first decide on the contents of the document, then return to check what definitions are needed and whether they really

## **2. Corporate seller provisions**

This paragraph cross references the parties and obligations back to the seller company. If the seller in your case is a company, leave

## **3. Interpretation**

Leave these items in place unless there is a good reason to edit or remove. Each of these items has been carefully considered in the context of this agreement and has been included for a purpose.

## **4. Entire agreement**

This paragraph prevents a party from later saying he was relying on some other document or web site or what was said. If other documents are to be relied on (if any), let them be

## **5. Buyer's acknowledgment of inspection**

In practice the buyer will have inspected whatever he needs to inspect. This paragraph is usually required to protect the seller. If you

## **6. Agreement for sale**

There may be an overlap in this list: use the descriptions that are

## **7. Transfer of contracts**

If you buy a business as a going concern, you need to be sure that every person with whom the business deals, comes with it. It is generally impossible to fix up contract transfer arrangements in advance of the purchase, so this paragraph covers the best way to deal after the event. The most crucial part is the co-operation of the seller. If he

## **8. The Price**

The buyer may wish to apportion the purchase price among the assets first, for tax purposes; and second, so that if by chance some item is not available on completion, there is some yardstick for a claim. In most cases however, the basis for

For various tax purposes it may be important to specify

:

Goodwill

Leasehold property

Assets

Intellectual Property

Stock for sale or manufacture

You should consult an accountant as to the most favourable apportionments, although the other party will also have a view as

## **9. Items to be delivered at completion**

It is essential for a smooth transaction that the seller assembles absolutely all the documents which will be needed on completion. It is a good idea to ask the seller for a list of them when you send him with a copy of this agreement in final form. Remember to

It is not of course necessary to physically move or hand assets to the buyer. Delivery means delivery of possession. Some assets may of course be handed over physically,

The necessity to transfer rights and contracts with third party suppliers may cause problems. We suggest that the best way must be to put the obligation on the seller to get all service changes in place, subject to a telephone call, which can be made on

Alternatively, the buyer should open his own separate account with

## 10. Completion

It is a matter of negotiation and agreement as to the mechanics of completion and in particular when final issues are to be completed. Leasehold property will have been dealt with in advance, but domain names may present more difficulty since there are no provisions for a conditional transfer. The buyer has to decide how long

The power to rescind is very strong. Usually, when a buyer has taken control of

## 11. Employees transferred

The law is quite complicated, but very simple, an employer may not sell or (“ ”)

## 12. Stocks

Stock can be anything, so the agreement is drawn in broad terms. But the buyer should make arrangements which

## 13. Debtors

The arrangement we have provided is the most common

## 14. Creditors and liabilities

We think this is a good arrangement but

## 15. Value Added Tax (VAT)

The transfer of business as going

## 16. Warranties by the Seller

See later for full

This paragraph - confirmation of the warranties - is critical to

This paragraph provides for the warranties to be given by both the seller and the guarantor. In addition, in another paragraph, the guarantor guarantees the performance of the contract by the seller. The buyer's position against

The guarantor may have a lesser interest than the legal seller, for example as a non-executive director of the seller, or as a relative of the seller if an individual. In that case,

The extent of the guarantee can also be

Generally, it is good practice to delete irrelevant warranties, but by all means leave in "tough"

To claim for breach of warranty the buyer must prove money loss. He is also under a duty of care to reduce his loss so far as

## 17. Limitation of Seller's liability

This paragraph limits the liability of the seller. This is a usual provision, but flexible,

## 18. Future activities

The buyer should never take the seller's word for the proposition that the seller will not compete and will say only good things about the buyer and the business. The seller should be bound to appropriate "good behaviour". A covenant (promise) not to compete is not enforced by the courts unless it

## **19. The Guarantee**

This agreement is guaranteed by two individuals. If the seller is

This is a very tough guarantee. It assumes that the guarantors are able to perform - that they are the people with whom you have negotiated your purchase. In court, a guarantee is usually treated as

## **20. Publicity / Announcements**

Edit or delete.

## **21. Damages not adequate**

A technical provision to prevent a judge from insisting on damages only,

## **22. 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, some apply more

These are just as valid in law as if we had written them

## **Notes on the schedules**

## Schedule 1 Leasehold property

We have provided a full leasehold assignment document, effective to assign

However, the seller should also require a document in which the landlord gives his consent to the assignment and accepts the buyer as his new tenant. If he fails to do so, the buyer is technically a

## Schedule 2 - Assets

List Assets to be sold

## Schedule 3 - Excluded Assets

List excluded assets

## Schedule 4 - Warranties:

## Note: matters relating to warranties

To use this document you have to understand how warranties work. They are simpler than you thought! Here now is an

### Warranties - the inside-out promises

I will now address the task itself and tell you how to make it happen. The first matter to consider

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



Warranties work like this: I am a

, 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

“ ( ) ”

In that way, before he can sue you, the buyer has to

“Where any warranty refers to the knowledge, information

*Suppose the seller warrants:*

*“Neither the seller nor any of its shareholders*

The reply to this

Now, finally, let us suppose the warranty had not been in the draft agreement at all. This is what would have happened:

You may find aspects of my illustration to be immoral. That may

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

The "task" of the seller is essentially to provide full and truthful information and to

As a seller,

- You be the one to  
" "
- When you receive the draft ,  
;
- in your draft disclosure letter, which  
;
- Consider the breadth of each warranty.  
;
- Even where you "answer" the warranty in some  
" " " "  
" "
- At all costs avoid the easy way out of leaving the warranties

### **Warranties - buyer's response**

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

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 lawyer, you will have to decide whether this creates an unlevel playing field.

Some lawyers 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

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

### **Accounts**

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

### **Assets**

The most important answers sought here are as

### **Trading and Contracts**

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

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,

## **Exceptional regulations**

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

## **Employees**

The proposition in law is that the transfer of the ownership  
(" ")

Despite these extensive

## **Leasehold Property**

Most of these items cover the facts that would be

## **Information technology ("IT")**

We have

## **Schedule 5 - Press release**

Provide text or delete if not required

**End of notes**