

IN-COMbsl14

Sale agreement: home based trading business

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]

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

"Agent" means a third party

[/].

"Business" means the [type of business] business carried

[]

"Confidential Information" means all information about the Business, including

:

data or information relating to suppliers, product plans,

information created or arising from this agreement;

information, comment

"Contracts" means current contracts of the

"Creditors"	means trade creditors and accrued
"Domain Name"	means any : [name1].com [name2].com [name3].co.in
"ISP"	means the Internet service provider;
"Payment Service Provider"	means the banking intermediary who provides
"Price"	means the
"Products/Services"	means the products
"Stocks"	means stocks of Products, raw materials, work in progress and finished goods, and goods for
"Warranty/Warranties"	means the warranties and undertakings [13] [2].
"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. A reference to one

3.3. A reference to the knowledge, information, belief or awareness

3.4. A reference to a paragraph or schedule is to

3.5. Any agreement by any party not to do or

3.6. [except where stated otherwise],

;

3.7. All money sums mentioned in this

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. [If the Seller is a company] Each of

[
].

4.4. The Seller warrants and undertakes that he is not

5. Agreement for sale

5.1. Subject to the terms of this agreement,

:

5.1.1 the Business as a going concern;

5.1.2 the Stocks;

5.1.3 intellectual property rights used in the business;

5.1.4 the Domain Name(s);

5.1.5 the Website;

5.1.6 all other Assets

5.2. Completion shall take place today,

6. Transfer of contracts

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

6.1. enter into any novation agreement.

6.2. provide information about any
[]

6.3. confirm to any person or governmental authority such details

6.4. immediately inform the

7. The Price

7.1. The Price for the [100 , 000] []

7.2. The Price shall be paid by banker's draft /

7.3. Value added tax will

[list property on which VAT payable]

OR

7.4. The Price

8. Items to be delivered at completion

The Seller shall handover to the Buyer or otherwise deliver

8.1. whatever the
;

8.2. all books of account;

8.3. computer programmes used in
;

8.4. all data relating to the Business,
;

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

8.6. complete records relating to Employees,
[6]

8.7. *[only if the seller is a limited company]* signed and certified copy of the
minutes

8.8. transfers of the
;

8.9. marketing material of every sort in any medium;

8.10. a list of sales Agents and agents, identifying sales

8.11. all other

9. Completion

9.1. As soon as the items listed above have passed

9.2. The Buyer shall be

[].

9.3. As soon as possible and in any event within [\[14 days\]](#) from the date hereof, the Seller shall procure that the Domain Names are transferred to the Buyer.

9.4. As soon as possible and in any event within [\[two days\]](#) from today,

9.5. The Seller has a continuing obligation to do what is

9.6. The Buyer shall not be obliged to

9.7.

10. Stocks

10.1.

[].

OR

10.2.

[3]

AND

10.3.

[]

11. Creditors and liabilities

11.1.

OR

11.2.

[/]

11.3.

[/]

11.4.

12. Value Added Tax (VAT)

12.1.

12.2.

12.3.

12.4.

[6]

13. Warranties by the Seller

13.1.

13.2.

13.3.

13.4.

[10 , 0000].

13.5.

OR

13.6.

[]

14. Future activities

14.1.

[3]

14.2.

[]

[]

14.3.

;

14.4.

15. Confidentiality

15.1. The Seller now undertakes that he will:

15.1.1

,

;

15.1.2

;

15.1.3 not post on the Internet any Confidential Information.

15.2.

[]

16. Publicity / Announcements

16.1.

OR

16.2. No party shall:

16.2.1 make any public announcement; or

16.2.2 disclose any information; or

16.2.3

16.3.

1,

17. Miscellaneous matters

17.1.

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17.2.

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17.3.

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17.4.

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17.5.

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17.6.

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17.7.

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17.8.

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It shall be deemed to have been delivered:

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72 ;

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- : 24

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17.9.

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17.10.

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17.11.

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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.

OR

Signed by [Seller name in full]

AND

Signed by [Buyer name in full]

Schedule1 - Press release

[Set down the text you have agreed.]

Schedule 2: Warranties

General

1.

2.

3.

4.

5.

Accounts

6.

7.

8.

Assets

9. All Assets:

9.1. are transferred by this agreement and

9.2. are owned outright by the Seller.

9.3.

;

10.

[

[]

[]]

Trading and contracts

11.

12.

].

[

13.

,

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14.

,

15.

16.

Information technology (“IT”)

17.

:

17.1. domain name:

17.2. name and contact information of registrar:

17.3. date to which the name is registered.

18.

19.

, .

20.

:

20.1.

;

20.2. technical, customer and client support services;

20.3.

;

20.4. an email service provider.

21.

:[]

22.

,

:[]

End of Warranties

Explanatory notes:

Sale agreement: home based trading business

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. 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

3. Warranties

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

4. 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 enables the references to “Business” to have legal meaning when the legal reality is that a “business” does not exist. It cross references the parties and obligations back to the seller company. If the seller in

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

5. Agreement for Sale

There is an overlap in this list: use

6. 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

7. 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,

8. 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

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 causes problems. Issues arise because Internet service suppliers usually operate on inflexible standard terms. Many have no procedure for fast transfer of their service. This puts a business buyer in a difficult position. Take a payment service provider.

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 the same day as completion of the

Alternatively, the buyer should open his own separate account with

9. 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

10. Stocks

Stock can be anything, so the agreement is drawn in broad terms. In practice, there will be occasions when ten people employed by auditors will be needed to count the stocks and other occasions when

11. Creditors and liabilities

We think this is a good arrangement but

12. Value Added Tax (VAT)

The transfer of business as going

13. Warranties by the Seller

This paragraph - confirmation of the warranties - is critical to

This paragraph provides for the warranties to be given by the seller. Generally, it is good practice to delete irrelevant warranties, but

“ ”

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

14. 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.

" ()

15. Confidentiality

Warranties cover only matters that exist at the date of the sale. The future must be covered separately.

16. Publicity / Announcements

Edit or delete.

17. Miscellaneous Matters

A number of special points. We have identified each of these as important to

These are just as valid in

Notes on the schedules

Schedule 1 - Press release

Provide text or delete if not required

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 leases. Particular care should be taken with

) / , (

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

Information technology ("IT")

We have placed these under a separate heading to cover the special provisions which apply to them.

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" "

End of notes