Company purchase agreement: Group of companies

Contents

- 1. Definitions
- 2. Interpretation
- 3. Entire agreement
- 4. The Purchase Price
- 5. Buyer's acknowledgment of inspection
- 6. Agreement for Sale
- 7. Completion and delivery of documents
- 8. Warranties applicability and limitation
- 9. Warranties by Sellers
- 10. Trustee Warranties
- 11. Restrictive agreement
- 12. Sellers' protection
- 13. The Guarantee
- 14. Publicity / Announcements
- 15. Miscellaneous matters

Schedule 1 Part 1 Shareholdings

Part 2 Details of the Group

Part 3 Press release

Schedule 2 Part 1 Properties

Part 2 Assets

Schedule 3 Warranties

General

Group structure and operation

Accounts

Cash flow

Taxation

Guarantees and borrowing

Assets

Trading and contracts

Litigation and regulation

Properties - all

Properties rented by Group Companies

Employees

Insurance

Intellectual Property

Information technology ("IT")

This agreement is dated: [date]

The Seller is: [ABC] Limited, a company incorporated in New Zealand

----;;---

OR

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

OR

The Sellers are: those persons whose names are set out in Part 1 ■ ■

The Buyer is: [DEF] Limited, a company incorporated in New Zealand

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

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

1. Definitions

So	far	as	the	contex	t permit	s, the	followir	g word	ds ∎	 	 ••	 -	

"Accounting Date" means the date to which the Accounts have

historically been prepared and to \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare

.......................

"Accounts" means the financial statements, annually audited

profit and loss account and balance sheet of the

.

"Assets" means and include collectively the fixed assets

(fixtures and fittings, furniture, office equipment and motor vehicles of each Group Company), stock and

2;

"Confidential Information"	means all information about the Group Company and parties to this agreement, including any information which may give a commercially competitive
	information about staff, their performance and ■
	data or information relating to suppliers, product plans, marketing strategies, finance, performance, operations, customer • • • • ;
	information owned by a third party and in respect of which a party
	information, comment or implication published on
	information about the Intellectual Property and ■
"Disclosure Letter"	means the disclosure letter provided by the Seller to the Buyer for ••••••••••••••••••••••••••••••••••
"Domain Names"	means the Internet domain names used by the Group in connection with its websites or in
"Group"	means either the Holding Company and its Subsidiaries ••••••••••••••••••••••••••••••••••••
"Group Accounts"	means the audited profit and loss account and balance sheet as at the Last Year End of each Group Company and the consolidated profit and loss
"Group Company"	means the Holding Company and/or

"Holding Company"	means [name of Company] Limited, the Shares in which
"Know-how"	means scientific or technical information, and other procedures and ways of working and organising
"Intellectual Property"	means intellectual property owned by any Group Company, of every sort, whether or not registered or registerable in any country, including Intellectual Property of all kinds coming into existence after today; and including, among others,
"Last Year End"	means [date] (being the date to which the •••).
"Properties"	means the land and buildings owned and / or used by the Group Company, brief details of ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ 2 ■ ■ ■ 1.
"Purchase Price"	means the total price, paid or to •••••••••••••••••••••••••••••••••
"Sale"	means the sale of the Shares.
"Shares"	[number] ordinary shares of \$ [1] each held by the Sellers being the whole • • • • • • • • • • • • • • • • • • •
"Subsidiary"	means a subsidiary of the Holding Company as defined in ■ ■ ■ . 5 ■ ■ ■ ■ ■ ■ 1993 .
"Trustee"	means [names, if few] / the Sellers • • • • • • • • • • • • • • • • • • •
"Trustee Warranties"	means the limited warranties given by any Trustee.
"Warranty/Warranties"	means the warranties and undertakings of the Sellers contained in paragraph [9] ■ ■ ■ ■ ■ ■

2. Interpretation

In this agreement unless the context otherwise requires:

2.1.	a reference to a person includes a human individual, a corporate entity a partnership, a governmental authority • • • • • • • • • • • • • • • • • • •
2.2.	the Sellers shall be jointly and severally liable for \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare
2.3.	a reference to one gender shall include any or all genders and a reference to the singular may be interpreted • • • • • • • • • • • • • • • • • • •
2.4.	a reference to a person includes reference to that person's successors legal representatives, permitted assigns and any person to whom rights and obligations are transferred or pass as a
2.5.	a reference to a paragraph or schedule is to a paragraph or schedule to this agreement unless the context •••••••••••••••••••••••••••••••••••
2.6.	the headings to the paragraphs and schedules (if any) to this agreement are inserted • • • • • • • • • • • • • • • • • • •
2.7.	any agreement by any party not to do or omit to do something includes an obligation not to allow some
2.8.	[except where stated otherwise], any obligation of any person arising from this ••••••••••••••••••••••••••••••••••••
2.9.	a reference to an act or regulation includes new law of substantially the same •••••••••;
2.10.	all money sums mentioned in this agreement are calculated net of GST, which will be charged when due by law and payable when ■ ■

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 and any version or
	■ .
Enti	re agreement
3.1.	Each party acknowledges that this agreement and the Disclosure Letter contains the entire agreement between them and that he relies on no ••••••, ••••, •••••••••••••••••••
3.2.	Each party acknowledges and warrants that he has power to enter into this agreement [and = = = = = = = = = = = = = = = = = = =
3.3.	Each Seller warrants and undertakes that he is not aware of anything within his reasonable control which might or will
The	Purchase Price
4.1.	The Purchase Price is the sum of \$ [amount] = = = = = = = = = = = = = = = = = = =
4.2.	The Buyer shall pay the full Purchase Price in cash on •••••••••••••••••••••••••••••••••••
4.3.	The Sellers acknowledge receipt of the
4.4.	The Sellers shall share the Purchase Price in proportion • • • • • • •

5. Buyer's acknowledgment of inspection

The Buyer admits that:

3.

4.

5.1.	all of the Assets of each Group Company have					
5.2.	it has made full investigation into the title, condition and any external circumstance which might affect ••••• •••••••••••••••••••••••••••••••					
5.3.	it enters into this agreement on the basis of that inspection and investigation and not in reliance on any representation,					
Agr	eemer	nt for Sale				
6.1.	The Sellers agree to sell the Shares and the Buyer agrees to buy the Shares for the					
6.2.	Each of the Sellers hereby waives any pre-emption rights he may have in relation to any					
6.3.	Each Seller now hands to the Buyer a letter of resignation as a director of each relevant Group Company and					
6.4.	So far as the Sellers have any powers or control of any aspect of the affairs of the Holding Company, he will relinquish it and will so far as					
6.5.	The Sale is conditional immediately on					
	6.5.1	the Sellers entering into a shareholders' agreement with the Buyer and its existing shareholders, [in • • • • • • • • • • • • • • • • • • •				
	6.5.2	[Beatrice Blackbird and Robin Finch] each entering into a contract of employment with the Company, [

6.

7. Completion and delivery of documents

7.1.	Completion of this Sale shall take place immediately upon the signing of this agreement, whereupon the Buyer • • • • • • • • • • • • • • • • • • •						
7.2.	At com	pletion, the Sellers shall ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ = = :					
	7.2.1	the title deeds relating to any of the Properties, to •••••;					
	7.2.2	title deeds, lease agreements or other documents • • • • • • • • • • • • • • • • • • •					
	7.2.3	signed share transfer forms in respect of the Shares and of any shares in any Subsidiary the shares in which					
	7.2.4	[if the Holding Company still uses share certificates] share ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■					
	7.2.5	the statutory books of ••••;					
	7.2.6	letters of resignation of certain directors, namely [names] [and the secretary of the Group Company], with					
	7.2.7	[the resignation of the ************************************					
	7.2.8	a list of all user names and passwords					
	7.2.9	the certificate of incorporation of each Group Company;					
	7.2.10	written confirmation by each					

	8.1.	None o	of the = = =	
8.	War	rantie	s applic	cability and limitation
		7.4.2	use his be	■■■■■■■ ; est endeavours to do ■■■■■■■■■■■■■■■
		7.4.1	immediate	ely repay to the Group Company
	7.4.	Each S	seller under	rtakes that he will:
	7.3.	Followi	ng comple	tion of this Sale, the Buyer shall obtain the ■ ■ ■ ■
			7.2.14.3	the resignations of [name] = = = [= = =] = = = [= = =] = = = =
			7.2.14.2	transfer forms • • • • • • • • • • • • • • • • • • •
			7.2.14.1	[Buyer nominee name]
		7.2.14		es of meetings
		7044		
		7.2.13	•	entation recording matters
		7.2.12	all records	s relating to the employment of any person I S S S S S S S S S S S S S S S S S
			•••••	
		7.2.11	, = = = =	nent contracts / service agreements], signed in \blacksquare \blacksquare

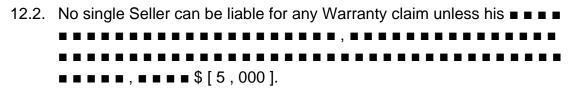
	8.2.	Each of the Sellers confirms that when any Warranty refers to
	8.3.	Each of the
	8.4.	Nothing done or not done by • • • • • • • • • • • • • • • • • •
	8.5.	Each Seller waives any claim he might have against
	8.6.	The Buyer may make any agreement with one or more
	8.7.	The Buyer undertakes to use his best endeavours to conduct all the businesses
	8.8.	If and only if any Warranty cannot be specifically referable to
9.	War	ranties by Sellers
	9.1.	The Sellers (except the Trustees) jointly and severally warrant to the

		9.1.2	after completion of this ••••, ••••••;
		9.1.3	except as disclosed in the Disclosure Letter, all of the ••••
		9.1.4	the contents ••••;
		9.1.5	unless otherwise specified, •••••• ;
		9.1.6	[Each corporate
		9.1.7	the Shares constitute the whole • • • • • [• • • • • • • • • • • • •
		9.1.8	there is = = = = = = = = = = = = = = = = = = =
	9.2.	The W	arranties in this agreement are not
	OR		
	9.3.		arranties in this agreement are not limited in monetary value, but
		••••	
10.	Trus	stee V	Varranties
	Each	of the T	rustees warrants:
	10.1.	that he	has legal title = = = = = = = = = = = = = ;
	10.2.	that he	has = = = = = = = = = = = = = = = = = = =

	10.3.		has no knowledge of any circumstance unknown
11.	Res	trictiv	e agreement
	11.1.		the Buyer has the full benefit • • • • • • • • • • • • • • • • • • •
		11.1.1	for [3] years after completion of the Sale, either alone or jointly with or
		11.1.2	at any time after completion of the Sale, disclose to any , , , , , , , , , , , , , , , , , , ,
		11.1.3	for [3] years after completion of the Sale, either on his own account or for any
	11.2.	Each o	f the Sellers now agrees that
	11.3.		ng completion of ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ , ■ ■ ■ ■ ■ ■ ■ ■
		11.3.1	hold himself out
		11.3.2	register nor purchase nor use any name similar to any of

12. Sellers' protection

12.1.	Any claim against any Seller, in





13. The Guarantee

13 1	[Fach c	of] = = = = = = = = = = = = = = = = = = =
10.1.		■:
	13.1.1	that every statement, ••••••••••••••••••••••••••••••••••••
	13.1.2	that he will procure ••••••;
	13.1.3	that he will indemnify the Buyer against all
		;
13.2.		of] The Guarantor accepts that compliance by the
	••••	-,
13.3.	[Each o	of] The Guarantor accepts that the Buyer is ■ ■ ■ ■ ■ ■ ■ ■ ■

13.4. This guarantee is limited to:

		13.4.2 claims notified to the
14.	Pub	licity / Announcements
	14.1.	No public or press announcement shall be made • • • • • • • • • • • • • • • • • • •
	OR	
	14.2.	No party shall:
		14.2.1 make any public announcement; or
		14.2.2 disclose any information; or
		14.2.3 allow expressly or by default any other person
	14.3.	Except, that no party shall be prohibited from making
	14.4.	The parties agree to the issue of a 1
15.	Misc	cellaneous matters
	15.1.	No amendment or variation to this agreement ••••••••••••••••••••••••••••••••••••
	15.2.	The parties acknowledge and agree that this

13.4.1 the sum of [sum] in total;

15.3.	Unless otherwise stated in this agreement, all expenses in connection
15.4.	So far as any time, • • • • • • • • • • • • • • • • • • •
15.5.	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
15.6.	Any obligation in this agreement
15.7.	This agreement shall be binding upon each party's successors, assigns and
15.8.	No failure or delay by any party to exercise any right,
15.9.	The parties agree that
15.10.	Any communication to be served on either of the
	••.
	It shall be deemed to have been delivered: if delivered • • • • • • • • • • • • • • • • • • •
	if sent by post • • • • • • • • • • • • • • • • • • •

	If sent by e-mail to the address from which the receiving party has last sent e-mail:
15.11. In th	e event of a dispute between the parties to this agreement,
third	ess otherwise stated, this agreement does not give any right to any party under the Contract and Commercial Law Act 2017 or
•••	e event of any conflict between any term of this agreement and the
	agreement may be executed in multiple counterparts each
	■■. validity, construction and performance of this agreement shall be ■

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]

Signed by [Guarantor / Director name in full]

Schedule 1: Part 1 Shareholdings

[Here list all sell	llers, names, addre	sses = = = = = = =	,	
		■ ■].		

Name	Number of Shares	

Schedule 1: Part 2 Details of the Group

1.	The Company (Ho	olding Company)	
	Company number:]
	Share capital:		
	authorised \$ [■ ■ ı		
	Registered office: [address]	
	Directors: [list all na	ames in full]	
	Secretary: [name in	n full]	
2.	The Subsidiaries		
	Name: [■ ■ ■ ■]	:[]	
	Date of incorporation	on: [date]	
	Share capital:		
	authorised \$ [■ ■ ■		
	Registered office:	[address]	
	Directors:	[]	
	Secretary:	[name in full]	
	Name: [■ ■ ■ ■]	:[]	
	Date of incorporation	on: [date]	
	Share capital:		
	authorised \$ [■ ■ ■		
	Registered office:	[address]	
	Directors:	[]	

Secretary: [name in full]

Schedule 1: Part 3 Press release

Schedule 2: Part 1 Properties

- Freehold Properties
- Leasehold Properties
- Any other particulars

Schedule 2: Part 2 Assets

Schedule 3: The Warranties

General

1.	All of the information and
2.	All facts and data which could • • • • • • • • • • • • • • • • • • •
3.	No information has been held back , , , , , , , , , , , , ,
4.	No governmental organisation
5.	Each Group Company has at all times complied with current practice recommended by any department of government • • • • , • • • • • • • • • • • • • •
	•••.
6.	The Seller has no reason to believe that as a result of
7.	The Disclosure Letter lists all licences and consents now valid and required to operate the Business
8.	Since the Last Year End
9.	No term of this agreement conflicts with:
	9.1. any other contract
	9.2. the constitution of any Group Company.
10.	No term of this agreement nor the agreement as ••••, ••••

Group structure and operation

11.	Full details are set out in
12.	Since the Last Year End, no change has been made in the structure,
13.	None of the Sellers has any interest, directly or indirectly, in any business (other than those of any
	[5]%
14.	
15.	
16.	
	16.1. all documents of title relating to its Assets;
	16.2.
	16.3.
17.	
18.	
19.	
1 3 .	
20.	

21.	
Acco	unts
22.	
23.	
24.	
25.	The Accounts:
	25.1.
	25.2.
	25.3.
	25.4.
26.	
	its purchase price;
	its production cost;
	its net realisable value.
27.	••••••
28.	Since the Last Year End:

	28.1.		 	 										_				_	_				
	20								_					_			_	_				_	
	28.2.												• •				-	-	- 1		. =		-
		•••																					
	28.3.						I = 1					-		, ■									
29.			 	 							•		•			•	_						_
	•••																						
										_	-				_	•				_		_	-
Cash	flow																						
30.	•••		 	 							•		•			•	•	• •		-	:		
	30.1.		 	 										_	_			_					
	30.2.	•••											• •				•	•	= 1	■ ,	•	•	
	30.3.	•••			• •						•	-			•				-		I =		
31.			 	 				•			•					•	•	- 1			•	- 1	
	•••														•		= !	• •	•			= !	
	•••		 			-					•		•										
32.	•••																						
	•••		_		_																		
Taxat	ion																						
33.			 	 							•						.					- 1	
	•••		 	 		•	, ■	• •	• •	, ■		• •	•	-					■ .				
34.			 	 	-	•		•			•	• •	•			•	-			-	•		
			 	 				_								_				_	_		
			 						-									- 1					

35.	•••																							
		,						-				•											-	•
36.	•••																							
	•••		• • •	•	•		•	• •	•		•	• •			•		•		-	•	• •	ı .		
37.	:::																							
38.	•••										_		_							_ 1			_	
30.					•		•	•	•		•	-			-		•		•			•		
	•••																							
39.																								
	•••																							
40.																								
40.					•		- 1		-			-					•							•
Guara									- '		-	_	-		•		-		• •	-		-		•
41.	The D	isclo	sure	Let	ter	dis	clos	ses	:															
	41.1.	• • ;	••				• •	••			•	•	• •	•		•				• •	•		I =	
	41.2.	the	term	s of	ev	ery	loa	n;																
	41.3.	• • ;		••			• •		• •	• •	-		• •	-	• •	•		-	- 1	• •			I =	
	41.4.	••		••		•	• •		•	•	• •	-	• •	-	••	•		•	•	• •	•		ı =	
		••	••	••	• • • •		••	• •	• •	•		•	• •	=							•		i =	••
42.		• •		••		• • • •		- 1 						· ·	. –		_			_		. =		
→∠ .	•••												-								- 1		- 1	

43.		,,											
44.		••.											
Assets													
45.													
	45.1.	are in its possession and control.											
	45.2.												
	45.3.	••••.											
	45.4.												
	45.5.												
	ng and	I contracts											
46.		,,,											
47.	•••												
.,.	•••												
48.		the Last Year End:											
	48.1.												
	48.2.	every Group Company has paid its creditors promptly.											

	48.4.	
49.		
	49.1.	
	49.2.	
	49.3.	all contracts comply with the relevant law.
	49.4.	
50.	No ex	cisting contract is for work which:
	50.1.	is beyond the normal course of business.
	50.2.	[]
	50.3.	is likely to result in a loss.
	50.4.	is priced in a currency other than dollars.
	50.5.	••••••••••••••••••••••••••••••••••••••
51.		
52.		
53.		[],

54.		[25]

55.	•••															• •	•	- 1	•	1 =
56.						 • • •	 	•	 •		•	• •	•							
Litiga	tion a	and r	egula	atior	1															
57.															•	•		ı =		
58.	.	• • •													. =	•		ı =	= 1	
59.	•••				-	•	 	•			•	• •	•							
60.		• • • • • •																		
61.	:::		• • •	•			 	•	 •				•	-	•	•		•	-	, ■
62.	•••			• • •		 	 	•	 •				•	-	•	•		•		
63.						 	 	•	 •	• •	•	• •								
Prope	erties	- all																		
64.	•••									• •	•	• •	•		•	, ■	•	•		I =
65.	•••																	ı =	•	
66.	•••										= 1		•	-		•		ı =	= 1	

67.	••••••
68.	2
69.	•••••
70.	•••••••
	70.1. ••••••••
	·
71	70.2. there are no rent reviews in progress.
72.	
73.	
74.	••••••
75.	
76.	
77.	
	■ ■ ■ ■ : 77.1. water;
	77.1. water, 77.2. drainage;

	77.3.	electricity;
	77.4.	gas;
	77.5.	telecommunications.
78.	•••	
	•••	
	•••	■.
Prope	erties r	rented by Group Companies
•••		
79.	•••	
	•••	 2 1 .
80.	•••	
81.		
01.	•••	
		the name and address of the tenant.
		the name and address of any guarantor.
		the address of the Property.
	81.4.	
	81.5.	the rent.
	81.6.	
	81.7.	
	Q1 O	
	01.ŏ.	
		.,

	81.9.	
	81.10	any unusual provisions.
82.	:::	
Emplo	oyees	
83.	The D	Disclosure Letter contains for each employee:
	83.1.	an employment history;
	83.2.	a curriculum vitae;
	83.3.	terms of employment;
	83.4.	non-contractual matters and informal arrangements.
84.	•••	
85.		
00.		
	•••	
86.		
87.		••••••••••••••••••••••••••••••••••••••
88.		
89.		
		,
Insura		
90.		
<i>3</i> 0.		

91.	No policy contains any special term or restriction.
92.	
93.	
94.	
Intelle	■ ■ □ . ectual Property
95.	
96.	
97.	
98.	
99.	
100.	
101.	
Inforn	nation technology ("IT")
102.	

	102.2. name and contact information of registrant;
	102.3. tag holder name, land address and website;
	102.4. date to which the name is registered.
103.	

104.	
405	
105.	
106.	
407	
107.	
108.	
	108.1.
	108.2. technical, customer and client support services;
	108.3.
	,
	108.4. an email service provider.
109.	
	.[]
110.	

102.1. the name;

_			••••			 ••••	
110.2.	what pa	assword	he uses	·			
						••••	

Explanatory notes

Company purchase agreement: Group of companies

General notes

1. The parties

2. Complete when agreement dated or later?

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 with control of the company in the meantime and the possibility that anything may change between contract and completion. The Net Lawman recommended route is therefore

Paragraph-specific notes

Notes numbering refers to paragraph numbers.

1. Definitions

The definitions have been considered very carefully. There is no reason why you should not change any if you need to do so, but be very careful to make sure

By all means use the find/replace function in your word processor to change them. If you do change a defined term, make sure it

Remember too, that when a word or phrase is defined, the defined meaning capitalised, takes precedence over the

2. Interpretation A number of provisions, each of which has application at one of more points --------------3. **Entire agreement** This paragraph prevents a party from later saying he was relying on some other document or information or what was said. If other documents are to be The Purchase Price 4. The sellers are to receive cash at the time of signing this agreement. No You should take advice from your accountant as to how to treat these items -------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 This paragraph provides protection for the buyer. Completion **E E E E E E** We have included here only the documents whose form and content are well known in advance. By far the largest set of documents will Share certificates are documents of title, but if not available (lost or never issued), a simple declaration to that effect The buyer will wish to avoid any claim for compensation by a former director. But the directors are not (necessarily) sellers, 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

- 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
- Of course, the sellers will already have satisfied themselves that the beneficiary of a guarantee (like a bank)
 ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■

7. Warranties applicability and limitation

Do not edit without very good reason and full understanding *** ***

8. Warranties by Sellers

"Joint and several liability" means that all the sellers 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 sellers if

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

The warranties are so fundamental to the transaction that it is reasonable that

9. Trustees Warranties

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 shareholder has placed some of 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).
	The trustees warrant only that they are selling fairly and know of no reason why the sale should not proceed. He has •••••••••••••••••••••••••••••••••••
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 "
	This paragraph may not be enforceable against a shareholder who has hitherto had
11.	Sellers' protection
	This paragraph is most important to the sellers as it caps their liability. How this is done is a matter for negotiation. This proposal is fair, subject of course to
12.	The Guarantee
	This paragraph protects the buyer against a seller who spends the sale proceeds and refuses to assist as this agreement requires. That will arise only when the
	•
	In that case, your guarantors will be the directors of the holding company seller. If •••••••••••••••••••••••••••••••••••
	A judge will usually treat a guarantee as a matter only of money. We have worded this one clearly so that there is ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■

13.	Publicity / announcements
	This may not be important to ••••.••••••.
14.	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
Sched	dules 1 and 2
	We have no comment.
Sched	dule 3- The Warranties
Note	e: matters relating to warranties
Dofore	n we give you other drofting notes, we went to explain about werrenties
■ ■ ■	e we give you other drafting notes, we want to explain about warranties.
•••	
	unties are the essence of the deal. They are listed in a schedule. Do make sure ne paragraph of
•••	
These	e warranties have been drawn to provide as large a "menu" as ■ ■ ■ ■ ■ ■ ■
•••	
Eor m	aximum protection,
1.	Delete any warranties that cannot apply to your • • • • • • • • • • • • • • • • • • •
2.	Do not delete warranties relating to matters about which full information has already been provided. If you •••••, ••••, •••••••

3.

...........

4.	For sellers, the strength of a warranty may be greatly reduced simply by changing ••••••• " " " " " " " " " " "
Expla	nation of warranties
	e any sale agreement, a company sale agreement is different. The main sition is •••••••••••••••••••••••••••••••••••
nothir agree	greement is usually drawn by the buyer. That is fair because the buyer knows ag about the company and the seller knows everything (we hope)! So the ment first covers
■ , ■ ! ".	
Thor	e are just assurances or guarantees from the seller as to the condition and state
of the	company and in particular, any existing liabilities, at the time of sale. No matter horough
of the	
of the how t	
of the how t	horough
of the how t	horough,,,,,,, .
of the how t	to use warranties? The warranties are not so much the sting in the tail as half the dog. Many lawyers and entrepreneurs will deliberately insist on a seller giving
of the how t	to use warranties? The warranties are not so much the sting in the tail as half the dog. Many lawyers and entrepreneurs will deliberately insist on a seller giving

	after considering the breadth of each warranty, you could edit those that the considering the breadth of each warranty, you could edit those that the considering the breadth of each warranty, you could edit those that the considering the breadth of each warranty, you could edit those that the considering the breadth of each warranty, you could edit those that the considering the breadth of each warranty, you could edit those that the considering the breadth of each warranty, you could edit those that the considering the consider
	• Even where you "answer" the warranty in some way, there is still a strong case for qualifying absolute warranties, • • • • • • • • • • • • • • • • • • •
Being	the seller it is essentially important to provide full and
If you	are the buyer
The we have n	eight of advantage is very firmly with the seller. He has the knowledge. You one.
As a b	ouyer you need warranties:
•	to provide yourself • • • • • • • • • • • • • • • • • • •
•	The general rule of "buyer "
•	In deciding to purchase share capital of the company, you have made a number of assumptions but
•	To get the right to claim
	you are the ••••••••••••••••••••••••••••••••••
Warra	nties: drafting notes continued
It is go	od practice to delete irrelevant warranties, but by all

General
These are very basic and general requirements. They are also broad, covering • • •
Group structure and operation
With reference to licences and consents: in any business which has been operating for more than a few years,
Accounts, Cash flow and Taxation
The buyer should take advice
The basis of valuation of the company 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,

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 The most common reason for litigation about contracts arises because someone Litigation and regulation These warranties are general,
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 1,000 The most common reason for litigation about contracts arises because someone Litigation and regulation
This section covers every contract - from customers and suppliers to the office cleaner and the car leases. Particular care should be taken with / ***
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 The most common reason for litigation about contracts arises because someone . Litigation and regulation
The buyer's requirement for details of customers and suppliers will be a second and regulation about contracts arises because someone and suppliers will be a second and regulation
The buyer's requirement for details of customers and suppliers will be 1,000 1,000 The most common reason for litigation about contracts arises because someone 1, , , , , , , , , , , , , , , , , , ,
The buyer's requirement for details of customers and suppliers will be a second suppliers will be a second suppliers will be a second s
The buyer's requirement for details of customers and suppliers will be 1,000 1,000 The most common reason for litigation about contracts arises because someone 1,000 Litigation and regulation
The most common reason for litigation about contracts arises because someone
Litigation and regulation
Litigation and regulation
These warranties are general, ••••••••••••••••••••••••••••••••••••
Properties - all
Real property is
Most of these items cover the facts that would be

Properties rented by Group Companies

If none, delete.
Employees
We have no comment. Set the warranties
Insurance
We have no comment.
Intellectual Property
All companies acquire some intellectual property. Even a 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