

Business sale agreement: Internet-based services provider

Date: [date]

Between:

The Buyer is: [name] ■ ■ ■ ■ [■ ■ ■ ■]

The Seller is: [name] ■ ■ ■ ■ [■ ■ ■ ■]

The Guarantor is: [name] ■ ■ ■ ■ [■ ■ ■ ■]

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.....
.....

6.4. immediately inform the
.....

7. The Price

7.1. The Price for the Business shall
.....
..... :

Goodwill	£ []
Assets	£ []
Intellectual Property rights	£ []
The Contracts and other intellectual property rights	Nil
Total Price	£ []

7.2. Insofar as this agreement provides for the transfer to the Buyer of
..... -
..... ,
.....

7.3. The Price shall be paid as to £ [amount], /
.....
.....

7.4. If the assignment of the Lease cannot be completed today,
..... /
..... £ []
.....

7.5. Value added tax will
..... :

[list property on which VAT payable]

OR

7.6. The Price
.....

8.13. all other

9. Completion

9.1. As soon as the items listed above have passed into the possession

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. If any or all of the transactions set out in this paragraph do not

14.1.1 the Warranties set [4] ;

14.1.2 the Disclosures are true, accurate and comprehensive;

14.1.3 where any Warranty refers to the knowledge, information ,

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

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

14.3. The Warranties in this agreement are not

OR

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

15. Limitation of Seller's liability

15.1. Except in the case of death or personal injury, the total liability of the Seller under , £ [20 , 000].

15.2. This paragraph (and any other paragraph which excludes or restricts the liability of the Seller) applies to the Seller's directors, , (

..... (.....)
) 1999 / (.....) (.....)
..... 2017 ,

16. Future Activities

In order to give the
..... ,

16.1. commence or continue
..... .

16.2. within [three years] of today, promote the sale of any service which
competes with any service
..... [.....]
..... ,
..... .

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

16.4. trade under any name
..... .

16.5. register nor purchase nor use any Internet domain
.....
..... .

17. The Guarantee

17.1. [Each of]
..... :

17.1.1 that every statement,
..... ;

17.1.2 that he will procure
..... ;

17.1.3 that he will indemnify the Buyer against all ■■■■■■■■■■, ■■■
 ■■■■■■■■■■, ■■■■■■■■■■;
 ■■■■■■■■■■;

17.2. [Each of] The Guarantor accepts that compliance by the ■■■■■■■■
 ■■■■■■■■■■, ■■■■■■■■■■;
 ■■■■■■■■■■.

17.3. [Each of] The Guarantor accepts that the Buyer is ■■■■■■■■■■
 ■■■■■■■■■■, ■■■■■■■■■■;
 ■■■■■■■■■■.

17.4. This guarantee is limited to:

17.4.1 the sum of [sum] in total;

17.4.2 claims notified to ■■■■■■■■■■ [■■■■■] ■■■■■■■■■■
 ■■■■■■■■■■.

18. Confidentiality

18.1. The Seller now undertakes that he will:

18.1.1 except as provided in this ■■■■■, ■■■■■■■■■■;
 ■■■■■■■■■■, ■■■■■■■■■■;

18.1.2 not use the Confidential ■■■■■■■■■■
 ■■■■■■■■■■;

18.1.3 not use any name or mark similar ■■■■■■■■■■
 ■■■■■■■■■■, ■■■■■■■■■■;

18.1.4 not use any trade name or ■■■■■■■■■■
 ■■■■■■■■■■, ■■■■■■■■■■.

18.2. This paragraph does not apply to disclosure to the extent required
 under the rules of any stock exchange or by applicable ■■■■■■■■■■
 ■■■■■■■■■■, ■■■■■■■■■■;
 ■■■■■■■■■■, ■■■■■■■■■■.

- 18.3. The obligations set out in this paragraph [redacted]
[redacted]
[redacted].
- 18.4. The provisions of this paragraph shall continue [redacted]
[redacted] [redacted] [redacted]
[redacted].

19. Publicity / Announcements

19.1. No public or press announcement shall be made [redacted]
[redacted]
[redacted].

OR

19.2. No party shall:

19.2.1 make any public announcement; or

19.2.2 disclose any information; or

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

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

19.3. [redacted]
[redacted] 3, [redacted]
[redacted].

20. Damages not adequate

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

Signed by [personal name], duly authorised for the Seller

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 1: Assets

[list assets]

Schedule 2: Excluded Assets

[list excluded assets]

Schedule 3: Press release

[Set down the text you have agreed.]

Schedule 4: Warranties

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

General

1.
..... .
2.,
.....,
.....,
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3.,
..... .
4.,
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5.
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6.,
.....,
.....,
.....
7.,
..... - ,
8.
..... [.....]
..... ,

Accounts

.....
.....

24.
.....,
.....
.....

25.
.....
.....
.....

26.
.....
.....

Employees

27. The Disclosure Letter contains for each Employee:

- 27.1. an employment history;
- 27.2. a curriculum vitae;
- 27.3. terms of employment;
- 27.4. non-contractual matters and informal arrangements.

28.
.....

29. -

30.
..... [.....]
.....

31. £ [.....]
.....

32. The Seller is involved in no employment dispute.

33.
.....
.....,
.....
.....

Schedule5: Pension scheme

the co-operation of the seller. If he ,
..... ,
.....

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, 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
- Assets
- Intellectual Property

You should consult an accountant as to the most favourable apportionments, although the other party will also have a view as to what is or is not acceptable. It may be necessary to obtain clearance from HM Revenue and Customs in advance. This
.....

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 of them when you send him with a copy of this agreement in final form. Remember to
..... ,
■ .

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. The business buyer needs the transfers in order to operate the business. He cannot afford to risk buying the business before the payment service is operating to
.....
.....

.....

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

15. Limitation of Seller's liability

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

16. 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 is reasonable in

17. The Guarantee

Rights of Third Parties Act - We have provided reference of two . . .
.
.

Notes on the schedules

Schedule 1 - Assets

List assets to be sold

Schedule 2 - Excluded Assets

List excluded assets

Schedule 3 - Press release

Provide text or delete if not required

Schedule 4 - Warranties

Note: matters relating to warranties

To use this document you have to understand how warranties work. . . .
!
.
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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 " . . . - . . . - . . . "
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.

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
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.....
.....

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

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
.....
.....

The most common reason for litigation about contracts arises because someone,

Schedule 5 - Pension scheme

Provide the details of pension scheme and arrangements

End of notes