Sale agreement: manufacturing business

Contents

- 1. Definitions
- 2. Agreement for Sale
- 3. The Purchase Price
- 4. Items to be delivered at completion
- 5. Completion
- 6. Stocks
- 7. Debtors
- 8. Creditors and Liabilities
- 9. Value Added Tax
- 10. Warranties by the Seller
- 11. Future Activities
- 12. The Guarantor
- 13. Communications
- 14. Miscellaneous Matters

Schedule 1 Freehold and Leasehold Properties

Schedule 2 Fixed Assets

Schedule 3 Excluded Assets

Schedule 4 Warranties

Assets

Stocks

Accounts

Employees

Suppliers and customers

Licences, consents and passwords

Insurance

Joint ventures and partnerships

Statutory restrictions

Litigation

Seller's activities

Contracts

Defective products and service liabilities

Properties

Leasehold properties

Freehold properties

Intellectual property

Internet domain names

General

Schedule 5 Pension scheme and arrangements

Agreement for the Sale and Purchase of the $\blacksquare \blacksquare \blacksquare$

The Date of this Agreement is: [Date]

The Seller is: [name] of [private address]
The Buyer is: [name] of [private address]
The Guarantor is [Name] of [Private Address]

[Note: if a party is a company, • • • • • • • • • • • • • • •]

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 for the year ended [date] and the balance sheet		
"Accounts Date"	means the date to which the Principal		
"Assets"	means all of the Assets of the Seller		
"Business"	means the [type of business] business carried on by the Seller until today under the name and style • • • [• •		
"Confidential Information"	means all information about the Business. It includes among other things, information about staff, and their personal contact information, methods of doing business, future plans, policies, suppliers and customers. It includes		
"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 a disclosure letter of today's date from the
"Distributor"	means a third party who has contracted to assist in some way with the sale of •••••/••/ •••••/
"Domain Name"	means any or all of the
"Employees"	[name].com [name2].com [name3].co.za means people who are employed by the Seller for ■ ■
"Excluded Assets"	means the Assets listed in Schedule 3 which are owned by the Seller but
"Fixed Assets"	means all plant, machinery, tools, equipment and vehicles owned by the Seller for the a a a a a a a a a a a a a a a a a a a
"Goodwill"	means the goodwill in relation to the Business, being goodwill of the Seller until
"Intellectual Property"	means all intellectual property owned by the Seller and used in the Business, including intellectual property of every sort, whether or not registered or registrable in any country, including intellectual property of kinds coming into existence after today; and including,
	• · · · · · · · · · · · · · · · · · · ·
"ISP"	means the Internet service provider; that is any provider of any service in
"Lease"	Means the lease or leases under which the Property, [or
"Payment Service Provider"	means the banking intermediary who provides the service of transferring money from the Website • • • • • • • • • • • • • • • • • • •
"Party"	means a party to this Agreement and "Parties" ■ ■ ■ ■ ■
"Price"	means the price to be paid for the Business

. 3 . "Products / means the products and services sold by the Seller Services" "Properties" means the freehold or leasehold properties, or both, ____1. "Stocks" means stocks of Products, raw materials, work in progress and finished goods, and goods for re-sale owned by the Seller for the purposes of or in connection "Third Party means software owned by some person other than the Software" Seller and used ____. "Warranties" means the warranties and undertakings of the Seller set "Website" means www.[URL] and www.[URL] and includes any additional web pages and all software now or previously

2. Agreement for Sale

- 2.1. This Agreement, Warranties, Disclosure Letter and the Schedules constitute
- - -----
 - 2.2.1 the Business as a going concern;
 - 2.2.2 the Goodwill;
 - 2.2.3 the Property;
 - 2.2.4 the Fixed Assets;
 - 2.2.5 the Stocks:
 - 2.2.6 the Intellectual Property Rights;

		2.2.7	the Domain Name(s);	
		2.2.8	the Website;	
		2.2.9	rights to use Third Party Software;	
		2.2.10	the benefit of the Contracts;	
		2.2.11	all other Assets owned by the Seller and ■ ■ ■ ■ ■ .	•••••
	But e	xcluding	the Excluded Assets.	
	2.3.	Comple	etion shall take place today, immediately upo	on exchange of this
	2.4.	The as:	signment of the Leasehold Property is subject to the Leasehold Property is subject.	ct to the additional
	2.5.	The tra	nsfer of the Freehold	
		••••		1 .
3.	The	Purch	nase Price	
	3.1.		ce for the business shall	
		Goodw	ill]	[
		Freeho	ld Properties]	[
		Leaseh	old Properties]	[
		Fixed A	Assets]	[
		Intellec	tual Property Rights]	[
		Contrac	cts and = = = = = = = = = , = = = =	•••••
		the Sto	cks To be ascertained	

	Total price [excluding ■ ■ ■ ■] ■ ■ ■ [
3.2.	There shall be deducted from the	
3.3.	The Price shall be paid as follows:	
	3.3.1 As to R [amount], by banker's draft / • • • • • • • • •	
		••••
	3.3.2 As to the value ••••••••••••••••••••••••••••••••••••	•••
3.4.	If the assignment of the Lease cannot be completed today, ■ ■ ■	
		•••
3.5.	Value added tax will	•••
	[List property on which VAT payable]	
OR		
3.6.	The Price	۱.
Iten	ns to be delivered at Completion	
The	seller shall hand to the buyer or otherwise deliver ■ ■ ■ ■ ■ ■ ■ ■	
	· ,	
4.1.	Such of the	
4.2.	All books	
4.3.	The trust deeds, assets, funding arrangements, ••••, ••••	•••
4.4.	Computer programmes • • • • • • • • • • • • • • • • • • •	

4.

4.5.	All data in electronic form,
4.6.	All information and records relating to customers and suppliers, including a list of all
	;
4.7.	Marketing material in any medium;
4.8.	Contracts with the employees, \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare , \blacksquare \blacksquare \blacksquare , \blacksquare \blacksquare
4.9.	[if the seller is a limited company] signed and certified copy of the minutes of a meeting of
	[
4.10.	Assignment of the leasehold property [unless • • • • • • • • • • • • • • • • • •
4.11.	Transfers of the freehold • • • [• • • • • • • • • • • • • • •
4.12.	Contracts and assignments of contracts;
4.13.	Forms of transfer of •••••;
4.14.	Transfers of the • • • • • • • , • • • • • • • • • • •
4.15.	Forms of authority addressed to the owners of \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare , \blacksquare
4.16.	All technical and
4.17.	Marketing material of every sort in any medium;
4.18.	A list of sales distributors and agents, identifying sales
	, ;

4.20.	All other = = = = = = = = = = = ;
Con	npletion
5.1.	As soon as the items listed above have passed into the possession
5.2.	The Buyer shall be • • • • • • • • • • • • • • • • • •
5.3.	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.
5.4.	As soon as possible and in any event within two days from the date hereof,
	,
5.5.	The Seller has a continuing obligation to do what is \blacksquare \blacksquare \blacksquare , \blacksquare \blacksquare \blacksquare
	•••••
5.6.	The Buyer shall not be obliged to
5.7.	If any or all of the transactions set out in this paragraph do not ■ ■ ■ ■

4.19. Policies of insurance, continuing;

5.

6. Stocks

7.

7.3.

6.2. Any dispute as to the value of the Stocks shall be referred for final settlement to a firm of [chartered accountants] nominated jointly by the Seller and the Buyer. The accountants shall (5 100	CKS
settlement to a firm of [chartered accountants] nominated jointly by the Seller and the Buyer. The accountants shall (((((((((((((6.1.	valuation
6.3. The amounts agreed or decided under the last sub-paragraph shall 6.4. The Seller shall be liable for 7.1. The Buyer shall use all reasonable effort to collect the debts on 7.2. If it becomes apparent to the Buyer that recovery of any of the book debts is not likely to be possible within	6.2.	settlement to a firm of [chartered accountants] nominated jointly by the Seller and the Buyer. The accountants shall
6.4. The Seller shall be liable for Debtors 7.1. The Buyer shall use all reasonable effort to collect the debts on 7.2. If it becomes apparent to the Buyer that recovery of any of the book debts is not likely to be possible within		·
Debtors 7.1. The Buyer shall use all reasonable effort to collect the debts on ,	6.3.	
 7.1. The Buyer shall use all reasonable effort to collect the debts on 7.2. If it becomes apparent to the Buyer that recovery of any of the book debts is not likely to be possible within 	6.4.	• • • • • • • • • • • • • • • • • • • •
7.2. If it becomes apparent to the Buyer that recovery of any of the book debts is not likely to be possible within	Deb	tors
debts is not likely to be possible within	7.1.	
	7.2.	debts is not likely to be possible within • • • • • • • • • • • • •

Where a debtor who has so failed to pay,

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

	•••••
7.4.	Unless the debtor shows a contrary intention when making payment,
7.5.	The Seller may inspect the books of the Buyer • • • • • • • • • • • • • • • • • • •
Cred	ditors and Liabilities
8.1.	The Seller shall immediately discharge all the debts of the
8.2.	The Seller shall remain liable for all claims by third parties in respect of any goods or services supplied by the Seller or any act or omission of the Seller prior to
8.3.	After today, the Buyer must discharge the outstanding obligations and liabilities of the Seller under the Contracts,
8.4.	The Buyer shall not be liable for any breach of any contract by the

8.

9.1.	The Parties shall procure that the sale of the Business
	••••••
9.2.	The Seller shall immediately deliver to the
9.3.	The Buyer shall for a period of not less than 6 years from ■ ■ ■ ■ ■ ■

10. Warranties by the Seller

The seller warrants to the buyer that:

10.1.	If more than one person constitute the \blacksquare
10.2.	The warranties set \blacksquare
10.3.	The disclosures are true, accurate and comprehensive;
10.4.	Where any warranty refers to the knowledge, information

10.5. The seller agrees to indemnify the buyer against all costs claims and

11. Future Activities

In order to give the **SERSE SERSE SERS**

	11.1.	Commence or continue any business or activity whatsoever similar to
	11.2.	At any time disclose to any person or ••••;
	11.3.	For a period of [2] years after today either on its own account or through any other person directly
	11.4.	For a period of [2] years after today's date without the buyer's prior written • • • • • • • • • • • • • • • • • • •
	11.5.	Trade under any name
	11.6.	Register nor purchase nor use any internet domain • • • • • • • • • • • • • • • • • • •
12.	The	Guarantor
	12.1.	The Guarantor personally guarantees • • • • • • • • • • • • • • • • • •
		12.1.1 the sum of [sum] in total;
		12.1.2 Claims notified to ••••••[••••]••••
	12.2.	If the Seller is in breach of this agreement, the Buyer shall
	12.3.	If the breach cannot be made good, or the Seller has failed to make good, then after [28] days from the date • • • • • • • • • • • •

12.4.	The Guarantor hereby guarantees that the Warranties and the Disclosures are true and accurate and indemnifies ••••••••••••••••••••••••••••••••••••
Con	nmunications
13.1.	Any communication to be served on either of the Parties ■ ■ ■ ■ ■
	It shall be deemed to have been delivered:
	if delivered ; ;
	if sent by post = = = = = = = = = = : = = = 72 = = = = = = : = = 72 = = = = = : = = = : = = = 72 = = = = : = = = : = = = : = = = = : = = = = : = = = = : = = = = : = = = = : = = = = : = = = = = : = = = : = = = = : = = = = : = = = = : = = = = : = = = = : = = = = : = = = = : = = = = : = = = = : = = = = : = = = : = = = = = : = = = = : = = = = : = = = : = = = = : = = = = : = = = : = = = : = = = : = = = : = = = : = = = : = = = : = = = : = = = : = = = : = = = : = = : = = : = : = : = = : = : = : = : = : = : = : = = :
	If sent by e-mail to the address from which the receiving party has last sent e-mail:
Misc	cellaneous Matters
14.1.	The headings
14.2.	Any cause of action arising out of or related to
	;,

13.

14.

14.3.	••••	ver by a Party, in exercising any right shall operate as a ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
14.4.	If any to	erm in this Agreement is at any time held by any jurisdiction to , invalid or unenforceable, then it shall be treated as
14.5.	Contrac	cts with Employees:
	14.5.1	The parties agree that with effect from the date hereof, the employees shall
	14.5.2	The seller agrees to indemnify and hold the
14.6.	In the e	event of a dispute arising out of or in connection with
14.7.		greement binds = = = = = = = = = = = = = = = = = = =
14.8.		greement shall be interpreted according to the

Witness to signature:	name:
Address	
Signed by [personal name], duly authorized for the Buyer
Witness to signature:	name:
Address	
Signed by [personal name], the Guarantor
Witness to signature:	name:
Address	

Schedule 1 - Properties

Part 1: Freehold	l properties

Witness to signature:

	ach freehold property,
1.	The Sellers agrees to sell
2.	The Property is sold subject
3.	The Seller sells with full title guarantee.
4.	The contract rate shall be four ••••••••••••••••••••••••••••••••••••
5.	The balance of the purchase price attributable to the freehold property namely R [
Signe	d by [personal name], duly authorized for the Seller
Witne: Addre	ss to signature: name:
Signe	d by [personal name], duly authorized for the Buyer
Witne: Addre	ss to signature: name:
Signe	d by [personal name], the Guarantor

name:

Address

Part 2: Leasehold property

[For e	ach leasehold property, ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
1.	The Sellers agrees to sell and
2.	The Lease[s] is hereby assigned to the Buyer for the
3.	A copy of the Lease have been supplied to the Buyer,
4.	No part
OR	
5.	The sum of ZAR [amount]
6.	From today, the Buyer promises to pay the rent reserved by the Lease and to observe and perform the
7.	The Seller has obtained the written • • • • • • • • • • • • • • • • • • •
OR	
8.	The Seller will at his own cost and •••••••••••••••••••••••••••••••••••
AND	

9.	Until t	he consent of the Landlord has been obtained,
	9.1.	he is;
	9.2.	the licence fee
	9.3.	the Buyer will observe all the covenants in the lease and generally comply
	9.4.	the Buyer will be liable for third party public • • • • • • • • • • • • • • • • • • •
	9.5.	The assignment of the Lease, in the *** • • • • • • • • • • • • • • • • • •
	9.6.	

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

Witness to signature: name:

Address

Signed by [personal name], duly authorized for the Buyer												
Witness to signature:	name:											
Address												
Signed by [personal name], the Guarantor												
Witness to signature:	name:											
Address												

Schedule 2 - Fixed Assets

[List fixed assets]

Schedule 3 - Excluded Assets

[List excluded assets]

Sch	edule	e 4 - Warranties
■ ■ , □		
Asset	ts	
1.		
2.		••••••, •••, •••, •••, •••, •••, •••,
3.		•••••••
4.	:::	
5.	■ ■ .	. 2
6.	•••	,,
	6.1.	;
	6.2.	have been regularly and properly maintained;
	6.3.	
	6.4.	
Stock	(S	
7.	:::	••.
8.		

9.	
10.	
11.	
Acco	unts
12.	Since the Accounts Date:
	12.1. the Business has operated in its normal way;
	12.2.
	12.3.
	12.4.
	12.5.
	12.6.
13.	
14.	

15.			(.	• • •														
	15.1.	. . ;		 ••	••	■ , ■	• • •	• • •	1	:	• • •	• •	••				• •	••
	15.2.		• • •				••					• •	••		•	•		
	15.3.				• • •	• •			, . .), =			 		•••			•••
Emplo	oyees																	
16.										·	• • •	•••	••	••	••	••	•••	••
17.	:::			 						1		•				•	•	
18.	:::			 • • •	• • •			• • •	• • •			-				•		
19.				 	■,■	••				-		••		•				•
20.												• •		••	::		• •	
21.	•••																• •	••

22.					•				•	•																	_
23.			••				• •		•					•					•				ı , ı		•	•	-
24.			••		•			-	•	-				•													
25.			•••	■ 5 ■ ■		• • • • • •	•		•			•		•	• • • •	•	-	•••		•	•••	•	-	.,	•		•
26.		 (, .	•	•••			•		••	•) •	•	•		•			•	•••	•					•
Supp	liers ar	nd Cu	ısto	mer	'S																						
27.			•••			• •		•					•						-								
28.	So far 28.1.			! ■ !				••		•		-	-	-			•		•	•			•	-		•	
	28.2.	■ 3 ■		▮ ■ ,	•			•				-						, ■	•		•		•		•	•	
Licen	ces, co	onser	nts a	ınd	ра	SS	WC	ord	ls																		
29.																	_			_					• •		•

	•••														•		-	- 1					
30.		 	•••			•••		 	• •	•	= (= = = =			•	•	• •		• •	•) =	- ·		-
31.	:::																					•	
32.	:::																						
Insura	ance																						
33.	:::											•									,		
34.			•••	 		. .		-				•				■ ,				, ■	- 1		,
35.			::							•					•			• •				•	
Joint '	Ventur	es a	nd P	artn	ers	hip	S																
36.	The S	eller:																					
	36.1.						••	•••		• •	•					•			- ·				
	36.2.											• •		-									•
	36.3.		• • •							•	■ , ■ I	••	•	•	• •		•	• •	-	• •	•		■ I,

											•											ı =
	•			• • •		•	• •			• •	•	• •	•	■ .								
	[===																					
								•		-	.]											
Statu	tory rest	rictio	าร																			
37.												- 1		-			•	•				•
	••••																					
	••••							•								١.						
38.							••	•				•		-		•	•		• •			
			• • •					•	• •		•		-	- 1	• •		= 1	•	■ .			
39.										= 1		.		•			•	•		 	•	•
																					•	
								•				- 1				•			• •			
			■ .																			
40.																						
	••••																					
					,																	
	■,■■																					
														-			•		•			•
								_		_												
Litiga	ation																					
41.												- 1	-	-			•	•			•	•
										•												
	[10 , 00																					
						• •		•		-		- 1		-			•	•			•	•
								•				■.	į									
Selle	r's activi	ties																				
42.	••••				••							-					•	-			•	-
43.	(• • •																			

44. 45.											::
Cont	■■■■ racts	•••		•••	 		• • •	 ■ .			
46.			•••	•••	•••						
47.	None c	of the C	Contrac	cts:							
	47.1.				 	■,■		 	• • • •	■■;	
			6		 		•••				
		 ;									
	-						• • •		•••	• • • •	
		• • • •			 	• • •		 			
		• • • •						 	10		••

	47.7.								• • • •		 ••••	
48.												
49.		•••						 	•••	•••		
50.			• • •				•••	•••			 	
51.)		25		
52.	. . , .		••••			• • •	•••				 	
53.		•••			■ , ■							
54.										•••		• • •
Defec	tive P	roduc	ts an	d Ser	vice I	_iabi	lities					
55.	•••									•••		• • •

															•	•	•				 			
			••	 ■ ,						- 1		■ .	•											
56.																								
			•		•			•																
									•		•	•				•		•			 •		- 1	•
Prope				 			_	•																
•																								
57.																								•
58.				 								 	•	■ 1	, 1				.		 .			•
	••.																							
59.																								
	■■]	•																						
60.															•		•	•			 •			•
61.				 			_			_	_	 				_				_	 			
01.				 	-				•			•			•	= 1		•	•		•			•
																								•
62.																								
02.				 			_			_			_							_				
				 	-			• •	• •			 •			•	•								
63.																								
				 		_	_		_	_	_	 _	-		_	-		_	_	_	 	_		_
64.				 			_			•	_	 	•			•			•	•	 	•		
															•	•	•	•			 •	•		•
C.F.	■ ■ ,																							
65.				 			_			_			_						_		 			
				 									•											

66.		
67.		
68.		
69.		ı
70.		I
71.	•,••••,•••••••.	I
72.		1
73.		
74.	•••••	
75.	•••••	1
Lease	ehold properties	
76.		1
77.		
78.	There are no rent reviews in progress.	
79.		I

80.		• • •		• •		.			= 1			-	•	.			•	•	-		_	•	_	•	•	•	_	-	_
81.				• •		-	-	ı =	= 1					= 1					= 1			•		1	-		-		
Intelle	ectua	l pro	pei	ty																									
82.	• • •																, I	• •	• •	•		- 1		• •	• 1			•	•
83.					• •			•			•	-	- 1		•		= :	• •			-	•	• •	•	• •				
				• •		- 1		•	•																				
84.	•••																												
	• • ·																				_								
85.	•••																												•
86.				• •		-	-	ı =	= 1																				
87.			• •)	-	• •		•			-			- 1	-			- 1	• 1				.	•	• !	•	• 1			
				•		-			-					-	· =	•	•	■ ,							Ι,	•	•		
88.	•••			• •				•	-																				
Intern	et Do					-		•	•		-			- 1	•	• •							•	•					
89.], ∎			•			•		- 1					- 1			[1							
					■ j	-	I =			•							- 1	■ [

90.	• • • • • • • • • • • • • • • • • • •	 	■ [1]															
91.];	 • • •		••	• •	ı = 1	••		•		•	• •	••	ı = 1		•		•	■ [•	
92.		 •	••						•		•					•	-		-		•
93.		 														•		•		• •	•
94.																					
95.			••				• •	-	•		•	• •	••			-	-				
Genei	ral																				
96.			••	•••			• •			• •		• •	, =		•	•••			• •	•	-
97.					•••			• • • • • •			•										•

End of warranties

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

Explanatory notes:

Sale agreement: manufacturing business

		4
- O M	OKO	I MATACI
		notes:

9.

1.	This is a long document which requires many changes. We suggest you save a perfect copy in case ** ** ** ** ** ** ** ** ** ** ** ** **
2.	This template is suitable for virtually any manufacturing
3.	It is assumed that the seller is a limited company. It makes no difference to the agreement if it is one or more individuals.
4.	This document is designed to cover virtually all the eventualities which will be important in a business sale and purchase. But there is little statutory interference in a negotiation of this nature. You may
5.	This document is usually drawn and submitted by the buyer to the seller. It is good practice to delete irrelevant warranties, but by all means leave in "tough' ones. You may be surprised what comes " ———————————————————————————————————
6.	There are very many points where your input is required. We suggest you search for square brackets automatically in order to check
7.	It is essential for a smooth transaction that the Seller gets together absolutely all the documents which will be needed on completion. It is a good idea to provide a list of them to the Buyer with a copy of this agreement in final form. Ask for approval of the list.
8.	The Buyer should not hesitate to apportion the purchase price among the assets so that he does not pay for items he is not getting. Agreement should be reached in advance as to the amounts to be retained. For example, a lease may have no value, but without property, the business may not be able

A formal legal assignment of each property will be required. This document contains a form of assignment of a leasehold in the first schedule. It should be

10.	A freehold property can be transferred only by a suitable form of transfer, for which you will need help from a attorney or licensed conveyancer. However, a large part of the work of a conveyancer is spent in preliminary matters and drawing the agreement for sale which usually precedes the transfer document, signed at "completion". This sale agreement document contains all the information necessary to constitute an agreement for the sale of a freehold. You do not need more. The answers to the usual preliminary enquiries are covered by the warranties. The buyer should make sure that the replies in the disclosure letter are accurate and avoid "fudge".
11.	If there is only one property, simply delete the paragraphs and references to freehold if the
12.	As for the warranties, the seller should console himself with the thought that any claim by the buyer for breach of warranty must prove money loss to the buyer and that the buyer is under a duty to reduce his loss so far as reasonably possible. As a result, it is generally worth
13.	This agreement is guaranteed by two individuals. It may be assumed they are the executive director and shareholder in the company Seller and his / her spouse. If the Seller is just one individual, it would also be usual to ask for a guarantor. Since bankruptcy has become far less catastrophic, many more people are prepared to become bankrupt having
	Further, a seller may be selling because he has run out of cash. It is not good for a buyer to be able to rely on this brilliant agreement if the seller is .

Paragraph specific notes:

Note: numbering refers to paragraph numbers.

1 Definitions

It is of course fundamental to the agreement to specify the subject matter

	paragraph is simple and devoid of long descriptions. There is some overlap between the terms,
	We know your first thought will be: "Good heavens, do I really need this lot?" Well, the answer is "Yes, probably". Even the smallest business has accounts (we hope!) confidential info
	The term "Contracts is intentionally broad, so as to cover many types of business. It could include contracts to buy, sell or supply goods • • • • • • • • • • • • • • • • • • •
	The term "Third Party Software" is relevant because you never buy your software. What happens in law is that you get a licence to use it. So your computer is full of software you do not own. If you buy a business, you expect to take over all those licences. So the document has to provide for that. There is more: if any owner tells you the licence is not transferable you will have to pay afresh. But you
•	Anna amant for Colo
2	Agreement for Sale
	There is an overlap in this list: use the descriptions that are most
3	The Purchase Price
. :	For various tax purposes it may be important to specify
	Goodwill Leasehold property Freehold property
	Fixed assets Intellectual property Stock for sale or manufacture
	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 to what is or is not
	Intellectual property Stock for sale or manufacture You should consult an accountant as to the most favourable apportionments,

4	Items to be delivered at completion
	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,

5	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
	■.
6	Stocks
	Stocks 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
9	Value added tax
	First, be sure to apply to be registered for VAT before this agreement is signed, so that

10 Warranties by the Seller

11 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	
	■■■■.	
14	Misc Matters	
	Leave all these provisions in place unless you	
	dule 1, part 1: Provided the parties are agreed, the property clearly identified	
Schedule 1, part 2: Leasehold property: this section provides a full and effective assignment of leasehold property. Leases for periods of longer than 10 years must, in order to be binding against a		
	1937	
Matte	rs relating to warranties	
	e this document you have to understand how warranties work. They are er than you thought! Here now is an	
Warra	inties - the inside-out promises	
to con	sider is the "back-to-front" way in which the buyer or his lawyer pulls out eation from a seller .	
to con	sider is the "back-to-front" way in which the buyer or his lawyer pulls out	
to con	sider is the "back-to-front" way in which the buyer or his lawyer pulls out	

Warranties work like this: I am a seller. You produce an agreement. In that agreement,
agreement, = = = = = = = = = = = = = = = = = = =
refer in turn to each of the warranties you have written in to the agreement. I then qualify them in the letter, so as to make them true. I do this by providing the information which then
"
In that way, before he can sue you, the buyer has to prove not merely that the warranty is breached, but that you knew it was wrong
:
"Where any Warranty refers to the knowledge, information or belief of the Seller, he undertakes that it has made ••••••••••••••••••••••••••••••••••••
Suppose the Seller warrants:
"Neither the Seller nor any of its shareholders has any interest, directly or indirectly, in any
The reply to this warranty above could also be that
Now, finally, let us suppose the warranty had not been in the draft agreement at all. This is what would have happened: I sell to you. My dear old mum steps in and makes the peace between me and my brother and in five minutes I am in there

You may find aspects of my illustration to be immoral. That may be. But I assure you that the World is full of pleasant people who
Warranties - seller's tactics
The "task" of the seller is essentially to provide full and truthful information and to avoid being tripped up in the process. The task of the buyer is to ask for the warranties,
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 attorney, you will have to decide whether this creates an unlevelled playing field.
Some attorneys acting for a buyer will see the provision of warranties as an opportunity to go back to
Warranties: drafting notes continued
General
The warranties have been widely drawn so that they are likely to cover a buyer's ■ ■
••••
Assets
The most important answers sought here are as

Stocks
The quality and saleability of stock is the area where most arguments later arise. It is
very easy for a seller to hide un-saleable stock or fail to •••••••••••••••••••••••••••••••••••
,,
Accounts
The basis of valuation of the business is
Suppliers and customers
Of course they have! The purpose of these warranties is ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Licenses, consents and passwords
In any business which has been operating for more than a few years,
Seller's activities
This section is particularly important if the seller is a company. There are circumstances where

Contracts

the business. The buyer should
Intellectual property
All business acquire some intellectual property. Even quite small ■ ■ ■ ■ ■ ■ ■ ■
Internet domain names
These are of course an item of intellectual property. We have placed them under a separate heading to

End of notes