

BUSINESS SALE AND PURCHASE AGREEMENT TEMPLATE



The Business Sale Contract is used when the owner of a business wants to sell it to a third party for an agreed price. In reality, it is the assets of the business that are being sold - not only physical stock and equipment but intangibles such as goodwill and the existing contracts with suppliers and customers, customer lists etc. Business premises and the employees may also be included. In this **Business Sale Contract** the owner of a business wants to sell it to a third party for an agreed price. In reality, it is the assets of the business that are being sold - not only physical stock and equipment but intangibles such as goodwill and the existing contracts with suppliers and customers, customer lists etc. The Contract, in Word format is suitable as a template either for the sale of a small business which is not established as a limited company or for the sale of stock and other assets by a limited company.

BUSINESS SALE AND PURCHASE AGREEMENT

DATE:

BETWEEN:

..... [*company legal name*] whose registered office is at
[*address, city and country*] and registration/fiscal number is (hereinafter referred to as “the Seller”),

AND:

..... [*company legal name*] whose registered office is at
[*address, city and country*] and registration/fiscal number is (hereinafter referred to as “the Buyer”),

Both parties acknowledge each other’s right and ability to undertake the terms of the present Agreement and **AGREE AS FOLLOWS**,

1. DEFINITIONS

This Agreement contains the following defined terms:

“Accounts” means the accounts relating to the Business comprising an un audited balance sheet and an audited profit and loss account and cash flow statements for the period ended on [*insert date*];

“Assets”	means the assets of the Business to be sold to the Buyer described in clause 2;
“Business”	means the business of [insert legal name of the Business] carried on by the Seller at the date of this Agreement;
“Completion”	means completion of the sale and purchase of the Business in accordance with clause 5;
“Consideration”	means the amount payable by the Buyer to the Seller for the Business and Assets as set out in clause 3;
“Contracts”	means all contracts, and commitments relating to the Business entered into by the Seller with customers, suppliers and other third parties which remain to be performed in whole or in part at Completion, details of which are set out in Schedule 1;
“Equipment”	means all plant, machinery, equipment, vehicles, furniture and tools owned by the Seller and used in connection with the Business, details of which are set out in Schedule 2;
“Goodwill”	means the goodwill, custom and connection of the Seller in relation to the Business together with the exclusive rights for the Buyer to use the Business name and to represent himself as carrying on the Business in succession to the Seller;
“Intellectual Property”	means designs, inventions, patents, trademarks, copyrights (including rights in computer software), database rights, business and trade names, domain names and all other industrial or intellectual property or other rights of a similar nature used in the Business;
“Property”	means the property referred to in Schedule 3;
“Stock”	means all stock, raw materials, goods and other assets purchased for resale, component parts, partly finished and finished goods and any packaging and promotional material, work in progress and completed services owned or agreed to be bought by the Seller in connection with the Business;
“Transfer Date”	means close of business on the day of Completion;
“Warranties”	means the warranties given by the Seller under clause 10.

2. SALE AND PURCHASE

2.1 The Seller shall sell with full title guarantee and the Buyer shall purchase as a going concern the Business comprising the following Assets:

- 2.1.1 the Stock;
- 2.1.2 the Goodwill;
- 2.1.3 the Contracts;
- 2.1.4 the Equipment;
- 2.1.5 the Property;
- 2.1.6 the Intellectual Property;
- 2.1.7 all other assets used in the Business.

2.2 The following assets are excluded from the sale:

- 2.2.1 The books and records which the Seller is required by law to retain (copies will be given to the Buyer to the extent these are needed);
- 2.2.2 Cash in hand or at the bank (other than cash received as an advance against goods or services to be supplied after the Transfer Date);
- 2.2.3 The benefit of any insurance claims, Inland Revenue repayments and VAT recoveries due in respect of matters arising before the Transfer Date;
- 2.2.4 Debts of the Business incurred before the Transfer Date (except amounts attributable to goods or services to be supplied to the Business after the Transfer Date);
- 2.2.5 Amounts owing to the Business at the Transfer Date (except amounts attributable to goods or services to be supplied by the Business after the Transfer Date).

3. CONSIDERATION

3.1 The consideration for the sale of the Assets shall be € [*insert total amount*] which shall be payable by the Buyer to the Seller in cash at Completion.

3.2 The consideration shall be apportioned among the Assets as follows:

Stock [.....] €
(*This amount may be subject to adjustment in accordance with the other provisions of this clause.*)

Goodwill, including the benefit of Contracts	[.....] €
Equipment	[.....] €
Property	[.....] €
Intellectual Property	[.....] €
Other Assets	[.....] €
TOTAL	[.....] €

3.3 If the valuation of the Stock as agreed or determined in accordance with this clause 3 is more or less than the amount for Stock shown in clause 3.2, then either the Buyer or the Seller shall pay the difference to the other within 5 days of the date the value is agreed or determined.

3.4 The parties shall procure that a physical stock-take is carried out by a representative of each of them and a Stock schedule prepared. The Stock shall be valued at the lower of cost and net realisable value, after making provision for slow moving, obsolete or damaged Stock.

.....

This is a sample of the Business Sale and Purchase Agreement.

To get more information about this contract click here:



[BUSINESS SALE AND PURCHASE AGREEMENT](#)

USER GUIDE

Contracts drafted by the legal experts of Global Negotiator cover all relevant aspects that are negotiated and agreed in the different types of business between companies. However, when these contracts are used you should take into account some recommendations common to all of them that are described in this User Guide.

DATE

The date when the contract comes into force is the one that appears in its header, as mentioned in the final paragraphs of the contract, before signatures (This Contract comes into force on the date written above).

In some contracts -for example in the Supply Contract- the date of coming into force is also mentioned in one of the clauses. In these cases, you have to verify that the two dates inserted in the contract (in the heading and in the corresponding clause) are the same, in order to avoid discrepancies.

PARTIES

Be sure to insert in the first page of the contract the full details of the Parties:

- When a Party is a company you must insert the following information: legal name, legal form (limited, incorporated, etc.), full address, registration data and fiscal identification number.
- When a Party is an individual that works as independent professional (for example a commercial agent) you must insert the following information: full name, profession, full address and fiscal identification number.

CLAUSES

Clauses with different alternatives: choose the most favorable

In the most important clauses of each contract (exclusivity, payment terms, applicable law and competent jurisdiction, etc.) several drafting alternatives are proposed so you can choose the most appropriate to each situation. Therefore, the user before submitting the contract to the other Party must choose the alternatives that seem best suited to their interests, and eliminate the rest.

Clauses with blank spaces to be completed

In several clauses of the contract blank spaces appear with dots (.....) that the user has to complete inserting text. Following the dots, between brackets, you will see the data and explanations to insert the text.

- When the text between brackets is in normal letters (the same as the contract) and separated by "," or the word "o", the user must insert one of the options suggested.

Example of blank space (.....) with options to select between brackets:

Orders handled before completion of the present Contract which produce sales transactions within [1, 2, 3, 6] months shall entitle the Agent to receive the corresponding commission. In this case the user must choose between options 1, 2, 3 or 6 months and insert one in the blank space (.....).

- When the text between brackets is in italics the user has to insert the data and information requested and eliminate the bracketed text.

Example of blank space - (.....) to insert text:

Both parties, by mutual consent, resolve to refer any dispute to the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules. The place of arbitration shall be [*city and country*]. In this case the user must insert in the blank space (.....) the city and country chosen to conduct the arbitration and afterwards eliminate the bracketed text [*city and country*].

Notices Clause

Sometimes it may happen that the official address of the Parties which appear at the beginning of the contract is different from which is to be used for communications between the Parties during the terms of the contract. In this case the user should include at the end of the contract a Notices Clause.

Example of Notices Clause:

Notices. - In order to comply with their contractual obligations, the Parties establish the following address for the provision of notices related to this contract:

- Party 1 [*insert full address*].
- Party 2 [*insert full address*].

ANNEXES

The contracts incorporate some Annexes, each of them, referenced to the corresponding Clause. Annexes are drafted in commonly used formats, although the user must adapt these formats and the text inserted in them to each particular situation.

SIGNATURES

People who sign

Persons signing the contract on behalf of the company must have the authority to do so and preferably, be entitled on the basis of a power of attorney. Below the signature, in addition to the full name of the person that signs his/her position must be inserted. When one of the Parties who signs is a natural person (for example a commercial agent in an Agency Contract) obviously he or she is the person that has to sign the contract.

The laws of some countries require that contracts, to be valid, shall be signed in front of witnesses or a public notary. Therefore, before signing a contract you should be informed about the requirements that may exist in each country.

Place and date of signature

Usually, contracts are signed by both Parties on the same date and place. Nevertheless, in international contracts, due to physical distance, it is common that each of the Parties sign in different dates and places. This contract provides for both alternatives, so it comes to choosing the most appropriate to each situation.

Number of copies

Usually, the Parties sign two copies of the contract, each Party retaining one of them, but can also arise the need to sign more copies. In this case all you have to do is mention explicitly the number of copies to be signed in the paragraph that is included at the end of the contract (Both Parties declare their conformity to the present contract, which is signed in copies, each of which shall be considered an original).

GENERAL RECOMMENDATIONS

The Parties must sign all pages of the contract, including Annexes, so they are also valid. It is better to use ball point or pen (not pencil) in a color other than black (e.g.: blue); this makes it easier to distinguish an original document from a photocopy.

It is preferable (although no mandatory) to express sums of money and percentages in words and figures. Of course, the words and figures for a given amount must match exactly. You also must insert the currency in which the amounts are expressed. It is advisable to use the rules establish by ISO that name each currency by three capital letters (EUR for euro, USD for dollar, GBP for sterling pound, JPY for Japanese yen, etc. - you can get the acronyms of every currency in the website www.oanda.com).

Once you have chosen the best alternatives of each clause and have completed the blank spaces you should revise the whole contract to remove remaining paragraphs and correct any errors.

LEGAL WARNING

Depending upon your particular situation this contract might not meet your needs and requirements. In case of doubt, you should consult a legal advisor.

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BUSINESS CONTRACTS & AGREEMENTS TEMPLATES

BUSINESS CONTRACTS

- Strategic Alliance Agreement
- Joint Venture Agreement
- Manufacturing Contract
- Supply Contract
- Service Provider Contract
- Consulting Services Contract

COMMERCIAL CONTRACTS

- Exclusive Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Sales Commission Contract
- Real State Agent Agreement

LICENSE & FRANCHISE CONTRACTS

- Trademark License Agreement
- Technology Transfer Agreement
- Software License Agreement
- Franchise Contract
- Master Franchise Contract

CONFIDENTIALITY CONTRACTS

- Confidentiality Contract between Companies
- Confidentiality Contract for Product or Business Idea
- Confidentiality Contract for Employees
- Confidentiality Contract for Consultants and Contractors

SHAREHOLDERS & INVESTORS AGREEMENTS

- Shareholders Agreement for a New Company
- Investors Agreement
- Business Plan for Investors
- Business Proposal for Investors

BUSINESS SALE AND PURCHASE AGREEMENTS

- Business Sale and Purchase Agreement
- Share Sale and Purchase Agreement
- Broker Agreement for the Sale of a Business
- Broker Agreement for the Sale of Shares
- Confidentiality Agreement for Selling a Business
- Disclosure Letter for Selling a Business
- Letter of Intent to Purchase a Business
- Due Diligence Report
- Due Diligence Checklist
- Legal Due Diligence

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