

LEGAL DUE DILIGENCE CHECKLIST AND TEMPLATE



Legal Due diligence is the preliminary step taken by an investor in the sale and purchase of a company, either asset or capital share, M&A, partnership, etc. The purpose of a legal due diligence is to assess the potential risks of a transaction by investigating the obligations and liabilities of the target company. This provides objective and reliable information to a potential purchaser as to whether to proceed with the transaction, exclude or limit the risks, and negotiate warranties or the purchase price. The [Legal Due Diligence Template](#) is a checklist document that covers the investigation of areas such as: share capital and shareholders, corporate structure, compliance with law, licenses and litigation, intellectual property rights, contracts of the company, taxation, properties, employment, pensions, data protection etc. Additional areas should be added as necessary depending of the nature of the due diligence in question.

LEGAL DUE DILIGENCE

on

.....
[insert name of the company being sold]

Alternative 1.

Please supply copies of the following documents and/or other information requested in relation to the Company.

Alternative 2.

Please supply copies of the following documents and/or other information requested in relation to the Company and each of its subsidiaries. Where reference is made to “the Company”, this includes each subsidiary.

1. SHARE CAPITAL & SHAREHOLDERS

- 1.1 The share capital of the Company, including classes of shares.
- 1.2 Names and addresses of all registered shareholders, including number and class of shares held.
- 1.3 If different from the registered shareholders, names and addresses of all beneficial shareholders, showing the number and class of shares held.
- 1.4 All agreements granting options over, or the right to call for, the issue of any share or loan capital of the Company.

- 1.5 Any rights of pre-emption on the transfer of any share capital which are not contained in the Company's articles of association.
- 1.6 Details of any impediments to the transfer of the full legal and beneficial ownership in any shares in the Company to the Purchaser.
- 1.7 Documents effecting all redemptions and purchases of own shares or other reductions of share capital since incorporation.
- 1.8 Details of any direct or indirect interest of any of the shareholders or directors in any customer, supplier or competitor of the Company.

2. CORPORATE STRUCTURE

- 2.1 The current memorandum and articles of association, including certificate of incorporation and all certificates on change of name.
- 2.2 The registered office.
- 2.3 Names and addresses of all directors and the secretary of the Company.
- 2.4 All documents relating to the acquisition of any company or business since
[insert data]
- 2.5 A list of the Company's holdings and interests in other companies and businesses.

Optional

- 2.6 A list of all subsidiaries, including number of shares held and percentage of share capital owned.
- 2.7 Whether subsidiaries are trading or dormant and if dormant please specify the date on which such subsidiary became dormant.

3. INSURANCE

- 3.1 Details of all claims made under insurance policies which are outstanding.
- 3.2 A schedule of all current insurances.

4. COMPLIANCE WITH LAWS, LICENCES AND LITIGATION

- 4.1 Details and copies of all licences, authorisations, approvals and consents obtained by the Company in relation to its business, including any consumer credit or data protection licences.
- 4.2 Details of all licences, authorisations, approvals and consents necessary or desirable in relation to the Company's business which have not been obtained.

- 4.3 Details of any prosecutions, litigation or other disputes in which the Company is currently engaged, any litigation or other disputes known to be pending or threatened and any circumstances likely to lead to any litigation or prosecutions.
- 4.4 Copies of any outstanding judgments or orders affecting the Company.
- 4.5 Details of any material breach or default by the Company under the terms of any agreement, arrangement or licence.

5. ACCOUNTS AND FINANCE

- 5.1 Last audited accounts of the Company.
- 5.2 Details of any outstanding loan notes or loan stock, including copies of the constituting instrument.
- 5.3 Details of all bank, invoice discounting, factoring and other financing facilities, including currency hedging arrangements.
- 5.4 Details of any grant or other financial assistance received by the Company since incorporation.
- 5.5 Details of all guarantees, indemnities, bonds and suretyship arrangements given by or for the Company, including intra-group arrangements.
- 5.6 Details of all loans made to or by the Company, including all intra-group and directors' loans and indebtedness.
- 5.7 Copies of all outstanding mortgages, charges, or debentures or other security over any of the assets of the Company.
- 5.8 Details of any security held by the Company over the assets of any third party.
- 5.9 Details of any material off-balance sheet finance commitments.

This is a sample of the Legal Due Diligence Template.

To get more information about this document click here:



[LEGAL DUE DILIGENCE TEMPLATE](#)

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

Online Purchase

www.globalnegotiator.com

info@globalnegotiator.com



GLOBALNEGOTIATOR
International Documents

<https://www.globalnegotiator.com/en/business-contracts>