


For adviser use only



## GUIDE 10: LEGAL DOCUMENTATION

Selling a business can be the biggest financial event of the owner's life, so getting the right advice and documenting the transaction properly is crucial. Here are a few pointers that should help when planning this stage of the process:

- Take advice - lawyers use other lawyers when selling their own firms. Regardless of the shape and size of your firm, or your own experience, you should take legal advice.
- It's generally the responsibility of the purchaser to draft the legal documents for a deal.
- The legal documentation for the purchase of a business will vary from deal to deal but will typically include the following:
  - Heads of Terms.
  - Acquisition agreement and this could be a SPA for a share purchase, or BPA for a business purchase.
  - Employment/self-employment contracts (if you are working with the purchaser after completion).
  - Shareholder agreements (if you are receiving equity as part of the transaction).
  - Loan agreements for the buyer if they are going to fund part or all of the transaction (you may become party to the loan if you are taking equity and/or becoming an officer of the buyer's business).
  - Instruments to assign existing contracts in certain circumstances.
- Warranty disclosures are a critical element of the legal process and legal advice should always be sought regarding the scope and approach to this situation.
- There may be third party permissions required before the deal can complete and these are generally sought while the legal documentation is being concluded.



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"Transact" is operated by Integrated Financial Arrangements Ltd, 29 Clement's Lane, London EC4N 7AE.  
Tel: (020) 7608 4900 Fax: (020) 7608 5300 email: [info@transact-online.co.uk](mailto:info@transact-online.co.uk) web: [www.transact-online.co.uk](http://www.transact-online.co.uk) (Registered office: as above; Registered in England and Wales under number: 3727592) Authorised and regulated by the Financial Conduct Authority (entered on the Financial Services Register under number: 190856)

