

Disclosure Letter Sample

To: [Name of Buyer]

[Address]

Date: 2013

Dear Sirs

XXXXXX (“the Company”)

This letter is the Disclosure Letter referred to in the agreement (“the Agreement”) entered into today between **XXXXXX** and **XXXXXX** (“the Sellers”) (1) and [] (2) (“the Buyer”) relating to the sale and purchase of the entire issued share capital in the Company.

1 INTRODUCTION

- 1.1 All words and expressions defined in the Agreement shall, unless the context otherwise requires, have the same respective meanings in this letter.
- 1.2 In this letter references to “the Company” shall also include so far as applicable references to the Subsidiaries.
- 1.3 Any reference to “Purchasers Financial Information Sheet” can be found in a Schedule attached to this letter.
- 1.4 Where any conflict arises between the contents of any document annexed or referred to in this letter and the information contained in this letter, the information contained in this letter shall prevail.

2 GENERAL DISCLOSURES

By way of general disclosure, the following matters are disclosed or deemed disclosed to the Purchaser in relation to the Warranties and the Purchaser acknowledges and agrees that they shall be treated as disclosed (in each case to the extent they constitute a “Disclosure” as defined in the Agreement):-

- 2.1 all information revealed by an electronic search in respect of the Company of the files maintained by the Registrar of Companies one Business Day before Completion;
- 2.2 all matters which would be revealed by a search, carried out on the last Business Day before Completion, of the registers and documents maintained by the Office of Fair Trading or the UK Intellectual Property Office in respect of each member of the Group;
- 2.3 all information and documents that would be revealed by:
 - 2.3.1 a telephone search with the Central Registry of Winding-up Petitions in England and Wales; and
 - 2.3.2 an online search of the United Kingdom Patent Office relating to the patents and trademarks of the Company as detailed in Part 1 of Schedule 4 of the Agreement,

carried out on the last Business Day before Completion;
- 2.4 the contents of the Agreement and all transactions effected pursuant thereto and the contents of all documents referred to in the Agreement as being in agreed form.

3 NO WARRANTY

Neither the Disclosure Letter nor any disclosure made in or by virtue of it shall constitute or imply any representation, warranty, assurance or undertaking by the Sellers not expressly set out in the Agreement and neither this Disclosure Letter nor any such disclosure shall have the effect of, or be construed as, adding to or extending the scope of any of the Warranties.

4 SPECIFIC DISCLOSURES

The following specific disclosures refer, for convenience only, to specific paragraphs contained in Schedule 7 to the Agreement. However, they may apply to other paragraphs of those

Schedules and are disclosed against all of the Warranties and the Purchaser shall not be entitled to claim that any fact or matter has not been disclosed to it by reason of the relevant disclosure not being specifically related to any one or more of the Warranties. In addition, in certain cases specific reference is made to Disclosure Documents but this is done for the same reason and does not affect the general disclosure numbered 2.4 above.

PART ONE – GENERAL WARRANTIES

Warranty Number	Disclosure	Disclosure Document(s) DR = Data Room Disc PDD = Paper Disclosure Document
4.3	No health and safety reports or risk assessments have been carried out since September 2006.	
6.2	All business data is backed up to tape once a week. The tape is taken offsite by the 24/7 1 st line support person and returned the following week when the out-of-hours shift change takes place.	
6.3	The Company changed its accounting reference date to 31 December in March 2008.	
8.9	Please refer to the aged debtor and aged creditor lists at DR2.7.	DR 2.7
10.8	The domain names are owned and used by the Company are set out in DR 9.4	DR 9.4

Warranty Number	Disclosure	Disclosure Document(s) DR = Data Room Disc PDD = Paper Disclosure Document
12.1	<p>Please refer to DR 7.1 for details of the Employees.</p> <p>Shareholder 1 does not have a service contract.</p>	DR 7.1



PART TWO – TAXATION WARRANTIES

Warranty Number	Disclosure	Disclosure Document(s) DR = Data Room Disc PDD = Paper Disclosure Document
4.3	The details of all dividends paid in 2012 is located at PDD 1.	PDD 1

Yours faithfully

.....

Shareholder 1

.....

Shareholder 2

Please acknowledge receipt of this Disclosure Letter by signing and returning to us the enclosed duplicate hereof.

We hereby acknowledge receipt of the Disclosure Letter of which this is a duplicate.

.....

For and on behalf of [Purchaser Company Name]



INDEX OF DISCLOSURE DOCUMENTS

- 1 Documents highlighted yellow and/or marked with a tick on the enclosed index of the datasite.
- 2 One disc containing the entire contents of the datasite are held by the Sellers and the Purchaser, but for the avoidance of doubt only those documents highlighted yellow and/or marked with a tick on the enclosed index of the datasite, together with the Paper Disclosures Documents detailed in paragraph 3 below, constitute the Disclosure Documents.
- 3 Paper Disclosure Documents:

PDD1 Details for dividends paid in 2012.



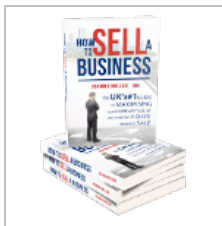
ANNEX

Index of Datasite Document

Sell Your Business – Online Offerings

Save time, reduce stress, and increase your ability to maximise your business sale value today. Review our offerings and save money by purchasing one of our Collections. Purchase them securely from our online store now: <http://www.SellYourBusiness.biz/store>

‘Preparation for Sale’ Individual Offerings



The ebook **“How To Sell A Business: The UK’s #1 guide to maximising your company value and achieving a quick business sale”** will help you to get the highest pay-out, ensure a quick and smooth sale process, demystify the sale process, handle the emotional journey, and much more.



The **“Calculate Your Walkaway Price Pack”** is a step-by-step workbook that will enable you to calculate your minimum cash reward for selling your business. The workbook will help you with costings, valuation options and instructions on how to agree on the minimum pay-out required.



“The Seller’s Professional Advisors Beauty Parade Pack” will help you find, interview and select the various professionals that will make up your final business sale success team. The pack will help you step-by-step with checklists, templates and lists of questions to ask so that no stone remains unturned!



The **“Contracts Summary Template”** is an Excel spreadsheet that will help you to record all your client contract information in one place. Use this timesaving template to organise your contracts, revenue and take action accordingly. Eliminate expirations, instigate renewals & monitor contracts.



The **“Monthly Management Information Report Template”** is an Excel spreadsheet that will allow you to easily organise your business’ mission critical figures. Once populated, it will enable you to provide historical records of the business’s progress helping you better plan and forecast.

Sell Your Business – More Online Offerings

Increase your ability to maximise your business sale value today in addition to saving time and reducing stress. Review our offerings and save money by purchasing one of our Collections securely from our online store now: <http://www.SellYourBusiness.biz/store>

'The Sale Journey' Individual Offerings

A green square icon with the text 'CREATING THE DATA ROOM PACK' in white, uppercase letters.

CREATING THE DATA ROOM PACK

The **“Creating The Data Room Pack”** is for you if you want to make your life easier. To avoid running your company *and* frantically preparing all the data necessary for the buyers due diligence requests, be proactive and prepare get your data room set up now! Included is core information and file structure.

A blue square icon with the text 'PREPARING FOR DUE DILIGENCE CHECKLIST PACK' in white, uppercase letters.

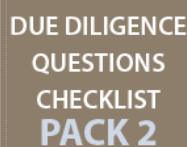
PREPARING FOR DUE DILIGENCE CHECKLIST PACK

The **“Preparing For Due Diligence Checklist Pack”** comes after you set up your data room and provides you with the core documents, questions, requirements that will be requested. Be proactive and get this out of the way now rather than later.

A blue square icon with the text 'DUE DILIGENCE QUESTIONS CHECKLIST PACK 1' in white, uppercase letters.

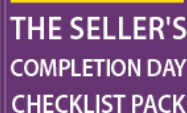
DUE DILIGENCE QUESTIONS CHECKLIST PACK 1

The **“Due Diligence Questions Pack 1”** is similar to doing a practice run before an exam. The 250 questions will help you to be prepared for the requests that will be made by potential buyers during due diligence. Free up time to allow you and your business sale team to focus on the negotiations and keeping the business value up.

A brown square icon with the text 'DUE DILIGENCE QUESTIONS CHECKLIST PACK 2' in white, uppercase letters.

DUE DILIGENCE QUESTIONS CHECKLIST PACK 2

The **“Due Diligence Questions Pack 2”** offers 250 *more* questions that might be asked during the due diligence stage. If you want to cross every 't' and dot every 'i' this offering will help you do so! Proactively use your time now wisely - the more you prepare now the easier the process will flow.

A purple square icon with the text 'THE SELLER'S COMPLETION DAY CHECKLIST PACK' in white, uppercase letters.

THE SELLER'S COMPLETION DAY CHECKLIST PACK

“The Seller's Completion Day Checklist Pack” will help you to prepare yourself mentally and physically for Completion Day. If you want to reduce your stress levels, remove unknowns, prepare a negotiation strategy, and increase your chances for a successful completion get this pack now.

Money Saving Collections



The **'Ultimate Collection'** consists of all offerings – eBook, Templates, and Packs – everything! It will provide you with everything needed to help you prepare, increase your company value, help you avoid problem areas, save time and money and ensure your business sale process is as smooth and successful as possible.



The **'Everything But The Book Collection'** is exactly what it says! Consider this money-saving offering if you already have the book and want to take advantage of all the templates, checklists and packs.

Purchase any of our items securely from our online store now: <http://www.SellYourBusiness.biz>

Sell Your Business – Other Offerings

Please make sure to sign up to our newsletter that will notify you of our recently published articles for people thinking of selling, preparing to sell and going through the sale process. Sign up here: <http://www.SellYourBusiness.biz/broadcast/>

Also check out our freebie section where we have the a number of samples including: Information Memorandum table of contents, Business Sale Non-Disclosure Agreement, Teaser letter, Data room structure sample: <http://www.SellYourBusiness.biz/resources/free-document-samples/>