

# SHAREHOLDERS' AGREEMENT QUESTIONNAIRE



**Clarkson Wright & Jakes**  
Solicitors and Notaries

Please complete the questionnaire below to assist us in preparing a suitable shareholders' agreement for you.

<b>Has the company been incorporated?</b>	<input type="checkbox"/> Yes. If yes, please provide the details below. <input type="checkbox"/> No. If no, please provide details for the proposed new company
<b>Would you like assistance with the incorporation of the new company?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of company</b>	
<b>Company number (if applicable)</b>	
<b>Registered office</b>	
<b>Current authorised share capital (if any)</b>	£                      divided into                      shares of £                      each.
<b>Current issued share capital</b>	Current:
<b>Proposed issued share capital</b>	Proposed:

<b>Current shareholders</b>		
<b>Name</b>	<b>No. of shares</b>	<b>Class</b>

<b>Proposed new shareholders</b>		
<b>Name</b>	<b>No. of shares</b>	<b>Class</b>

If you have any further questions please contact **Ben Madden** on **01689 887845** or **ben.madden@cwj.co.uk**

Name of shareholders	Address of shareholders
<b>Current directors and company secretary (if one is appointed)</b>	
<b>New directors and company secretary (if one is to be appointed)</b>	
<b>Primary business of the company</b>	
<b>Who will be the company's bankers?</b>	
<b>Who will be the company's accountants?</b>	
<b>What is/will be the company's year end date?</b>	
<b>What is each shareholder paying for any shares to be issued to them (e.g cash or other form of payment?)</b>	
<b>Will the directors require service agreements? If so, please detail the terms.</b>	

1. Are there any matters that should require the consent of all or a particular proportion of the shareholders? Consider the following: (If consent is required but not from the holders of all shares, please state the proportion required, \_\_\_\_ %)

- |   |                              |                             |
|---|------------------------------|-----------------------------|
| • Amending articles of association  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Changing name of the company  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Disposing of any assets otherwise than in the ordinary course of business                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Altering rights attaching to shares   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Merging with any other company or business  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Purchasing or leasing assets in excess of a certain amount (please specify amount)          | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Entering into any contract of a value in excess of a certain amount (please specify amount) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Increasing/reducing/cancelling shares   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Alloting/issuing new shares   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Borrowing money in excess of a certain amount (please specify amount £ _____)               | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Creating any mortgage, debenture or other encumbrance over assets of the company            | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Factoring, assigning or otherwise disposing of book debts                                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Entering into any guarantee   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Lending or granting credit otherwise than in the ordinary course of business                | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Removing a director   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Changing the nature of the business of the company  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Selling or disposing of assets at less than market value                                    | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Enter into partnership or joint venture arrangements  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

**Any other matters (please specify e.g any additional classes of shares)**

**2. Regarding transfers of shares, consider the following:**

- Should an individual shareholder be entitled to transfer shares freely to his or her spouse/children/ other relations/family trust/other? (If yes, delete or add as necessary)  Yes  No
- Before a shareholder can transfer shares to a third party, should those shares first be offered to other shareholders in proportion to their existing shareholdings?  Yes  No
- If so, can the other shareholders apply for more shares than their proportionate entitlement?  Yes  No
- Can a shareholder transfer his/her shares to a third party with the consent of all or a particular proportion of the shareholders? (If yes and not 100%, please specify the proportion required) \_\_\_\_\_  Yes  No
- In the event of dispute as to the value of a transfer of shares between parties, should the matter be referred to the company's accountants or auditors to value the shares or to an independent expert?  Yes  No
- Should there be a schedule or a list of assumptions that the parties or the company's accountants or auditors should take into account when working out the valuation of the shares to be transferred (please note this may require the input of your accountants/auditors)  Yes  No
- If the shareholders' agreement will contain restrictions on transfer of shares:
  - a) Can a shareholder transfer part only of his or her shareholding?  Yes  No
  - b) If shares are not fully taken up should the shareholder who offered them for sale be free to sell to a third party of his choice for a given period? (If so, how long? \_\_\_\_\_)  Yes  No
  - If yes to b), should it be subject to the sale being on no more favourable terms than those offered to the other shareholders?  Yes  No

**3. Are there are other circumstances in which a shareholder must sell? Will it apply to all the shareholders? Consider the following:**

- Death  Yes  No
- Bankruptcy  Yes  No
- Permanent incapacity  Yes  No
- In the case of a shareholder who is an employee, being unable to carry out duties for 6 months in any 12 month period  Yes  No
- In the case of a shareholder who is an employee, ceasing to be an employee for any reason  Yes  No
- Material breach of the terms of the shareholders' agreement  Yes  No
- Being convicted or charged of a criminal offence punishable by imprisonment?  Yes  No
- Ceasing to be a director of the company or being disqualified from acting as a director?  Yes  No
- In any of the above circumstances does the shareholder then have to resign as a director?  Yes  No

**4. If the holders of a certain percentage of the company's shares wish to transfer their shares to a bona fide arm's length third party should that majority be able to force the minority to sell their shares as well? This is known as a "drag along" provision. If yes, then at what percentage should it be triggered (e.g the holders of not less than 70% of the shares)?**

**5. Should the minority be able to block a sale of shares unless the proposed third party purchaser also buys the minority shares on the same terms? This is known as a "tag along" provision. If yes, then at what percentage should it be triggered (e.g the holders of not less than 50% of the shares)?**

6. **Should the shareholders' agreement contain restrictive covenants, i.e. a clause preventing a shareholder, whilst he is a shareholder and after he leaves the company, from:**

- |   |                              |                             |
|---|------------------------------|-----------------------------|
| • competing with the business                                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • approaching customers or suppliers or staff (delete as desired) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • using confidential information                                  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • using the company's name or a similar name for another business | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

**If restraints are to be imposed consider the period and geographical extent of the restraints. Restraints should be no more than are necessary to protect the company's legitimate business interests.**

7. **A shareholders' agreement is simply an agreement between shareholders and the points listed above are examples of the types of clauses which shareholders may want to consider but is not exhaustive. If there are further points that need to be addressed and are not covered by this questionnaire, please add them below.**

8. **Describe any associated financing arrangements (for example loans to the company from shareholders, or external financing).**

9. **Do the shareholders have or propose to have life insurance or critical illness insurance in place for themselves or any other directors?**

10. **Any additional requirements?**