

**LEGAL DUE DILIGENCE****ON**

[        ] [LIMITED/PLC] (“the Company”)

Please supply copies of the following documents and other requested information 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 authorised and issued 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 repurchases of shares or other reductions of 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 A list of all subsidiaries, including number of shares held and percentage of share capital owned.
- 2.4 Whether subsidiaries are trading or dormant and if dormant please specify the date on which such subsidiary became dormant.
- 2.5 Names and addresses of all directors and the secretary of the Company.
- 2.6 All documents relating to the acquisition of any company or business since [incorporation].
- 2.7 A list of the Company’s holdings and interests in other companies and businesses.

**3. INSURANCE**

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

**4. LEGAL COMPLIANCE**

- 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. 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.

**6. ASSETS**

- 6.1 Any independent valuations of fixed assets (excluding land) obtained in the last three years.
- 6.2 Details of any hire, hire purchase, leasing, credit sale or similar agreements to which the Company is a party and copies of such agreements or where the gross payments under such contracts exceed £[     ].

**7. INTELLECTUAL PROPERTY**

- 7.1 Details of all the Company's registered intellectual property including copies of registrations and pending applications.
- 7.2 Any official objection or opposition in respect of any application for, or an application for rectification or cancellation of, a registered intellectual property right.

- 7.3 Details of all registrable intellectual property owned by the Company which has not been registered.
- 7.4 Details of any trade or business names or styles used by the Company.
- 7.5 In the case of intellectual property that is used but not owned by the Company, copies of the Company's licence or other right to use (excluding off the shelf software packages).
- 7.6 Details of any licences or other rights to use granted by the Company in respect of intellectual property owned or used by the Company.
- 7.7 Details of any disclosure to any third party of any intellectual property, trade secrets or confidential information of the Company.
- 7.8 Details of any actual or suspected infringements of the Company's intellectual property, including business or trading names.

## 8. MATERIAL CONTRACTS

- 8.1 Details of all contracts involving an outstanding obligation to pay in excess of [£ ].
- 8.2 Details of all contracts with a performance period of more than three months, or which cannot be terminated on three months' or less notice without payment of compensation.
- 8.3 Details of all contracts which are or may be loss-making.
- 8.4 Copies of all agency or distributorship or similar agreements.
- 8.5 Copies of all joint venture, franchising, partnership or consortium agreements or technical assistance arrangements to which the Company is a party.
- 8.6 Copies of the Company's standard terms and conditions of purchase and/or sale.
- 8.7 Copies of all agreements or arrangements which will be (or are capable of being) terminated or varied upon a change of control of the Company.
- 8.8 Details of any agreement or arrangement entered into otherwise than by way of a bargain at arms length or otherwise than in the ordinary course of business.
- 8.9 Details of any agreement or arrangement which is outstanding [or was outstanding since incorporation] in which any shareholder or director was directly or indirectly interested.
- 8.10 Details of any restrictions entered into by the Company restricting or limiting the Company's ability to carry on business in any part of the world.
- 8.11 A list of major customers/suppliers (i.e. those accounting for more than [10]% of turnover) in the current and last financial years.
- 8.12 Details of any long term, unusual, onerous or other material contracts or commitments.
- 8.13 Details of any agreements/licences and consents in respect of which a fee, commission or royalty is paid.

## 9. EMPLOYEES

- 9.1 Details of all the terms and conditions of employment of any director or shareholder (or their family members) employed by the Company.

- 9.2 A schedule comprising in respect of each employee, (and person due to begin employment) start date, date of birth, age, job title, location, hours per week worked, salary (including date of the most recent increase and details of any proposed increases, reviews or current negotiations), overtime pay, notice periods, entitlement to bonuses (whether contractual or discretionary), commission, other benefits and emoluments (including accommodation), car and expenses and amount of parental leave (if any) taken.
- 9.3 Copies of the Company's standard terms and conditions of employment and copies of all service agreements.
- 9.4 Details of any outstanding dispute with any employee or former employee and any matters which might give rise to such, including details of any grievance raised by any employee or warning outstanding against any employee.
- 9.5 Copies of any written enquiry, correspondence or contact between the Company and the Commission for Racial Equality, the Equal Opportunities Commission, the Health and Safety Inspector and the Inland Revenue concerning employees.
- 9.6 Details of any consultancy arrangement or agreement and labour—only sub-contractors including name, purpose, terms and duration of engagement.
- 9.7 Details of any current employee who has given or who has been given notice of termination of employment (including the reasons for termination).
- 9.8 Details of all employees currently on maternity, paternity or parental leave or absent from work on the grounds of ill health, disability or any other reason or arrangement pursuant to which they have a right to return to work.
- 9.9 Details and copies of any redundancy schemes or policies or agreements (if any), whether or not contractual.
- 9.10 Details of any collective bargaining agreements, including details of any arrangements adopted by agreement or default under the ICE Regulations 2004, and any requests, ballots negotiations or notices which may lead to an arrangement under those regulations, and any complaints to the Central Arbitration Committee or to an Employment Tribunal threatened or made under those regulations.
- 9.11 Details of any life assurance, permanent medical health and accident insurance schemes in respect of employees and a list of all participating members.

## 10. PENSIONS

- 10.1 Details of any existing or former occupational pension scheme(s).
- 10.2 Copies of scheme documentation including (but not limited to) deeds of amendment, member announcements, scheme booklets and circulars and details of any enhancement in benefit which may have been promised to employees but which are not yet reflected in the pension scheme documents.
- 10.3 Copies of any announcements and explanatory booklets given to employees, including pension sections in staff handbooks.
- 10.4 Copy of the latest actuarial valuation.
- 10.5 Membership data (if a bulk transfer payment is being sought, then the data should be sufficient to enable the buyer's actuary to make a good estimate of the amount that ought to be transferred).
- 10.6 Details of contributions.

- 10.7 Confirmation that each scheme is treated as a registered pension scheme with HMRC.
- 10.8 Confirmation as to whether each scheme is contracted out.
- 10.9 Details of any discretionary benefits.
- 10.10 The names of the current trustees.
- 10.11 Details of any complaints, including complaints to the Pensions Ombudsman against the company and/or the trustees.
- 10.12 Details of any investigation into the scheme by the Pensions Regulator.
- 10.13 Details of any designated stakeholder pension arrangement.
- 10.14 Details of the scheme's investments.
- 10.15 Copies of the trustees' report and accounts, ideally for the last three years.
- 10.16 Details of any discretionary practices relating to pension schemes.

## 11. TAXATION

- 11.1 Details of all periods for which tax computations are outstanding.
- 11.2 Details of all disputes with any taxation authority.
- 11.3 Details of any VAT group of which the Company is a member.

## 12. PROPERTY

- 12.1 Details (including a plan) of any property owned or occupied by the Company, and a copy of the existing lease in the case of leasehold property.
- 12.2 Details of any contingent liability which the Company may have in relation to any leasehold property formerly occupied by it.

**[More detailed property enquiries will follow depending on the nature of the Company's property interests]**

## 13. DATA PROTECTION

- 13.1 Copies of documents evidencing the information provided by the data controller to the data subjects (for example, privacy statement or policies).
- 13.2 Evidence of consent obtained from all Data Subjects in relation to all the Personal Data held by and processed by the Company.
- 13.3 Copies of all notifications registered with the Office of the Information Controller and a copy of the certificate of registration.
- 13.4 Copies of all data processor contracts.
- 13.5 Copies of all data subject requests (eg. to gain access to personal data) together with documents evidencing the data controller's response (including any correspondence with the Office of the Information Commissioner).
- 13.6 If personal data is transferred outside the European Economic Area, details of the countries concerned and details of consents given to cross-border data transfers.
- 13.7 Copies of any enforcement notices or information notices from the Information Commissioner and of any responses.

13.8 Details of any compensation paid or claimed by a data subject or any circumstances likely to give rise to a claim for unlawful processing.

13.9 Details of any failure (or alleged failure) to comply with the requirements of the Data Protection Act 1998.

[More detailed enquiries may be appropriate if there are particular concerns regarding data protection issues.]

14. COMPETITION

14.1 Provide details of the Company's market share by service or product produced or supplied within each member state of the European Union where such market share is in excess of 5%.

14.2 Provide details of the Company's market share by service or product produced, supplied or acquired by the Company within the UK where such market share is in excess of 10%.

14.3 If there is a regional market for the services or products in the UK please provide details of the market share for each such product or service of the Company by regions.

[This may be deleted if irrelevant but, if there are likely to be serious competition law issues, more detailed enquiries will be required.]

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