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SHAREHOLDERS AGREEMENT – JOINT VENTURE

THIS AGREEMENT is made on the *[insert day]* day of *[insert month]*
[insert year]

THE PARTIES TO THIS AGREEMENT ARE AS FOLLOWS:

[Insert the name, registered number and registered address of the first party], ("Party A");

[Insert the name, registered number and registered address of the second party], ("Party B");

[Insert the name, registered number and registered address of the Company], ("the Company")

Hereinafter called the Parties/Shareholders

WHEREBY IT IS AGREED as follows:

1. Introduction

1.1 The Company was formed on the *[insert date]* and for the following purpose of *[insert company's purpose]*.

1.2 Party A and Party B to this Agreement wish to act and participate as joint venture partners and shareholders in the Company.

1.3 The Parties agree to enter into this Agreement to control, direct and regulate the operation and management of the Company.

1.4 Furthermore this Agreement is also produced to manage the relationship between the Parties as Shareholders in the Company.

1.5 Immediately following the signing and execution of this Agreement

the total issued share capital of the Company will be *[insert number of shares]* ordinary Shares of £ *[insert value of each share, for example £1.00]* each. The Parties respective shareholdings in the Company will be Party A *[insert number of shares]* shares and Party B *[insert number of shares]* shares, this represents *[insert percentage]* % and *[insert percentage]* % respectively of the entire issued share capital of the Company.

2. Definitions

2.1 "Articles" means the new articles of association of the Company as amended from time to time.

2.2 "Board" means the board of directors as appointed to the Company;

2.3 "Business" means the commercial activities of the Company as described within this Agreement and such other commercial activities that the Shareholders may agree upon in writing from time to time;

2.4 "Director" means any director appointed to the Company, including alternate directors and non-executive directors;

2.5 "Executive Directors" means those directors appointed by the Company to have day-to-day control over and responsibility for the management and running of the Company.

2.6 "Shareholders" means Parties A and B to this Agreement. This includes any other party to whom they transfer their shares in accordance with the terms of this Agreement.

2.7 "Shares" means shares of the Company;

2.8 "Territory" means the United Kingdom and such other places as the Company may wish to carry on business now or in the future.

3. Commercial Object of the Company

3.1 The main commercial purpose of the Company is to carry on the business of *[insert details]* in the Territory.

3.2 The Company will also carry on all other business related or incidental to the main commercial purpose of the Company.

3.3 The Business shall at all times be carried out in the best interests of the Company.

4. Completion

4.1 On the execution of this Agreement or as soon as practicable after it

the Shareholders shall (to the extent not already performed) do or cause to be done the following at the appropriate Shareholders' and Directors' meetings:

4.2 Adopt the agreed new articles for the Company.

4.3 Appoint the following as Directors of the Company, *[insert names of directors]*

4.4 Appoint the following as Executive Directors of the Company, *[insert names of directors]*

4.5 Party A shall subscribe to *[insert number of shares]* Shares at £ *[insert value of each share]* each at a price of £ *[insert amount]* per share and such Shares to be allotted and issued by the Company to Party A in consideration of the payment in full of £ *[insert amount]*.

4.6 Party B shall subscribe to *[insert number of shares]* Shares at £ *[insert value of each share]* each at a price of £ *[insert amount]* per share and such Shares to be allotted and issued by the Company to Party B in consideration of the payment in full of £ *[insert amount]*.

4.7 The Company will execute Directors Service Agreements with the following directors *[list all directors, all of whom should have service agreements, this should include all Executive Directors]*.

4.8 Completion shall take place at *[insert location]* on the date of this Agreement or such other place and time as may be agreed between the Parties.

5. Directors

5.1 The maximum number of Directors (including Executive Directors) at any given time will be *[insert number]* unless both Parties agree otherwise in writing.

5.2 Party A shall appoint *[insert number]* Directors and Party B appoint *[insert number]* Directors.

5.3 Either Party may require the removal or substitution of Directors they have appointed.

5.4 The Executive Directors undertake and covenant to observe and perform their duties in accordance with their service agreements and agree to be bound by all the restrictive covenants included within their service agreements to the extent that such restrictive covenants are enforceable.

5.5 In accordance with the Articles the first appointed Chairman of the Board shall be *[insert name]*.

6. Management of the Company

6.1 If the Chairman is unable to attend any meetings of either the board or meetings of the members of the Company another Director will be entitled to act as the Chairman or appoint another Director to act as Chairman for the purposes of the meeting. In the first instance a Director appointed by *[select Party A or Party B]* shall be entitled to act or appoint. In the second instance a Director appointed by *[select Party A or Party B]* shall be entitled to act or appoint. Thereafter the power to act or appoint will alternate between Directors appointed by Party A and B.

6.2 All decisions in board meetings or meetings of the members will be decided by a majority, where there is an equality of vote the Chairman at the meeting will have a second or casting vote.

6.3 All directors shall be entitled to appoint alternates to represent them at a board meeting in accordance with the Articles.

6.4 The Board shall meet no less than every quarter from the date of this Agreement, furthermore any director can request a meeting at any time. All directors must receive at least seven (7) clear days notice in writing of any Board meeting. Such notice period can be varied in writing with the consent of all the directors. Any notice must specify the matters to be discussed at the board meeting. Other matters may be discussed at a board meeting if all the directors (including alternates) agree. However, only those matters outlined in the meeting notice may be resolved at the meeting.

6.5 The quorum for any board meeting will be at least two directors present at the time of and throughout the meeting, one of whom must be an Executive Director (or appointed alternate). If a quorum is not present the meeting will be postponed for a further seven (7) clear days for the same time and place. If a quorum is not present at the adjourned meeting, the adjourned meeting will be dissolved.

6.6 The Executive Directors will prepare a Business Plan for the approval of the Board to cover each financial year of the company. Such Plan to be produced and presented to the Board no later than sixty (60) days before the beginning of the new financial year to which the Plan relates. The Plan shall include, but not be limited to, cash flow projections, operating budgets, sales forecasts, business development plans and strategy for the upcoming financial year. On presentation of the Business Plan the Board may request such further information as they require in order to fully evaluate the Plan. The Plan must be approved by the Board no later than thirty (30) days before the beginning of the new financial year.

6.7 The Executive Directors will prepare quarterly accounts for presentation to the Board such accounts to provide full disclosure of income, expenses and any other significant financial matters relating to the financial quarter. The Board may request such further information as

they require. Such accounts shall be delivered within thirty (30) days of the end of the period to which they relate. (Fully audited yearly accounts will be presented to the Company in general meeting in accordance with the Companies Acts.)

6.8 The Shareholders shall be entitled to examine and make copies of the books and accounts of the Company and to request such further information, as they require.

**Sample document – the remaining are clause headings only
Full document contains all clauses**

7. Further Administration of the Company

8. Reserved Matters For Shareholders

9. Share Transfers

10. Warranties

11. Confidentiality

12. Restrictions

13. Notices

14. General

15. Duration

16. Jurisdiction

This Agreement shall be construed in accordance with the laws of England and shall be subject to the exclusive jurisdiction of the English courts.

IN WITNESS of which the parties have signed this Agreement the day, month and year first above written.

[Insert Party A Company name]

[Insert name or person signing on Company's behalf]

[Insert their position]

Signature: _____

in the presence of:

[Insert name and address of witness]

Signature: _____

[Insert Party B Company name]

[Insert name or person signing on Client's behalf]

[Insert their position]

Signature: _____

in the presence of:

[Insert name and address of witness]

Signature: _____

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