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## **JOINT VENTURE AGREEMENT**

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

BETWEEN

*[Insert the name and address of the first organisation], ("first joint venturer")*

AND

*[Insert the name and address of the second organisation], ("second joint venturer")* hereinafter called the Parties.

WHEREAS:

The first joint venturer carries on the following business:

*[Insert a short business description]*

In the following territory: *[Insert territory, e.g. Europe]*.

AND

The first second joint venturer carries on the following business:

*[Insert a short business description]*

In the following territory: *[Insert territory, e.g. Europe]*.

IN CONSIDERATION of the terms, conditions and covenants hereinafter set forth, the Parties agree as follows:

### **1. Establishment of Joint Venture**

**1.1** On *[Insert date]*, (the "closing date") the Parties will cause the first joint venturer to purchase the whole of the issued share capital of the second joint venturer and thus acquire the second joint venturer's business as a going concern.

**1.2** The Parties shall establish and agree valuations of the second joint venturer's business based principally upon the value of the net assets of that business. Final valuations will be prepared and agreed by a member of the Institute of Chartered Accountants appointed by the Parties *[Insert number of days, e.g. 30 days]* days before the closing date and shall be binding on the Parties. In the absence of agreement as to the choice of accountant the Parties will request the President for the time being of the Institute of Chartered Accountants to appoint an appropriate firm of accountants.

**1.3** As consideration for the said acquisition the first joint venturer will on the closing date allot *[Specify percentage of shares, e.g. 20%]* % of its issued share capital to the second joint venturer and continue to own *[Insert remaining percentage]* %.

**1.4** On the closing date the Parties will form a joint venture for the purposes of: *[Provide a description of the joint venture]*. In the following territory: *[Insert the territory of the joint venture, e.g. US]*.

**1.5** Business shall be conducted under the name *[Insert new name of joint venture]*, ("the merged business") at *[Insert address for new joint venture]*.

**1.6** The term of the joint venture shall last for an initial period of *[Insert period, e.g. 3 years]* during which neither Party may withdraw or sell its shares without the written agreement of the other.

**1.7** After the expiry of the initial period either Party may withdraw from the joint venture on giving *[Specify notice period, e.g. 3-6 months]* notice in writing and give the other Party first option to purchase their shares.

**1.8** Any dispute as to the purchase price of the shares shall be referred to a firm of chartered accountants appointed by the President of the Institute of Chartered Accountants in England & Wales. The decision of the appointed firm of chartered accountants shall be final and binding and they will act as an expert not an arbitrator.

**1.9** All liabilities which are known to the Parties prior to the closing date shall be properly provided for as part of the valuation process referred to in paragraph 1.2.

**1.10** The Parties agree that if claims or liabilities relating to the second joint venturer's business arise or are discovered after the closing date referred to in paragraph 1.1 then only those claims and liabilities which arise up to *[Insert time period, e.g. 12 months]* after the closing date shall be borne by

the first joint venturer. Any claims or liabilities arising after this period shall be the responsibility of the second joint venturer who will indemnify the first joint venturer against such claims and liabilities. The first joint venturer will render all reasonable assistance in dealing with the said claim or liability but at the second joint venturer's expense.

**1.11** The second joint venturer warrants that they have good title to all shares and assets of their business and further warrant as to the corporate standing of the legal entity concerned and that their signatory to this Agreement has the authority and competence to execute the Agreement on behalf of the second joint venturer.

**1.12** On the closing date the second joint venturer shall deliver to the first joint venturer share transfers duly executed by the second joint venturer in favour of the first joint venturer and take such other action and deliver such other transfer documents or as necessary to convey good and marketable title to all of the second joint venturer's shares to be transferred at the closing date.

## **2. Operation of Joint Venture**

**2.1** Each party shall from time to time upon the request of the other Party execute any additional documents and do any other acts or things which may be reasonably required to give effect to this Agreement.

**2.2** The employment contracts of the second joint venturer employees will continue on the same terms and conditions as under the second joint venturer including any rights to pension, benefit and welfare plans for a period of *[Insert time period, e.g. 2 years]* after which the terms and conditions of such employment contracts will be altered to those in existence in the first venturer's business, subject to current employment law regulations.

**2.3** The Parties are agreed that the merged business accounting year shall be from *[Insert day and month]* to *[insert day and month]* in each year.

**2.4** All costs of restructuring as a result of the integration into the merged business shall be borne by *[Please select one the following - the first joint venturer / the second joint venturer / the merged business]*. All other costs and expenses including legal and accountancy fees, taxes and stamp duty shall be borne by the *[Please select one the following - the first joint venturer / the second joint venturer / the merged business]*.

**2.5** The merged business will have a board of directors, of whom *[Insert number]* shall be appointed by the first joint venturer and *[Insert number]* of whom shall be appointed by the second joint venturer. The Managing Director shall be appointed by the *[Please select from the following - the first*

*joint venturer / the second joint venturer*]. The Chairman shall be appointed by the *[Please select from the following - the first joint venturer / the second joint venturer]*

**2.6** The merged business will have a shareholders committee; *[Insert number]* members shall be appointed by the first joint venturer and *[Insert number]* members shall be appointed by the second joint venturer. Each member of the committee may from time to time be removed and replaced by the Party who has appointed them. On removal, resignation or death of a shareholder they shall be replaced within *[Insert time period, e.g. four months]* of their removal, resignation or death.

**2.7** The shareholders committee shall meet not less than *[Insert time interval, e.g. four]* times a year in order to discuss and consult upon important aspects of running the merged business including the setting of its business plan and budgets and the creation of its product and marketing strategies. Any decisions taken at such meetings shall be by *[Please select from one of the following - unanimous vote / majority vote]*.

**2.8** The first joint venturer shall not act in respect of the merged business in the following matters without the approval of the shareholders:

**2.8.1** Any acquisitions or joint ventures involving an equity stake.

**2.8.2** The provision of additional funding by way of loans, guarantees for loans, issue of shares, debentures or bonds, or capital contributions from shareholders.

**2.8.3** Acquisitions or disposals of capital assets or a material part of the merged business.

**2.8.4** Any major change in the merged business.

**2.8.5** Any extension of the first joint venturer's business to areas outside the territory.

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

### **3. Competition**

### **4. Intellectual Property Rights**

### **5. Notices**

### **6. General**

## 7. Jurisdiction

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

*[Insert first joint venturer name]*

*[Insert name of person signing on first venturer's behalf]*

*[Insert their position]*

Signature: \_\_\_\_\_

*[Insert second joint venturer name]*

*[Insert name of person signing on second venturer's behalf]*

*[Insert their position]*

Signature: \_\_\_\_\_

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