

APPLICATION FORM

Business Succession or Insurance Funded Buy Sell Agreement

Please read the following before completing this application form.

Business owners should plan for unfortunate circumstances where a key individual in the business dies or suffers a significant disability which prevents them continuing in the business.

Business succession should not be done in a vacuum. It should be done by having regard to the overall financial planning for business owners, both in respect of the business and also personally. The business succession agreements are an effective way of documenting the framework on which succession planning for the business is carried out.

Below are some issues to consider when undertaking succession planning and negotiating the Business Succession Agreement:

1. Who is entitled to your interests in the business (i.e. the remaining owners or your legal personal representative)?
2. What processes are in place currently for managing entries and exits from the business? If none are in place, what would you like put in place?
3. What happens when the business increases in value and an exit or entry occurs?
4. Have you considered your personal tax position if you exit the business?
5. Have you considered the consequences for the business if a key individual exits?
6. Are there any family law matters or estate planning matters which may impact the operation of the business succession planning?
7. Are there any other documents which address the rights and obligations of the business owners (e.g. shareholders agreement) which needs to be considered?
8. Is the business or the owners in a position to fund exits of key owners?

By completing and submitting this application, you confirm:

1. you have considered the items listed in the checklist; and
2. the information provided is correct.

Whilst we encourage you to complete as much detail in the form as possible, do not feel compelled to complete those details that are unknown, uncertain or unclear to you. We will review the information you provide, and to the extent that we believe we do not have sufficient information to proceed to the next step, we will contact you to discuss.

Once we receive the form, we will review the information provided, to scope the work we believe will be required to enable us to proceed with the drafting of a Business Succession Agreement, and to provide our fee quote for this work. The fee estimate provided in this form is an indicative cost only and may need to be revised based on the information provided to us.

If you have any questions about completing the application form please contact:

Emily Ryan

Solicitor

Phone: (07) 3014 6581

Email: eryan@mcw.com.au

Please ensure you complete all details below, and contact us with any questions you have prior to submitting the form.

PRICES (GST EXCLUSIVE)

Initial draft documents and letter of advice and summary of clauses \$3,000 plus GST

Note: Payment by credit card will incur a fee of 1.07% (including GST) for VISA, MasterCard and Bankcard, and 3% (including GST) for AMEX, on the GST inclusive price specified above.

AGENT/PURCHASER'S DETAILS

First Name

Surname

Name of firm (if applicable)

Telephone

Fax

Email address

Street address

Suburb/City

State

Postcode

Postal address
(if different from above)

Suburb/City

State

Postcode

INFORMATION REQUIRED/TO BE CONFIRMED/TO BE PROVIDED

- | | | |
|--|-----|----|
| 1. Any constitution, trust deed or other establishing document | Yes | No |
| 2. The balance sheet/ financials of the business have been included with the application form. | Yes | No |
| 3. Product disclosure statements, terms and conditions and insurance certificates for each of the policies of the principals | Yes | No |
| 4. Copy of any stakeholder agreement (i.e. shareholders agreement, unitholders agreement, partnership agreements etc) | Yes | No |
| 5. Copy of a valuation of the business or report or correspondence outlining the value of the business and how this was calculated | Yes | No |
| 6. Are there existing business succession arrangements or agreements in place? | Yes | No |
| 7. Have you provided copies of insurance policies etc which are relevant for the agreement? | Yes | No |

BUSINESS DETAILS AND STRUCTURE

Business name

Business number

Street address

Suburb/City

State

Postcode

Postal address

Suburb/City

State

Postcode

Structure of the Business

Private Company

Unit Trust

Partnership

Public Company

Direct Ownership

Nature of the Business/description of the business (industry, speciality, etc)

What is the valuation approach to be used for a trigger event?

Independent valuation at trigger event date

Formula or agreed methodology

Fixed value agreed by parties:

If fixed value, independent valuation will apply where there is a no fixed value agreed by the parties within the last:

2 years

3 years

4 years

Other:

Valuation equals insurance proceeds

Options

If there are no insurance proceeds will the outgoing principal still have put option in relation to its interests (i.e. can it force the business or the remaining principals to buy its interest?):

No

Yes

If no, can the call option be exercised?

No

Yes

If a trigger event occurs and there are insufficient insurance proceeds, how is the balance paid?

Immediately at completion

By instalments of deferred purchase price

If by instalments, over what period are those instalments paid?

one year

two years

three years

four years

other, please specify:

If a trigger event occurs and there are no insurance proceeds, how is the balance paid?

Immediately at completion

By instalments of deferred purchase price

If by instalments, over what period are those instalments paid?

one year two years

three years four years

other, please specify:

Is Interest payable? No Yes

What interest rate? Please specify:

Trauma Event

If there are no insurance proceeds will the outgoing principal still have put option in relation to its interests (i.e. can it force the business or the remaining principals to buy its interest?):

No Yes

If no, can the call option be exercised? No Yes

If a trigger event occurs and there are insufficient insurance proceeds, how is the balance paid?

Immediately at completion

By instalments of deferred purchase price

If by instalments, over what period are those instalments paid?

one year two years

three years four years

other, please specify:

If a trigger event occurs and there are no insurance proceeds, how is the balance paid?

Immediately at completion

By instalments of deferred purchase price

If by instalments, over what period are those instalments paid?

one year two years

three years four years

other, please specify:

Is Interest payable? No Yes

What interest rate? Please specify:

What happens to the insurance proceeds if a trauma event occurs and the principal returns to work?

DETAILS OF TRIGGER EVENTS

If a principal was severely injured or ill and could not return to the business for a period of time (Trauma). No Yes

If a principal was totally and permanently disabled and could not return to the business (TPD). No Yes

If a principal dies. No Yes

If a principal is diagnosed with a medically diagnosed terminal illness. No Yes

BUSINESS OWNERSHIP/DETAILS

Director 1/Principal 1

Full name

Name of related entity (If applicable)

ACN/ ABN/ ARBN

Structure of the interest-holder

Discretionary/Family Trust Self owned Company/corporate trustee
Unit Trust Hybrid Trust

Interest-holding details

Percentage Interest % Date of acquisition

Class of interest held Number of interests held

Has the principal or its related entity granted an interest in its interest in the business? Yes No

If so, provide details

Estimated value of the interest \$

Paid up capital amount \$

Insurance policy details 1. 2. 3.

Annual premium \$ \$ \$

Insurance covers Death Total permanent disability Trauma Income protection

Amount of coverage Death \$ Income protection \$
Trauma \$ Total permanent disability \$

Has the principal given any personal guarantees that might need to be released? Yes No

Details of Entities which have personal guarantees:

- 1.
- 2.
- 3.
- 4.

Director 2/Principal 2

Full name

Name of related entity (If applicable)

ACN/ ABN/ ARBN

Structure of the interest-holder

Discretionary/Family Trust Self owned Company/corporate trustee
 Unit Trust Hybrid Trust

Interest-holding details

Percentage Interest % Date of acquisition

Class of interest held Number of interests held

Has the principal or its related entity granted an interest in its interest in the business? Yes No

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Paid up capital amount \$

Insurance policy details 1. 2. 3.

Annual premium \$ \$ \$

Insurance covers Death Total permanent disability Trauma Income protection

Amount of coverage Death \$ Income protection \$

Trauma \$ Total permanent disability \$

Has the principal given any personal guarantees that might need to be released? Yes No

Details of Entities which have personal guarantees:

- 1.
- 2.
- 3.
- 4.

Director 3/Principal 3 (if any)

Full name

Name of related entity (if applicable)

ACN/ ABN/ ARBN

Structure of the interest-holder

Discretionary/Family Trust

Self owned

Company/corporate trustee

Unit Trust

Hybrid Trust

Interest-holding details

Percentage Interest

%

Date of acquisition

Class of interest held

Number of interests held

Has the principal or its related entity granted an interest in its interest in the business?

Yes

No

If so, provide details

Estimated value of the interest \$

Paid up capital amount \$

Insurance policy details 1. 2. 3.

Annual premium \$ \$ \$

Insurance covers Death Total permanent disability Trauma Income protection

Amount of coverage Death \$ Income protection \$

Trauma \$ Total permanent disability \$

Has the principal given any personal guarantees that might need to be released?

Yes

No

Details of Entities which have personal guarantees:

- 1.
- 2.
- 3.
- 4.

Director 4/Principal 4 (if any)

Full name

Name of related entity (if applicable)

ACN/ ABN/ ARBN

Structure of the interest-holder

Discretionary/Family Trust

Self owned

Company/corporate trustee

Unit Trust

Hybrid Trust

Interest-holding details

Percentage Interest

%

Date of acquisition

Class of interest held

Number of interests held

Has the principal or its related entity granted an interest in its interest in the business?

Yes

No

If so, provide details

Estimated value of the interest \$

Paid up capital amount \$

Insurance policy details 1. 2. 3.

Annual premium \$ \$ \$

Insurance covers Death Total permanent disability Trauma Income protection

Amount of coverage Death \$ Income protection \$

Trauma \$ Total permanent disability \$

Has the principal given any personal guarantees that might need to be released?

Yes

No

Details of Entities which have personal guarantees:

- 1.
- 2.
- 3.
- 4.

TOTAL DEBTS & PERSONAL GUARANTEES OF THE BUSINESS AND THE PRINCIPALS

Loans \$

Lines of credit/Overdraft \$

Creditors \$

Shareholder/director/principal loans \$

Other \$

Total \$

RETURNING THIS FORM

After completing this form please either:

- print, sign, and fax it to McInnes Wilson Lawyers at (07) 3221 2921; or
- print, sign, scan, and email it to McInnes Wilson Lawyers at mcwonline@mcw.com.au; or

To print this form for signing click here:

To email this form to McInnes Wilson Lawyers, after confirming instructions below, click here:

CREDIT CARD PAYMENTS

Please debit the following credit card for the supply of goods and services indicated on this application form.

Note: Payment by credit card will incur a fee of 1.07% (incl GST) for VISA, MasterCard, and 3% (incl GST) for AMEX, on the GST inclusive price.

Charge my credit card:

Visa
 Mastercard
 American Express

Total Remitted \$ Expiry date

plus credit card fee specified above

Cardholder's Name

Card Number

Cardholder's Signature Date