

PTN001





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The schedule: Accounting when a partner leaves



PTN001

P

This agreement is dated

[date]

It is made between [p

of

[address]

("Mr/s name") and

[partner 2]

of

[address]

("Mr/s name").

[If more, they may be

es at left, addresses at right.]

**These are the terms**

**1 Interpretation**

"Accountants"

and address]

firm of accountants as the Partners

"Accounting Date"

each year;

"Accounting Period"

period of 12 months to which the  
accounts are made up each year;

"Continuing Partner"

Partners who continue to be members of  
the Partnership after a Succession Date;

"Outgoing Partner"

Partner who ceases to be a member of the  
Partnership for any reason;

"Partner"

Partner admitted to this agreement and any other  
Partner admitted to the Partnership in the

"Partnership"

Partners, in business, as regulated by this

"Succession Date"

Date on which an Outgoing Partner ceases,  
under this agreement to cease, to be a

**2 Business of the Partnership**

2.1 The Partnership

is carried on in the business of [business]

2.2 The Partnership  
[profes

is carried on in accordance with the  
form to the rules and regulations of



8.1 The profit of the Partnership for each Accounting Period shall be allocated in the proportions set out above.

8.2 If in an Accounting Period a Partner draws more than his share of profit and the Partnership Business makes a loss, he shall be liable to contribute to the Partnership with his share of the loss.

## 9 Drawings

Each Partner shall be entitled to draw out of the Partnership Business each month, on account of his share of profits, whatever sum the partners have agreed in writing. However, no Partner shall be entitled to draw for all of the current expenses and liabilities of the Partnership Business unless he has first repaid to the Partnership any money he draws any such money.

## 10 Loans to the Partnership

10.1 If a Partner or other Partners, lends a sum of money to the Partnership as a contribution to capital, the loan shall be repaid to the Partnership and shall carry interest, calculated at the rate of [ 5 ]% per year and payable yearly on the anniversary of the date of the loan.

10.2 The sum of any such loan shall be treated to be an increase in the Partner's share in the profits of the Partnership Business.

10.3 A loan made by a Partner shall be repaid, with accrued interest, on not less than 6 months' notice to the Partner who made the loan.

## 11 Banking arrangements

11.1 The bank account of the Partnership shall be with Bank plc.

11.2 All Partners' contributions to the Partnership shall be paid into the Partnership bank account as it is received.

11.3 Partners' drawings shall be made by the signature of any two Partners.

## 12 Records and accounts

12.1 Proper books of account shall be kept by the Partners. Each partner shall be responsible for the recording of transactions initiated by him.

12.2 As soon as possible after each Accounting Date, a balance sheet and profit and loss account shall be prepared. The balance sheet and profit and loss account shall be audited by an accountant and approved by the Partners. When signed, they shall be binding on the Partnership.

the Partner  
three months

error which has been identified within

- 12.3 Each Partner shall be entitled to draw out of the Partnership bank account any undrawn profits and to pay any loss account for the profits shown in the profit and loss account.

### 13 Meetings and voting

- 13.1 A general meeting shall be convened each month to consider the business of the Partnership.

- 13.2 Notices of meeting shall specify the place, day and hour of the meeting and shall be accompanied by a statement of the matters to be discussed.

- 13.3 The Partner who shall be chairman of the meeting shall vote at each meeting by voting for or against the resolution. In the absence of agreement the Partners in turn starting with the Partner holding the largest share shall vote. The chairman shall not be entitled to vote.

- 13.4 The chairman shall be [name].

- 13.5 All matters shall be determined by the Partners or to be determined by the majority vote [calculated by weight of share] of the Partners. The following matters shall require a unanimous vote of the Partners:

- 13.5.1 borrow money for the Partnership Business;
- 13.5.2 increase the share capital of the Partnership Business;
- 13.5.3 introduce a new Partner (whether profit or loss sharing);
- 13.5.4 amend the Partnership Agreement.

- 13.6 A Partner may appoint another Partner as his proxy to vote on his behalf on a resolution. The proxy form must be given to the other Partners not less than 48 hours before the time for holding the meeting.

- 13.7 The quorum for a meeting shall be Partners entitled to not less than 50 per cent of the share capital of the Partnership. If a quorum is not present within the time for which the meeting is convened, the meeting shall be null and void.

- 13.8 Minutes shall be taken of each meeting and (subject to any agreement to the contrary) shall be agreed and signed by the chairman of the meeting. The minutes, when signed, shall be binding on all the Partners.

#### 14 Holidays

Each Partner shall be entitled to public holidays) to holidays not exceeding [ 5 ] Period. Not more than ten consecutive weeks to be taken at any one time.

#### 15 Absence

If, in any Accountant's absence from Partnership business as a result of illness or injury, the Partner shall be absent for more than 14 days in total, his entitlement to his share of profit (or his share of losses) shall be reduced (but not for determining his liability for period of his absence).

#### 16 Cars

All cars required for Partnership business shall be purchased by or for the Partnership. The cost of all repairs, maintenance, insurance, VAT and other expenses shall be borne by the Partnership.

#### 17 Insurance

All buildings, machinery, equipment and other assets of the Partnership of an insurable nature shall be kept insured to their full replacement value.

#### 18 Good faith

Each Partner shall devote his whole time and energy to the business of the Partnership and use his best skills and conduct himself in a proper and reasonable manner; and use his best endeavours to promote the success of the Partnership business.

#### 19 Partnership policies

19.1 The Partnership shall have policies on, among other things:  
harassment policy  
communications policy

19.2 Insofar as a Partner as fully and ac this agree

es an expectation of behaviour on a  
er now agrees that he will comply  
n of any policy will be a breach of

19.3 You accept enforcing fr any breach whenever a

tnership in maintaining and  
you agree to watch vigilantly for  
oyee and to take appropriate action

## 20 Restrictions on part

No Partner en consent of the other Partners:

- 20.1 engage dir Partnership
- 20.2 engage or e Partnership;
- 20.3 use any of than in the Partnership
- 20.4 compromis o the Partnership;
- 20.5 lend money the Partnership;
- 20.6 buy or cont Partnership any asset f over the te
- 20.7 give any gu artnership;
- 20.8 enter into a person, firm anything if, execution o
- 20.9 enter into p erson, firm or company.

siness other than that of the  
e Partnership;  
ip or pledge its credit otherwise  
s and for the benefit of the  
o the Partnership;  
the Partnership;  
s or property on behalf of the  
ent of more than £0,000; or lease  
e than £0,000 per annum or £0,000  
artnership;  
urety or security with or for any  
vingly cause or suffer to be done  
p property may be taken in  
erson, firm or company.

## 21 Continuation of Par

When a Pa a Partner for any reason:

21.1 the Partne between the Continuing Partners;

between the Continuing Partners;

21.2 the Company shall continue in Partnership upon the terms of this agreement;

21.3 the provisions of this agreement shall apply.

## 22 Expulsion

22.1 If a Partner (the "Defaulting Partner") behaves in a way or finds himself in a position which is likely to bring the Partnership into disrepute to the root of this contract, then the other Partners may, by a majority vote, expel him from the Partnership by the following procedure:

22.2 The other Partners shall give written notice to the Partner in breach specifying in detail the actions complained of and in breach of the Partnership Agreement within 7 days.

22.3 The notice of breach may include a condition that he shall remain in the Partnership until the breach is resolved.

22.4 Immediately upon receipt of the notice, the Partners shall call a meeting to discuss the response. The defaulting Partner may be represented at the meeting by some other person if he so chooses.

22.5 Within 48 hours of the meeting, the Partners shall notify the Defaulting Partner in writing signed by all of them, of their decision as to whether he should be expelled from the Partnership.

22.6 If the Partner is expelled, he shall retire within 7 days after the notice is given, he shall be deemed to have retired.

22.7 If the Partner exercises this right of termination that does not mean that he has waived his right.

22.8 Here are the circumstances that would justify expulsion:

22.8.1 Failure to maintain accurate records; or

22.8.2

22.8.3 Failure to comply with the Partnership Agreement; or

22.8.4 Failure to comply with the Partnership Agreement to serious disrepute; or

22.8.5 Failure to comply with the Partnership Agreement brought on by alcohol or illegal drugs;

22.8.6 Failure to comply with the Partnership Agreement causes or might cause unacceptable

22.8.7 Failure to comply with the Partnership Agreement health and safety rules; or

22.8.8 Failure to comply with the Partnership Agreement terms of this agreement in a serious

22.8.9 Failure to comply with the Partnership Agreement drugs onto the Partnership's premises;

- 22.8.10 be a proper contribution to the Partnership  
B or for any other reason, for 26  
w
- 22.8.11 be
- 22.8.12 be
- 22.8.13 statute relating to mental health; or  
owing by him to the Partnership within  
d in writing by the other Partners to
- 22.8.14 to have a serious adverse effect on  
or
- 22.8.15 business of the Partnership without  
n 2 months in any period of twelve

**23 Termination of the Partnership**

- 23.1 Upon the termination of the Partnership, the Partners shall sell all of the tangible and intangible assets of the Partnership, discharge the liabilities of the Partnership and make a statement of final accounts.
- 23.2 Each Partner shall best endeavours to assist in every way in the liquidation of the Partnership assets
- 23.3 The cash realised from the sale of the Partnership assets shall be paid to each Partner:
  - 23.3.1 any amount due to him;
  - 23.3.2 his share of the Partnership capital;
  - 23.3.3 his share of the Partnership profits, in the same proportion as he was, at the date of termination, entitled to share the profits of the Partnership.
- 23.4 If the cash realised from the sale of the Partnership assets is not sufficient to make the above payments, the property of the Partnership shall be divided among the Partners in proportion to their shares.

**24 After termination**

- Each partner hereinafter referred to as a Continuing Partner, he will:
- 24.1 Each partner who is not a Continuing Partner, he shall not be entitled to share in the profits of the Partnership after he is no longer a partner, but he shall be entitled to share in the profits of the Partnership up to the date that he is still a Partner or until he has received his share of the Partnership assets.
  - 24.2 concur and assent to the sale of the Partnership's intellectual property of the Partnership and the proceeds thereof shall be paid by the Continuing Partners;
  - 24.3 return to the Continuing Partners all property owned by the Partnership and shall ensure that such property to have value;
  - 24.4 provide with the Continuing Partners all passwords and other critical information known to the other Partners;

24.5 delete a Partnership or the Partnership Business from any other media owned or controlled by him.

**25 Agreement is divisible**

Each sub paragraph independent and severable from each other paragraph enforceable. If any restriction is unenforceable the enforceable if part of the wording were deleted, it provisions as may be necessary to make it valid and enforceable.

**26 Notices and service**

26.1 Any notice required or authorised by this agreement to be given to the other party may be given by hand or sent by first class post or by electronic means to the other party at the address last provided for communication.

26.2 Any notice given by post shall be deemed to have been given on the day after it was posted; and proof that the envelope containing the notice or information was properly addressed and posted, or that it has not been so returned, shall be sufficient evidence that it has been duly given.

26.3 Any notice given by electronic means, shall be deemed to have been given at the time of transmission unless the sender or receiver reports a problem or delay of later delivery or of transmission.

**27 Waiver**

The failure by either party at any time or for any period any one or more of the terms of the Contract shall not be a waiver of them or of the right at all to enforce all terms and conditions of this Contract.

**28 Dispute Resolution**

In the event of a dispute in connection with this agreement and which has not been resolved by discussions and negotiations between the Partners then the Partners shall attempt to settle the dispute by engaging in mediation before commencing arbitration or litigation.

**29 Jurisdiction**

This Contract shall be governed by the Laws of England and the jurisdiction of the English courts.

Signed by [name]: \_\_\_\_\_ Signature: \_\_\_\_\_

Signed by [name]: \_\_\_\_\_ Signature: \_\_\_\_\_

Signed by [name]: \_\_\_\_\_ Signature: \_\_\_\_\_

Signed by [name]: \_\_\_\_\_ Signature: \_\_\_\_\_

The schedule: Addition

when a partner leaves

### 30 Accounts to be prepared

Where a Partner's share of the profit and loss account is to be determined as at the Succession Date, the accounts shall be prepared as at the Succession Date (together the "Succession Accounts") as practicable.

Partner for any other reason, a balance sheet and profit and loss account for the period ending on the Succession Date down to the Succession Date shall be prepared by accountants as soon as practicable.

### 31 Valuation of property

If so requested by the Continuing Partners, the Continuing Partners shall, within three months from the Succession Date, cause a valuation to be made of the property comprised in the Partners' Accounts by a valuer agreed by the Continuing Partners. In the default of agreement, the valuation shall be made by the accountants and the expense of the valuation shall be borne by the Continuing Partners.

For the Continuing Partners within three months from the Succession Date, the Continuing Partners shall cause a valuation to be made of the property comprised in the Partners' Accounts as at the Succession Date by a valuer agreed by the Continuing Partners (or, in the default of agreement, by the accountants). The expense of the valuation shall be borne by the Continuing Partners and by the Outgoing Partner.

### 32 Value of work-in-progress

In preparing the Succession Accounts, the accountants shall value all work-in-progress in accordance with the Partnership Agreement.

The accountants shall value all work-in-progress and provide for bad or doubtful debts, in accordance with the Partnership Agreement.

### 33 Outgoing partner's share of capital

33.1 Following the termination of the Partnership, the Outgoing Partner shall be entitled to receive, in the first of two Termination Accounts:

capital

the Outgoing Partner's share of the profits of the Partnership as shown by the Termination Accounts the following sums payable by six half-yearly instalments, the first of which shall be due on the completion of the Termination Accounts:

33.2 Any undistributed profits of the Partnership as shown by the Termination Accounts;

the Outgoing Partner's share of the profits of the Partnership as shown by the Termination Accounts for his share of the tax on those profits;

33.3 The amount of the credit of the Outgoing Partner's capital account;

the credit of the Outgoing Partner's capital account;

33.4 a proper proportion of the value of any property owned by the Partnership;

an appropriate proportion of the value of any property owned by the Partnership on its valuation;

33.5 If the Termination Accounts show a loss, the Outgoing Partner shall pay to the Continuing Partners his share of the loss.

If the Termination Accounts show a loss, the Outgoing Partner shall pay to the Continuing Partners his share of the loss of the Termination Accounts his share of the loss of the Termination Accounts.



The Outgoing Partner shall execute all such documents and do whatever else he may reasonably request for the purpose of enabling them to liquidate the assets of the Partnership or for the purpose of transferring to the Partners any Partnership property which, on the Succession Date, is in the Outgoing Partner as one of the Partners or in the

ute all such documents and do  
reasonably request for the purpose of  
assets of the Partnership or for the  
Partners any Partnership property  
in the Outgoing Partner as one of the

### 38 Restriction

The Outgoing Partner shall, during the period of 24 months after the Succession Date,

ing the period of 24 months after the

38.1 solicit the business of any customer of the Partnership within the term of the Partnership;

firm or company, who is or was a  
period of one year immediately prior to

38.2 conduct the business of the Partnership within a reasonable distance of the Partnership premises;

with the business of the Partnership  
Partnership premises;

38.3 employ any person who was employed by the Partnership during the term of the Partnership prior to the termination date;

ayed by the Partnership during the  
r to the termination date;

These restrictions shall be enforceable and the Outgoing Partner shall be personally liable; whether as partner or as agent or as employee or agent of some other person.

Partner and he shall be personally  
ement or as employee or agent of



## Explanatory notes on c

These notes are by way of  
advice as to the circumst  
that should be deleted o

## Help with this document

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## The notes

**39** Unlike a company str  
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## Partnership Agreement

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ships of 2 or more people. For  
on for partnership management.





are fair in the context of preventing someone from selling their business is outside the area covered by some exclusive with your partner from selling their agreement.



ess. You will not succeed in preventing someone from selling their business 30 miles away even if 30% of your sales are in that area. On the other hand you are the sole importer of goods and you will not succeed in preventing your ex-manufacturer from selling their goods within the area covered by your sales.