



Partnership Agreements



TOWNSENDS BUSINESS
& CORPORATE **LAWYERS**



What I need to know about...

Partnership Agreements

When you own and run a business in partnership with others it is very much like a marriage. If the partnership doesn't work out, it's much better to have in place a well-prepared partnership agreement than have to resort to a "divorce" lawyer!

Choose carefully! Although your partnership agreement will help you regulate the partnership, it is no substitute for trust and respect for your partners. Liking them helps enormously too!

In any sport, the rule book doesn't have to be constantly referred to as you play the game. However, if you don't agree with a call, the rule book has the final word. That is how a partnership agreement works too. You and your business partners make the day-to-day decisions about the operations of the business – but at some point you may not agree with each other's ideas. That is when you refer to the agreement for a ruling.

The partnership agreement will cover:

- respective proportional interests of the partners
- capital and/or security to be contributed by the partners
- business to be conducted
- authorised expenses and expense authorisation procedures
- business banking arrangements
- appointment of the business accountants
- appointment of the business lawyers
- maintenance of proper business records
- business trading names and logos
- intellectual property

- obligations of confidentiality
- share of profits and losses
- drawings from the business
- duties to the business
- resignation/retirement
- sale of a partner's interest in the business
- expulsion from the business
- death/incapacity of a partner
- admission of new partners
- termination of the relationship
- dispute resolution and mediation
- restraint periods
- meetings and voting rights
- buy-sell insurance
- procedure for making decisions
- winding up the business.

Disclaimer: The information in this document is general information only and cannot be relied upon as a substitute for professional advice. No action should be taken until (and we will not be liable to anyone unless) we have provided specific advice relevant to the particular circumstances