Family partnership agreement

Date: [Date]

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The schedule: Additional provisions applying when a Partner leaves

This agreement is dated: [date]

It is made between [name]

Of [address]

And [name]

Of [address]

And [name]

Of [address]

And [name]

Of [address]

[If more, they may be **■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■** .]

These are the terms of this agreement:

1. Definitions

"Accountants" means [name and address] or such other firm ■ ■ ■

"Accounting Date" means [date] each year.

"Accounting Period" means the period of [12 months] to which the

"Continuing Partners" means the Partners who continue to be members of

the **-----**.

"Outgoing Partner" means a Partner who ceases to be a member of **••**

...................

"Partner" means a party to this agreement and any other

person who is **= = = = = = = = = = = = = = = =**

..........

"Partnership" means the Partners, in business, as

........

"Succession Date"		means a date on which an Outgoing Partner ceases, or is deemed under this I I I I I I I I I I I I I I I I I I
Inte	rpretation	
This a	agreement shall l	be interpreted as ■ ■ ■ ■ ■ ■ ■ ■ ■ :
2.1.		one gender shall include any or all genders and a singular may be interpreted • • • • • • • • • • • • • • • • • • •
2.2.		a person includes a human individual, a corporate entity sation
2.3.	A reference to	a person
2.4.	The headings t	o the paragraphs and schedules (■ ■ ■ ■ ■ ■ ■ ■) ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
2.5.	A reference to	the knowledge, information, belief or awareness
2.6.		nout limitation" shall ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
2.7.	A reference to a	an act or = = = = = = = = = = = = = = = = = =
Bus	iness of the	e Partnership
3.1.	The Partners a ■ ■].	re • • • • • • • • • • • • • • • [• • • • • •
3.2.		hall at all • • • • • • • • • • • • • • • • • •

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	3.4.	The main place ••••••••••••••••••••••••••••••••••••	
4.	Par	tnership shares	
	4.1.	The Partners shall	•••••
		[name]	xx %
		[name]	yy %
		[name]	zz %
5.	Par	tnership property	
	5.1.	All the assets used in the Partnership business are	
	5.2.	The business premises of the Partnership are	
	5.3.	The cost of all rent, rates, repairs, insurance and	
6.	Сар	oital	
	6.1.	The capital of the Partnership	
	6.2.	Each of the Partner shall be entitled to interest at the	ne rate of [5] % ■ ■ ■

7.	Pro	Profits and losses						
	7.1.	The profits or losses of the Partnership						
		••••••						
	7.2.	If in an Accounting Period a Partner draws more than his share ■ ■ ■						
8.	Dra	wings						
		Each Partner shall be entitled to draw out of the Partnership business each						
		month, on account						
9.	Loa	ns to the Partnership						
	9.1.	If a Partner, with the consent of the other Partners, lends a sum of						
		money to the Partnership in excess • • • • • • • • • • • • • • • • • •						
	9.2.	The sum loaned shall not be deemed to be						
	3.2.							
	9.3.	A loan must be repaid, together with •••••, •••••						

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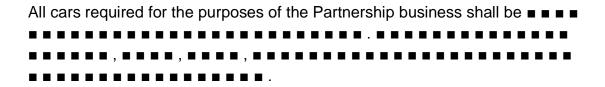
10.	Ban	Banking arrangements				
	10.1.	The bankers of ••••••••• [••••••••].				
	10.2.	All Partnership money shall				
	10.3.	Partnership cheques shall require ••••••••••••••••••••••••••••••••••••				
11.	Rec	ords and accounts				
	11.1.	Proper books of account shall be kept • • • • • • • • • • • • • • • • • • •				
	11.2.	As soon as practicable after each Accounting Date, a balance sheet and profit and loss account shall be prepared. The				
	11.3.	Each Partner shall be entitled to draw out of				
12.	Mee	tings and voting				
	12.1.	A general meeting of the Partners				
	12.2.	Notices of meetings of the Partnership shall specify • • • • • • • • • • • • • • • • • • •				
	12.3.	The Partners shall open the proceedings at each meeting by voting for who shall be chairman of				

OR		
12.4.	The ch	airman = = = = = = = = = = = = [= = =].
12.5.		ters considered at a meeting of the Partners or to be determined
]
	••••	:
	12.5.1	borrowing any sum ■ ■ ■ ■ ■ ■ ■ ■ ■ \$ [00 , 000];
	12.5.2	increasing the capital of the Partnership business;
	12.5.3	introducing into the Partnership • • • • • • • • • • • • • • • • • • •
	12.5.4	amending this agreement.
12.6.		ner may appoint another Partner as his proxy to vote on his
12.7.	-	orum for a meeting shall be [2 Partners] entitled to not less than
	••••	,
12.8.		s shall be taken of all meetings of Partners and (subject to any
	••••	
Holi	days	
		shall be entitled (in addition to public holidays)
	••••	

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If, in any Accounting Period, a Partner is absent from Partnership business as				
a result of illness or \blacksquare]			
,				

15. Cars



16. Insurance

ngs, mach ■ ■ ■ ■ ■	•			
 ■ ■ , ■ ■ ■		 	 	

17. Good faith

Each Partner shall at all times:

17.1.	devote his whole time and attention to the business
17.2.	conduct himself = = = = = = = = = = = = = = ; = = =
17.3.	use his = = = = = = = = = = = = = = = .

18. Partnership policies

18.1. The Partnership

		18.1.2 equal opportunities and non-harassment policy;
		18.1.3 computer use, internet and communications policy;
		18.1.4 partnership vehicles policy;
		18.1.5 data protection policy;
	18.2.	Insofar as any of these policies imposes an expectation of behaviour on a Partner
	18.3.	Each Partner accepts the importance for the Partnership in maintaining
		and enforcing fully
9.	Res	trictions on Partners
		artner shall
	19.1.	engage directly or
	19.2.	engage or dismiss any employee of the Partnership;
	19.3.	use any of the assets of the Partnership
		;
	19.4.	compromise or
	40.5	
	19.5.	:cna monov/
		lend money • • • • • • • • • • • • • • • • • • •

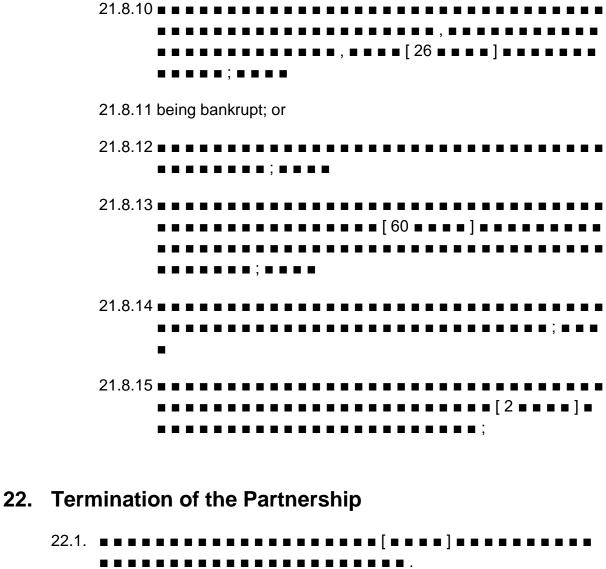
18.1.1 health and safety policy;

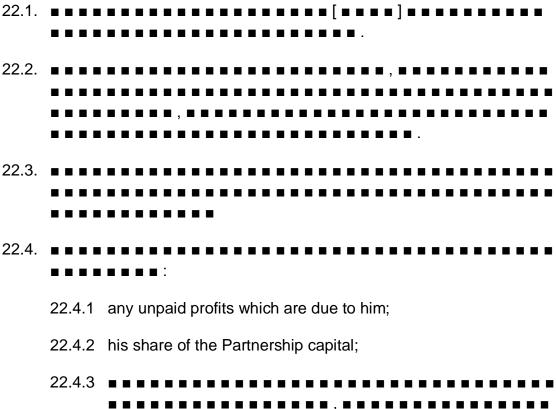
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	19.7.	give any guarantee on behalf of the Partnership;
	19.8.	enter into any bond or become bail, surety or security with or for any
		,,,
	19.9.	enter into partnership • • • • • • • • • • • • • • • • • • •
20.	Con	tinuation of Partnership
		a Partner = = = = = = = = = = = = = = = = = = =
	20.1.	the Partnership • • • • • • • • • • • • • • • • • • •
	20.2.	the Continuing Partners
	20.3.	the provisions of the Schedule shall apply.
21.	Exp	ulsion
	21.1.	

	21.2.	
	21.2	
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21.4.		,
		■■.
21.5.		[48 • • • •] • • • • • • • • • • • • • •
21.6.		
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21 7		
21.7.		
21.8.		
	:	
	21.8.1	
	21.8.2	physical violence; or
	21.8.3	serious bullying or harassment; or
	21.8.4	bringing the Partnership into serious disrepute; or
	21.8.5	
	21.8.6	
	21.8.7	serious infringement of health and safety rules; or
	21.8.8	
		;
	21.8.9	





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	22.5.		• • • •	•••		■ ■ , ■					 		
23.	Afte	r term	inatio	n									
		••••					■,■।	•••		■ ■ :			
	23.1.												•
	23.2.										 		
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	23.3.	••••											
				•••	•••	■ ■ ;							
	23.4.												
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	23.5										 		
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24.	Cou	nterpa	rts										
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25. Miscellaneous matters

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20.0.																											

It shall be deemed to have been delivered:

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25.9.	
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25.10.	ı
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25.11.	
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25.12.	ı
]	
Signed by [name]: Signature:	
Signed by [name]: Signature:	
Signed by [name]: Signature:	

Signed by [name]: Signature:

The Schedule: Additional provisions applying when a Partner leaves

1.	Accounts to be prepared
	•••••
2.	Valuation of property
3.	Value of work-in-progress
4	
4.	Outgoing Partner's undrawn profits and capital
	4.1.
	4.1.1.

			••••	• • • • • ;	••••			• • • •		• • •	
		4.1.2.									
	4.2.			••••	• • • •		• • • •				 ••
	4.3.				■ [4 % ■ ■ ■ ■] = = =	••••	••••	••••	•••	
	4.4.	[3 • •	• •], •	••••	 ,	•••	■,■■				
	4.5.		,						• • • • • • • •		::
5.	Debts	s and lia	abilities								
				, 	• • • •		I				••
6.	Mutu	al tax in	demnit	y							
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6.1.					,	
6.2.						•••••
6.3.				,		
Book	s of accoui	nt and other	documen	ıts		
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9. Restriction

7.

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9.1.		 ,	
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Explanatory notes:

Family partnership agreement

General	INOTAS
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Every State of Australia has its own legislation regarding partnership.	You can
access = = = = = = = = = = = = = = = :	

https://www.business.gov.au/planning/business-structures-and-types/business-structures/partnership

Paragraph specific notes:

Notes numbering refers to paragraph numbers.

1. Definition

Words with capital initial letters are defined terms. You need to understand the definition in

2. Interpretation

Leave these items in place unless there is a good reason to edit or remove. Each of these items has been carefully considered in the context of this agreement and has been included for a purpose.

3. Business of the Partnership

Unlike a company structure, a partnership agreement is whatever the partners make of it. You may therefore change the terms set out here to reflect the actual agreement between the parties with little risk of legal problems. Members of a family partnership may feel that this agreement is too legalistic. In that case, deletions will be appropriate. Note however, that in the long commercial experience of Net Lawman, partnerships between family and friends produce just as many problems as those between people without any

■ .

This document is suitable for partnerships of 2 to 10 people. For larger numbers however, you
Partnership shares
Remember that partners are personally responsible for the debts of the partnership, and that they are "jointly and severally" responsible. That means that if one partner is unable to pay his share, then so far as any third party is concerned, he can claim just as easily against the remaining partners. If one partner has a business or social position to $\blacksquare \blacksquare \blacksquare$

Partnership property
Business premises do not have to be partnership property. Frequently one or more of the partners might own business premises in their own name. The property can then be rented to the partnership or the property owner can take money less formally on account
In many cases properties occupied by the partnership may be owned by one or more partners personally and in such circumstances it is advisable to specify in the partnership agreement that these are specifically excluded from the partnership assets. Arrangements will also need to be made to substantiate the partnership's right to occupy the premises in such circumstances so that the partnership's position is fully protected as against the individual owner/partner an
Capital

6.

4.

5.

It is normal practice for the partnership capital to be contributed in the same proportions as profits are shared. If different proportions apply, it may be appropriate for interest to be a first charge on the profits. It should be noted that, although described as interest,

7. **Profits and losses**

No comments

Drawings 8.

	Arrange very carefully what money can be drawn by the partners each month. It is very easy to confuse profit with cash flow in some types of business. Provision should always be made conservatively for debts and
9.	Loans to the Partnership
	Basic, sensible provisions.
10.	Banking arrangements
	Bank arrangements may as simple or complicated as you wish. ■ ■ ■ ■ ■ ■
11.	Records and accounts
	This is standard accounting procedure. If you $\blacksquare \blacksquare \blacksquare$, $\blacksquare \blacksquare \blacksquare$
12.	Meetings and voting
	Few partnerships set up a procedure for decision making. We believe it is a very important part for the glue that holds a partnership together. Every partner must feel "safe" insofar as his rights are concerned. Management procedures should therefore be fair and
	~~~~~~~~~~~~, ~~~~~~~~~~~~~~~~~~~~~~~~
13.	Holidays
	It may seem petty to include this and the two following provisions in a written agreement. We do so because our experience is that these are common areas of conflict. Quite innocent assumptions may be misinterpreted

#### 14. Absence

As for holidays, above. 16. Insurance This is another area where a simple rule prevents an over-optimistic partner from failing to protect the partnership **17**. Good faith There is a fundamental common law duty of good faith in a partnership situation. That means no partner may prefer his own immediate financial ..................................... ......... 18. Partnership policies Whatever policies are maintained must be observed by every  $\blacksquare$   $\blacksquare$   $\blacksquare$   $\blacksquare$   $\blacksquare$ 19. **Restrictions on partners** There are a number of suggestions as  $\blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare$ 20. **Continuation of Partnership** No comments 21. **Expulsion** Partnerships often end in tears. It is therefore essential to provide comprehensive and fair provisions to deal with disagreement. We ■ ■ ■ ■ ■ 

As for holidays, above.

15.

Cars

22.	Termination of the Partnership
	Unless the duration of the partnership is specifically referred
	Tax law treats a continuing partnership differently from dissolution or the start of a new partnership. It is therefore very important
23.	After termination
	More common sense
24.	Counterparts
	This provision may be useful if you have partners in several places
25.	Miscellaneous matters
	A number of special points. We have identified each of these as ••••••

Signatures

This agreement requires no witness to a signature.

### The Schedule

This schedule is effectively an agreement for a civilised dissolution of your partnership,
The main problem on dissolution of a partnership is that the Partnership Act sets out a simple requirement in the absence of your agreement to
Most of these provisions reflect a common sense view of the framework provided

# **End of notes**