

NZ-CPptn01

## Partnership Agreement

Dated: [\[date\]](#)

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The schedule: Provisions applying when a Partner leaves

This agreement is dated: [date]

It is made between

[name] of [address] ("name")

and

[name] of [address] ("name")

and

[name] of [address] ("name")

and

[name] of [address] ("name")

**It is now agreed as follows:**

## **1. Definitions**

In this agreement, the following words shall have the following meanings,  
:

"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  
Partnership  
;

"Confidential Information" means all information about each Partner and  
the Partnership Business, including any  
information which may give a commercially  
competitive  
.

personal information about each Partner, his  
family  
;

information about employees, their performance  
and  
,

data or information relating to suppliers, product

plans, marketing strategies, finance,  
performance, operations, customer  
; ;

information about the Intellectual Property, the  
Know-how and all  
;

information created or arising from this  
agreement;

information owned by a third party and in respect  
of which the Partnership  
- .

information, comment or implication published on  
.

data or information relating to pre-clinical and  
clinical trial results, processes, formulae,  
procedures, designs, drawings, apparatus,  
, ;

information about the Intellectual Property and  
- .

It does not include information that it is  
reasonably necessary to disclose to a customer  
or other person in the usual course  
.

“Continuing Partners” means the Partners who continue to be  
members of the  
;

“Derived Product” means a software product or text or other  
material in any medium which is based on or  
originated, wholly ,  
.

“DP Rights” mean rights in a Derived Product.

"Intellectual Property" means intellectual property of every sort,  
whether or not registered or registrable in any  
country, including intellectual property of kinds

coming into existence after today; and including, among others, patents, trademarks, unregistered marks, designs, copyrights, software, domain names, discoveries, the Know-

“Know-how”	means scientific or technical information, and other procedures and ways of working and organising
“New IP”	means Intellectual Property written or discovered while ever
“Outgoing Partner”	means a Partner who ceases to be a member of ;
“Partner”	means a Partner to this agreement and any other person who is ;
“Partnership”	means the Partners, in business, as ;
“Partnership Business”	means any business operated by the Partnership now .
“Succession Date”	means a date on which an Outgoing Partner ceases, or is deemed under this , .

## 2. Interpretation

This agreement shall be interpreted as .

2.1. A reference to one gender shall include any or all genders and a reference to the singular may be interpreted .

2.2. A reference to a person includes a human individual, a corporate entity and any organisation .

- 2.3. A reference to a person includes reference to that person's successors,  
.
- 2.4. The headings to the paragraphs and schedules (if any) to this agreement are inserted  
.
- 2.5. A reference to the knowledge, information, belief or awareness of any person shall be deemed to include the knowledge, information,  
.
- 2.6. The words "without limitation" shall be deemed to follow any use of the words "  
" " "  
.
- 2.7. A reference to an act or regulation includes new law of substantially the same  
.

### **3. Entire agreement**

- 3.1. This agreement contains the entire  
.
- 3.2. Each Partner acknowledges that, in entering into this agreement,  
,  
.

### **4. Firm name and location**

- 4.1. The Partnership  
:  
  
[insert]
- 4.2. The principal  
:  
  
[insert]

### **5. Business of the Partnership**

- 5.1. The Partners  
[ ].

5.2. The Business [ ]

OR

5.3. The Partnership has been .

## 6. Partnership shares

6.1. The profits or losses of the

:

[name] xx%

[name] yy%

[name] zz%

6.2. If in an Accounting Period a Partner draws more than his share

,

,

.

## 7. Partnership property

7.1. All the assets used in the Partnership Business are

.

7.2. The business premises of the Partnership are held by the Partners as Partnership property. The cost , ,

,

.

## 8. Capital

8.1. The capital of the Partnership

.

8.2. Each of the Partners shall be entitled to interest at the rate of [5] %

## 9. Drawings

Each Partner shall be entitled to draw out of the Partnership Business each month, on account

## 10. Loans to the Partnership

10.1. If a Partner, with the consent of the other Partners, lends a sum of money to the Partnership in excess

[ 5 ] %

10.2. The sum loaned shall not be deemed to be

10.3. A loan must be repaid, together with accrued  
[ 6 ]

## 11. Banking arrangements

11.1. The bankers of [ ]

11.2. All Partnership money shall

11.3. Partnership cheques



## 12. The Managing Partner

12.1. The Partners shall appoint

“ ”

12.2. The Managing Partner shall

12.3. The Managing Partner shall be appointed for [ ] ,

12.4. The voting method and management shall be

:

12.4.1 The Managing Partner shall be appointed

12.4.2 The Partners

12.4.3 If there are more than two candidates,

12.4.4 that procedure will continue until there are only two

12.5. The principle :

[\[list duties\]](#)

12.6. The Managing Partner

12.7. The following arrangements shall apply to the share of profit

[\[Set out special](#)

]

## 13. Records and accounts

- 13.1. Proper books of account shall be kept .
- 13.2. As soon as practicable after each Accounting Date, a balance sheet and profit and loss account shall be prepared. The
- 13.3. Each Partner shall be entitled to draw out of

## 14. Meetings and voting

- 14.1. A general meeting of the Partners
- 14.2. Notices of meetings of the Partnership shall specify ,
- 14.3. The Partners shall open the proceedings at each meeting by voting for who shall be chairman of

OR

- 14.4. The chairman [ ].
- 14.5. All matters considered at a meeting of the Partners or to be determined by [ ] :
- 14.5.1 Changing the address of the Partnership business;

14.5.2 changes to this agreement, subject to the written  
75 % ( ) ;

14.5.3 winding-  
;

14.5.4 the sale, ,  
.

14.5.5 borrowing any sum \$ [ 00 , 000 ];

14.5.6 increasing the capital of the Partnership business;

14.5.7 introducing into the Partnership ( , ) ;

14.5.8 expulsion of a Partner;

14.5.9 amending this agreement.

14.6. A Partner may appoint another Partner as his proxy to vote on his behalf . ,

2  
.

14.7. The quorum for a meeting shall be 2 Partners entitled to not less than 50 per  
.  
, .

14.8. Minutes shall be taken of all meetings of Partners and (subject to any )  
.  
, .

## 15. Holidays

Each Partner shall be entitled (in addition to public holidays)  
[ 5 ] .  
.

## 16. Absence

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

56

,  
(  
)  
.

## 17. Cars

All cars required for the purposes of the Partnership business shall be

,  
,  
,  
.

## 18. Insurance

All buildings, machinery, office equipment and other assets of

,  
,  
.

## 19. Good faith

Each Partner shall at all times:

19.1. devote his whole time and attention to the business

;

19.2. conduct himself

;

19.3. use his

.

19.4. the Partners shall at all

[

]

## 20. Partnership policies

20.1. The Partnership

,

:

- 20.1.1 health and safety policy;
  - 20.1.2 equal opportunities and non-harassment policy;
  - 20.1.3 computer use, Internet and communications policy;
  - 20.1.4 Partnership vehicles policy;
  - 20.1.5 data protection policy.
- 20.2. Insofar as any of these policies imposes an expectation of behaviour on a Partner ,
- .
- 20.3. Each Partner accepts the importance for the Partnership in maintaining and enforcing fully up- -
- .

## 21. Restrictions on Partners

No Partner shall

:

- 21.1. engage directly or ;
- 21.2. engage or dismiss any employee of the Partnership;
- 21.3. use any of the assets of the Partnership ;
- 21.4. compromise or ;
- 21.5. lend money ;
- 21.6. buy or contract for any goods, services or property on behalf of the Partnership involving a total commitment \$ [ 0 , 000 ] ;  
\$ [ 0 , 000 ] ; \$ [ 0 , 000 ] ;
- 21.7. give any guarantee on behalf of the Partnership;

21.8. enter into any bond or become bail, surety or security with or for any

21.9. enter into Partnership

## **22. Intellectual Property**

22.1. The ownership of Intellectual Property existing at the date

22.2. Each Partner acknowledges that Intellectual Property

22.2.1 watch out for any infringement of the

22.2.2 take such reasonable action as the Partnership

22.2.3 not use in any capacity outside of the Partnership

22.3. The parties shall at their joint expense

22.4. Each Partner's obligations set

## **23. New IP**

23.1. New IP shall belong to the Partnership.

23.2. Whenever any Partner creates any New

23.2.1 provide to the Partnership whatever  
;

23.2.2 hold any right or benefit in  
;

23.2.3 do his utmost to ensure  
;

23.3. Each of the Partners agrees to maintain written records of all

23.4. Each of the Partners

23.5. Each of the Partners agrees to help the Partnership, both while it  
subsists  
,

## **24. Intellectual Property: Derived Products**

24.1. When a Partner creates  
,

24.2. Each Partner now agrees that he will:

24.2.1 do his utmost to  
;

24.2.2 tell the Partnership  
;

24.2.3 provide to the Partnership whatever full specification  
description  
;

24.2.4 do whatever the Partnership considers to be necessary or  
desirable  
.

## 25. Confidential Information

25.1. Each Partner is aware that, as a result of this agreement, he will have access to and be entrusted with Confidential Information of

25.1.1 except as provided in this

25.1.2 not use the Confidential Information in any way for himself

25.1.3 not store, copy, or use the Confidential

[ . . . ]

25.1.4 use his best endeavours

25.2. The financial terms

25.3. The provisions of this paragraph shall

[ 5 ]

25.4. The provisions of this paragraph apply to any act

25.5. Each Partner now undertakes that he will not divulge to any person whatever or

)



## 26. Confidentiality of personal information

26.1. In this paragraph, "Damage" means both economic loss, loss of

" , ,  
 , .

26.2. Each of the parties

:

26.2.1

,  
 ;

26.2.2

, , -  
 ,  
 , .

26.3.

.

26.4.

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26.5.

,  
 [ ]

.

## 27. Security of Know-how

27.1. Each Partner agrees:

27.1.1

-  
( )  
 ;

27.1.2

- .

27.1.3

-  
;

27.1.4

-  
;

27.1.5

-  
;

27.1.6

(  
)

;

27.1.7

,  
,

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27.2. -

.

27.3.

-  
;

27.4.

-  
;

## 28. No competition

28.1.

, " " , ,  
,  
.

28.2.

,

28.3.

28.4.

28.5.

## 29. Expulsion

29.1. ( “ ”)

29.2.

7 .

29.3.

29.4.

29.5. 48

29.6.

7

29.7.

29.8.

:

29.8.1

29.8.2 physical violence; or

29.8.3 serious bullying or harassment; or

29.8.4 bringing the Partnership into serious disrepute; or

29.8.5

29.8.6

29.8.7 serious infringement of health and safety rules; or

29.8.8

29.8.9

29.8.10

26

29.8.11 being bankrupt; or

29.8.12

;

29.8.13

60

;

29.8.14

;

29.8.15

2

;

## **30. Termination of the Partnership**

30.1. [ ]

.

30.2.

:

30.2.1

;

30.2.2

;

30.2.3 the provisions of the schedule shall apply.

30.3.

,

.

30.4.

30.5.

:

30.5.1 any unpaid profits which are due to him;

30.5.2 his share of the Partnership capital;

30.5.3

30.6.

## 31. After termination

31.1.

31.2.

31.3.

31.4.

31.5.

## 32. Indemnity for Partnership

32.1.

32.1.1 a breach of this agreement by that Partner;

32.1.2

;

32.1.3

;

32.1.4

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32.2.

\$ [ 400

]

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### 33. Publicity / Announcements

33.1.

.

*OR*

33.2. No Partner shall:

33.2.1 make any public announcement; or

33.2.2 disclose any information; or

33.2.3

;

33.2.4

.

33.3. ,

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33.4.

2 ,

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## 34. Damages not adequate

‘  
[ ]  
,  
,  
,  
[ /  
].

## 35. Counterparts

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.  
.

## 36. Miscellaneous matters

36.1.

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36.2.

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36.3.

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36.4.

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,

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36.5.

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,  
,



36.6.

36.7.

1993

(

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, [

][

].

36.8.

36.9.

36.10.

36.11.

It shall be deemed to have been delivered:

72

24

]

36.12.

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36.13.

,

(

) 1982 .

36.14.

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36.15.

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36.16.

,

.

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. Outgoing Partner’s undrawn profits and capital**

#### **4.1.**

- ,  
:

##### **4.1.1**

;

4.1.2

;

4.1.3

;

4.2.

,

.

4.3.

[ 4 %]

,

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4.4.

3

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,

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4.5.

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;

;

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## 5. Debts and liabilities

,

,

,

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,

,

;

;

## 6. Tax election

## 7. Books of account and other documents

## 8. Power to get in assets and further assurance

## 9. Restriction

9.1.

,

,

;

;

9.2.

10

;

;

9.3.

;

;

;

;

.

# Explanatory notes:

## Partnership Agreement

## Paragraph Specific Notes

Notes referring to specific paragraphs

### 1. Definitions

The purpose of the definitions in this document is largely to restrict broad terms to specific,

#### **The Partnership Business**

You can either define the partnership business precisely, or leave this very broad definition. We advise the broad definition specifically to prevent a partner from avoiding compliance with the agreement with the excuse that “What I did does not conflict with the partnership business.” It also

### 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. Entire agreement

This paragraph prevents a party from later saying he was relying on some other document or what

### 4. Firm name and location

This information is obvious and may change. But it is a good idea to include it to make clear for all

### 5. Business of the Partnership

You can either define the partnership business precisely, or leave this very broad definition. We advise the broad definition specifically to prevent a partner from avoiding compliance with the agreement with the excuse that “What I did does not conflict with the partnership business.” It also



## **6. Partnership shares**

This provision is one of the most important in the agreement. We have included a very simple and common approach. However, you can use any formula based on contributions, sales, work done, hours worked, fixed salary,

## **7. Partnership property**

If the partnership has property, it is important to consider tax implications of ownership. However, an owner may charge a rent. An owner will real the advantage of any inflationary value increase.

## **8. Capital**

You may decide on some other arrangement here, but this simple proposal is

## **9. Drawings**

We advise strict rules here. If a partner over-draws he is effectively borrowing money from the others. It may be possible for him to do this without the authority of

## **10. Loans to the Partnership**

Basic, sensible provisions. Edit if

## **11. Banking arrangements**

Bank arrangements may as simple or complicated as you wish. This is an important area for

## **12. The Managing Partner**

We have provided menu of items which are designed to provide a framework that

It is certain that partners will not see each other's roles in the same light. You may wish to set out

Edit freely.

### **13. Records and accounts**

This is standard accounting procedure. If you

### **14. 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

### **15. 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

There is no legal requirement for the

### **16. Absence**

As for holidays, above.

### **17. Cars**

As for holidays, above.

### **18. Insurance**

This is another area where a simple rule prevents an over-optimistic partner from failing to protect the partnership

### **19. 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 interest to

## **20. Partnership policies**

Whatever policies are maintained must be observed by every

## **21. Restrictions on Partners**

This is a menu of fundamental structural “rules” to make clear the boundaries of action

## **22. Intellectual Property**

Few businesses are not heavily reliant on their intellectual property but few business managers appreciate just how much IP is owned by their business. Of course, IP covers

We have provided far greater protection of the IP rights of the partnership than you might expect. Our argument is that a

However, this agreement has been drawn for a wide variety of businesses. Only you can estimate just what

## **23. New IP**

Similar comments apply as for

## **24. Intellectual Property: Derived Products**

Similar comments apply as for

## **25. Confidential Information**

We suggest you start first with the definition of confidential information,

1 .

**26. Confidentiality of personal information**

Personal information is included and the provisions are strict. The reason is

**27. Security of Know-how**

You will know whether the work you

**28. No competition**

This provision maintains the value of the partnership assets

**29. Expulsion**

Sadly, and despite this agreement, a partner will step out of line. It is very important that the

**30. Termination of the Partnership**

Clear and

**31. After termination**

More common sense

**32. Indemnity for Partnership**

A basic essential indemnity

### **33. Publicity / Announcements**

You may wish to agree the words of

### **34. Damages not adequate**

A judge will usually try to award money damages as

### **35. Counterparts**

This paragraph may be required if your partners

### **36. 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,

It sets out a simple requirement in the absence of your agreement to the contrary. That is

Most of these provisions reflect a common sense view of the framework provided

**End of notes**