

Matters to go into a Partnership Agreement

1. Names and addresses of partners
2. The fact that the partners are to form a partnership on (date)
3. The nature of the business
4. The place of business
5. The name of the partnership
6. The capital introduced into the partnership
7. Whether interest is to be paid on the partners' capital and if so the rate
8. Whether the partners are to be paid a salary before division of the profits
9. The way the profits are to be divided up. (after any interest and salaries)
10. Drawing rights (how much each partner may take out)
11. The bank
12. Proper records to be kept / All partners to have access
13. Partners shall be fair and open with each other
14. Details of Partnership management and conduct of meetings
15. Formal provisions regarding admission of new partners
16. What time to be devoted to the business. Partners shall not work outside the partnership without written consent
17. No partner to lend money or mortgage assets of the partnership without agreement of the other partners
18. Limit on partner ability to order goods or services on behalf of the partnership without consent of the other partners
19. Reasons for dissolution of the partnership (i.e., breach of terms, bankruptcy, incapacity, or death)
20. Method of paying off partners upon dissolution:
i.e., repaid value of his capital account over 3 years in 6 equal installments commencing 6 months after departure. (However beware of clauses by which remaining partners are required to buy out deceased partners as this can destroy your claim for Inheritance Tax business property relief)
21. Requirement to give 6 months notice of desire to leave the partnership
22. Application of English partnership law