Document title: General Partnership agreement: long form.

**DATED**

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Partnership agreement

[between/among]

[Party 1]

and

[Party 2]

and

[Party 3]

CONTENTS

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CLAUSE

[1. Interpretation 3](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000000)

[2. Commencement and duration 5](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000001)

[3. Partnership Name and place of business 5](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000002)

[4. Capital 6](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000003)

[5. Partnership Property 7](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000004)

[6. Profits and losses 7](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000005)

[7. Capital and Current Accounts 8](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000006)

[8. Drawings 8](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000007)

[9. Accounts 9](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000008)

[10. Banking 9](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000009)

[11. Insurance 10](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000010)

[12. Duties and power 10](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000011)

[13. Restrictions on Partners 11](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000012)

[14. [Managing Partner 12](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000013)

[15. Meetings and voting 12](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000014)

[16. Indemnity and expenses 15](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000015)

[17. Holidays 15](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000016)

[18. [Cars] 15](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000017)

[19. Maternity Leave, Paternity Leave, Adoption Leave [and Parental Leave] 15](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000018)

[20. Incoming partners 16](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000019)

[21. Continuance of Partnership 16](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000020)

[22. Retirement and death 16](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000021)

[23. Expulsion 17](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000022)

[24. Payments to Outgoing Partners 18](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000023)

[25. Restrictions on Outgoing Partners 20](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000024)

[26. Further provisions relating to Outgoing Partners 20](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000025)

[27. Confidentiality 21](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000026)

[28. Dissolution 22](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000027)

[29. Entire agreement 22](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000028)

[30. Notices 23](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000029)

[31. Severance 24](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000030)

[32. Governing law and jurisdiction 25](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000031)

[33. LCIA Arbitration 25](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000032)

SCHEDULE

[Schedule 1 Partners 26](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000033)

[Schedule 2 Capital contribution, profit share and drawings 27](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000034)

[Schedule 3 Net Profits and Losses 28](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000035)

[Schedule 4 Premises 29](file:///C:\Users\Sidhant%20Jadeja\AppData\Local\Packages\Microsoft.MicrosoftEdge_8wekyb3d8bbwe\TempState\Downloads\General%20Partnership%20agreement%20long%20form%20(1).doc#_Toc256000036)

This deed is dated [DATE]

Parties

1. [INDIVIDUAL NAME] of [INDIVIDUAL ADDRESS] ([Partner 1])
2. [INDIVIDUAL NAME] of [INDIVIDUAL ADDRESS] ([Partner 2])
3. [INDIVIDUAL NAME] of [INDIVIDUAL ADDRESS] ([Partner 3])

BACKGROUND

1. The Partners [are those persons set out in Schedule [NUMBER] to this Agreement and who] carry on the business of [DETAILS OF THE BUSINESS OF THE PARTNERSHIP].
2. The Partners shall carry on the Partnership under the terms of this Agreement.

Agreed Terms

1. Interpretation
   1. The following definitions and rules of interpretation apply in this agreement.
2. Accountants: [NAME] of [ADDRESS] or such other firm of accountants as may be appointed in accordance with clause 15.4.
3. Accounts: the [audited] accounts of the Partnership for each Accounting Period produced in accordance with clause 9.
4. Accounts Date: [DATE] or such other date as the Partners may decide in accordance with clause 15.4.
5. Accounting Period: in the case of the first Accounting Period, the period from the Commencement Date to (and including) the first Accounts Date. For subsequent periods, the period commencing on the day after the Accounts Date and ending on the next Accounts Date.
6. Business: the business of [DETAILS OF THE BUSINESS OF THE PARTNERSHIP] carried on by the Partnership and such other business as the Partners may decide to carry on in accordance with clause 15.5(b).
7. Business Day: a day other than a Saturday, a Sunday or a public holiday in [England] when banks in [London] are open for business.
8. Capital Account: the accounts of each of the Partners, maintained in accordance with clause 7.1.
9. Commencement Date: [DATE].
10. Current Account: the accounts of each of the Partners, maintained in accordance with clause 7.2.
11. Continuing Partners: the Partners who continue to be partners after a Leaving Date.
12. Leaving Date: a date on which an Outgoing Partner ceases, or is deemed to cease, to be a Partner under this agreement.
13. Leaving Accounts: a balance sheet as at the Leaving Date and a profit and loss account for the period between the last Accounts Date and the Leaving Date.
14. Managing Partner: a Partner who is appointed as managing partner in accordance with clause 14.
15. Name: [NAME] or such other name as the Partners may decide in accordance with clause 15.5(h).
16. Net Profits and Losses: the net profits and losses of the Partnership in respect of each Accounting Period, calculated in accordance with Schedule 3.
17. Outgoing Partner: a Partner who ceases to be a Partner including, where the context admits, his personal representatives or trustee in bankruptcy.
18. Partners: the parties to this agreement, so long as they remain partners and all other people who are or become parties to this agreement at any time.
19. Partnership: the partnership carried on by the Partners for the purpose of the Business under this agreement.
20. Partnership Property: the Premises and all other assets (or rights in them) that are used by the Partnership for the purposes of the Business.
21. Premises: the freehold or leasehold premises to be occupied by the Partnership, details of which are set out in Schedule 4, and such other premises as the Partners may decide in accordance with clause 15.5(c).
    1. Clause, schedule and paragraph headings shall not affect the interpretation of this agreement.
    2. A **person** includes a natural person, corporate or unincorporated body (whether or not having a separate legal personality) [and that person's legal and personal representatives, successors and permitted assigns].
    3. The schedules form part of this agreement and shall have effect as if set out in full in the body of this agreement. Any reference to this agreement includes the schedules.
    4. A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
    5. Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.
    6. Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
    7. A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and includes any subordinate legislation made from time to time under it.
    8. A reference to **writing** or **written** includes faxes but not email.
    9. [Documents in **agreed form** are documents in the form agreed by the parties and initialled by them or on their behalf for identification.]
    10. References to clauses and schedules are to the clauses and schedules of this agreement; references to paragraphs are to paragraphs of the relevant schedule.
    11. Any words following the terms **include**, **including**, **in particular** or **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding them.
    12. [Any obligation in this agreement on a person not to do something includes an obligation not to agree or allow that thing to be done.]
22. Commencement and duration

[The Partnership shall commence on the Commencement Date and shall continue on the terms of this agreement until [[DATE] (inclusive of both dates) **OR** it is terminated in accordance with the terms of clause 15.5(l) and clause 28].

**OR**

The Partnership, having been established by the Partners before the Commencement Date, shall be deemed to have been carried on under the terms of this agreement at all times and shall continue on the terms of this agreement until [[DATE] **OR** it is terminated in accordance with the clause 15.5(l) and clause 28]. [This agreement wholly supersedes all earlier partnership agreements or arrangements relating to the Business between the Partners and each of the Partners mutually releases and discharges the others [and their personal representatives and trustees in bankruptcy] from all [future] claims, demands, actions and proceedings in respect of such agreements or arrangements [but without prejudice to antecedent liabilities].]

1. Partnership Name and place of business
   1. The Partnership shall carry on the Business under the Name.
   2. If the Partners decide to change the Name, the Partnership shall immediately inform all relevant authorities and professional bodies and all of its [current] [customers **OR** clients] and suppliers [who have had dealings with the Partnership during the preceding [NUMBER] years].
   3. The Business shall be carried on from the Premises or such other place as the Partners may decide in accordance with clause 15.5(d) of this agreement.
2. Capital
   1. The initial capital of the Partnership at the Commencement Date shall be £[NUMBER] to be contributed by each of the Partners [equally **OR** in the proportions set out opposite their names in Schedule 2.].
   2. All initial cash contributions to capital shall be made by way of payment to the Partnership's bank account and such sums shall be credited to each of the Partners' respective Capital Accounts [on the date of receipt into the Partnership's bank account].
   3. Where any contribution to or repayment of the Partnership's capital is made by way of a transfer of an asset by or to a Partner rather than payment of cash, then the value of that contribution or repayment shall be decided in accordance with clause 15.5(g) [in advance of such contribution or repayment being made]. The amount of such value shall be credited or debited to that Partner's Capital Account [as at the date of transfer].
   4. Interest shall [be payable on sums standing to the credit of each Partner's Capital Account at the rate of [PERCENTAGE] % per annum. Interest shall be calculated on a daily basis and shall be credited to the Current Account of the relevant Partner [before the Net Profits and Losses are to be divided] **OR** not be payable on sums standing to the credit of each Partner's Capital Account].
   5. The capital of the Partnership at any time will belong to the Partners in the proportions [set out in Schedule 2 **OR** to which the balance of each of their Capital Accounts bears to the total capital of the Partnership].
   6. Where any further capital contribution is required, or repayments of capital are to be made, the Partners shall decide the following in accordance with clause 15.5(g):
      1. the total amount;
      2. the apportionment of such contribution or repayment between the Partners;
      3. the timing of payments and of crediting or debiting of Capital Accounts; and
      4. the form of such contribution or repayment.

[In the absence of any agreement to the contrary, such **OR** Such] contributions or repayments shall be by or to all of the Partners [equally **OR** in the proportions set out opposite their names in Schedule 2].

* 1. Any additional capital provided by a Partner otherwise than in accordance with clause 4.6 and clause 15.5(g) shall be deemed to be a loan from that Partner made on such terms as the Partners may agree and in default of such agreement, on the following terms: [DESCRIPTION OF TERMS].

1. Partnership Property
   1. Partnership Property shall belong to the Partners in the proportions in which they are entitled to share in capital.
   2. Any Partnership Property that is vested in one or more of the individual Partners' names shall be held by them on trust for all of the Partners. All costs and expenses relating to such Partnership Property shall be borne by the Partnership and the other Partners shall indemnify the Partner or Partners in whom such property is vested against all liabilities that may arise directly or indirectly in respect of it.
2. Profits and losses
   1. The Net Profits and Losses of the Partnership [(including capital profits and losses realised in that Accounting Period)] shall belong to and be borne by the Partners [equally **OR** in the proportions set out opposite their names in Schedule 2] and shall be credited or debited to the Partners' Current Accounts as soon as the annual accounts for the relevant Accounting Period are approved by the Partners in accordance with clause 9.
   2. If a Partner is absent from the Business as a result of illness or injury [(which shall not include the taking of leave under clause 19)] for a total of more than [NUMBER] complete Business Days in any Accounting Period, then his share of Net Profit [of an income nature] for that Accounting Period shall be reduced. Such reduction shall be calculated by multiplying the amount of his profit share by such excess number of complete days' absence, including Saturdays, Sundays and public holidays, dividing the resulting figure by 365 and deducting such amount from his share of Net Profit. In the event of such reduction being made, the other Partners' profit shares shall be increased [equally **OR** in the proportions (as between themselves) in which they share Net Profits [of an income nature]].
   3. Notwithstanding clause 6.2, a Partner shall not be entitled to share in the Net Profits [of an income nature] in respect of any period when he is entitled to payment or benefits under any permanent sickness or ill-health scheme paid for by the Partnership. For this purpose Net Profits of the relevant Accounting Period(s) will be apportioned on a daily basis. To the extent that the absent Partner is not entitled to Net Profits during such period, the other Partners' shares shall be increased [equally **OR** in the proportions (as between themselves) in which they share Net Profits [of an income nature]].
   4. [A Partner entitled to a reduced share of Net Profits under this clause shall, nevertheless, remain responsible for a share of Net Losses as though this clause had not come into operation.]
3. Capital and Current Accounts
   1. Each Partner shall have a Capital Account, to which their respective capital contributions shall be credited. In addition, there shall be credited to their Capital Accounts any further capital contributions made by them, any amounts in respect of a revaluation of assets and their respective share of any capital profits. There shall be debited to their Capital Accounts the amount of any repayment of capital to them and their respective share of any capital loss.
   2. Each partner shall have a Current Account, to which shall be credited any profit share to which each is entitled and any other sums of a current nature, and to which shall be debited any drawings [and any payments of or provisions for tax].
4. Drawings
   1. Subject to clause 8.4, on the [DAY] of each month, or the next Business Day where that date is not a Business Day, each Partner [shall be paid **OR** may draw] on account of his share of profits for the then current Accounting Period [such sum as the Partners may determine **OR** the monthly amount set out opposite his name in Schedule 2**OR** a sum not exceeding one-twelfth of [two-thirds **OR** one-half] of the share of Net Profits of such Partner as shown in the last set of Accounts].
   2. As soon as his share of the Net Profits and Losses has been credited to his Current Account in accordance with clause 6.1, each Partner may withdraw the balance of his share of the Net Profits, after allowing for all drawings made by that Partner pursuant to clause 8.1.
   3. If any Partner withdraws funds in excess of his entitlement to profit share under clause 6.1 for an Accounting Period, that Partner shall repay the excess drawings to the Partnership immediately on the approval of the Accounts for that year in accordance with clause 9 [together with interest on the excess at an interest rate of [PERCENTAGE]% above the base lending rate from time to time of [FULL NAME OF BANK]]. [The obligation to repay excess drawings under this clause shall apply to any Partner who becomes an Outgoing Partner during the course of the relevant Accounting Period.]
   4. No sum may be drawn under this clause unless there is money and/or facilities to cover the drawings to which all of the Partners are entitled at that date, in excess of sums that the Partners [unanimously **OR** by a [PERCENTAGE]% majority] agree are required for the current expenses of the Partnership.
5. Accounts
   1. The Partners shall keep proper books of account (which expression shall include any computerised accounting system for the time being used by the Partnership) and shall be responsible for ensuring that full and proper entries of all receipts and payments are promptly recorded in them. The books of account shall be kept at the Premises and be made available for inspection by all of the Partners (who may also take copies).
   2. The Partnership's accountants shall be the Accountants.
   3. As soon as reasonably practicable after the end of each Accounting Period, the Partners shall instruct the Accountants to draw up[, audit] and distribute to all of the Partners, a profit and loss account in respect of that Accounting Period and a balance sheet [taking no account of goodwill] as at the end of such Accounting Period.
   4. [Within [NUMBER] days of their receipt from the Accountants, the Managing Partner shall submit the [audited] profit and loss account and balance sheet to the Partners for approval by all of them in writing. Following such approval, the [audited] accounts shall be binding on each of the Partners, except in the event of manifest error. If any Partner fails or refuses to approve such [audited] accounts within two months of their being submitted to him, then [the Partners shall refer any point in dispute [for resolution in accordance with clause 33 **OR** to be determined by an accountant (acting as an expert and not as an arbitrator) agreed by the Partners and, in default of such agreement, to be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales, and whose determination shall be final and binding] **OR** within [one month] of receiving notice from [all **OR** a majority of [PERCENTAGE]% ]of the other Partners (accompanied by a statement from the Accountants that in their opinion the [audited] accounts have been properly prepared) requiring him to do so, he shall be deemed to have approved them].]
   5. [For the avoidance of doubt, references in this clause 9 to Partners do not include Outgoing Partners.]
6. Banking
   1. All bank accounts of the Partnership shall be maintained with [FULL NAME OF BANK] or such other bank or building society as the Partners may determine in accordance with clause 15.4.
   2. All bank accounts of the Partnership shall bear the Name.
   3. A Partnership bank account can only be opened with the prior written authority of [NUMBER] or more Partners.
   4. No cheque shall be drawn on, or instruction issued for, the electronic transfer of moneys from any Partnership account for a sum in excess of [CURRENCY][AMOUNT] unless it is signed by any [NUMBER] or more Partners.
   5. All moneys, cheques and drafts received by or on behalf of the Partnership shall be paid promptly into a Partnership account.
7. Insurance
   1. [The Partners shall effect and at all times keep in force (for the benefit of the Partnership or of individual partners, as the parties shall specify in writing) such policies of insurance for such amounts as they shall decide. [Such policies shall be maintained at the expense of the Partnership.]]
   2. [Each Partner shall effect and at all times keep in force such policies of personal insurance (whether by way of life assurance, health insurance, retirement annuity contract, personal pension arrangements or otherwise) for such sums as the Partners shall decide.]

**OR**

* 1. [The Partnership shall [at its own expense] maintain insurance policies (for the benefit of the Partnership or individual Partners as the parties shall specify in writing) for such amounts as the Partners may decide in respect of:
     1. Partnership Property;
     2. private medical insurance for Partners [and employees];
     3. life assurance and/or critical illness for the Partners;
     4. employer's liability;
     5. public liability;
     6. professional negligence; and
     7. [OTHER POLICIES OF INSURANCE].]
  2. The Partners shall co-operate in obtaining the insurance policies referred to in [clause 11.1 and clause 11.2**OR** clause 11.3] and shall undergo any medical examination regarded as reasonably necessary for the procurement of any such insurance policy.

1. Duties and power

Each Partner shall at all times:

* + 1. use his best skills and endeavours to promote and carry on the Business for the benefit of the Partnership, and conduct himself in a proper and responsible manner;
    2. devote [the whole of his time and attention **OR** such time and attention as is necessary for the proper performance of his duties **OR** such time and attention as the Partners may decide in writing] to the Business (other than during periods of absence due to illness, injury, holiday or leave taken in accordance with clause 19);
    3. comply with all legislation, regulations, professional standards and other provisions as may govern the conduct of the Business [, or be determined by the Partners as standards to be voluntarily applied to the Business];
    4. show the utmost good faith to the other Partners in all transactions relating to the Partnership and give them a true account of, and full information about, all things affecting the Partnership;
    5. keep securely at his office, in legible form, proper accounts, diaries and records as the Partners may reasonably require and ensure that all Partners have [free **OR** reasonable] access to them and may take copies of them;
    6. inform the Partners without delay on becoming party to any legal proceedings;
    7. punctually pay and discharge his present and future debts and engagements; and
    8. account to the Partnership for any profit derived from a business, office or appointment accepted by him in breach of this agreement, or any personal benefit derived by him from the Business, the use of the Name, Partnership Property or business connections of the Partnership.

1. Restrictions on Partners

Without the prior [written] consent of [all] the Partners, no Partner may:

* + 1. engage or be concerned directly or indirectly in any business other than the Business or accept (otherwise than in a voluntary or honorary capacity) any office or appointment [unless that other business, office or appointment is not in competition with the Business];
    2. derive any benefit from the use of the Name, Partnership Property or the business connections of the Partnership;
    3. engage in any contract or commitment on behalf of the Partnership, except under the Name;
    4. [except in the ordinary course of the Business] enter into any arrangement as a result of which the Partners may risk the loss of, or be made liable for, any sum or sums in respect of that transaction in aggregate exceeding [CURRENCY][AMOUNT];
    5. give any guarantee or undertaking on behalf of the Partnership in respect of any sum or sums in aggregate exceeding [CURRENCY][AMOUNT]
    6. enter into any bond, become bail, surety or security for any person, firm or company or do or permit anything whereby the property of the Partnership may be seized, attached or taken in execution;
    7. compromise, compound, release or discharge (except on payment in full) any debt or connected debts due to the Partnership in aggregate exceeding [CURRENCY][AMOUNT]
    8. draw any cheque on any account of the Partnership other than in accordance with the then current mandate;
    9. except in the ordinary course of the Business, dispose of by loan, pledge, sale or otherwise any Partnership Property;
    10. assign, mortgage or charge the Net Profits and Losses or any Partnership Property or his rights or interest in the Partnership or any part of it;
    11. have any dealings with any person with whom or which the Partners have previously resolved not to deal; or
    12. engage or [(except for gross misconduct)] dismiss any employee of the Partnership [who is earning more than [CURRENCY][AMOUNT]] or appoint any person as an agent of the Partnership.

1. [Managing Partner
   1. The Partners may, by a [majority] vote, elect a Managing Partner for the time being of the Partnership, who shall [be responsible for the day-to-day management of the Partnership **OR** have such duties and responsibilities as the Partners shall decide in writing from time to time].
   2. The first Managing Partner shall be [NAME], whose term shall end on [DATE]. After that, the Managing Partner shall be elected for [a term of [NUMBER] successive Accounting Periods **OR** such term as the Partners may determine].
   3. A Partner may be removed and replaced as Managing Partner during such term on the expiry of [three] months' written notice of a resolution to that effect passed by a majority of Partners. The replacement Managing Partner shall continue in office only until the end of the unexpired term of the previous Managing Partner.
   4. A Managing Partner shall [not] be eligible for re-election [for a second but no further terms].]
2. Meetings and voting
   1. Meetings of the Partners shall be held at least [NUMBER] times per [calendar year **OR** Accounting Period].
   2. Every meeting of the Partners shall be governed by the following provisions:
      1. a meeting of the Partners may be called by [NUMBER] of the Partners;
      2. a meeting may be held at such time and place as the Partners calling the meeting think fit;
      3. a notice of meeting specifying the place, day and time of the meeting and containing a statement of the matters to be discussed at the meeting, shall be served on all of the Partners;
      4. [except in the case of an emergency] not less than [NUMBER] clear days' notice of a meeting shall be given to all Partners [, provided that shorter notice shall be valid if all the Partners attend the meeting or if it is ratified by the Partners at a subsequent meeting];
      5. [at the start of any meeting, those present shall elect the chairman of the meeting by a simple majority of Partners present **OR** the Managing Partner shall be the chairman of all Partnership meetings but, in his absence, the chairman shall be elected by a simple majority of Partners present from among their number]. The chairman shall [not] have a casting vote;
      6. the quorum for a meeting is [NUMBER] Partners present in person [or by proxy (which shall mean another Partner appointed in writing to attend and vote on behalf of the appointing Partner)];
      7. where the appropriate quorum is not present within [NUMBER] minutes of the start time stated in the notice of the meeting, any resolution passed at the inquorate meeting is deemed to have been passed if it is ratified later by the required majority in attendance at a duly convened quorate meeting; and
      8. minutes shall be prepared of all meetings and shall be approved and signed by the chairman of the meeting as evidence of the proceedings.
   3. [No Partner may vote by proxy at a meeting **OR** A Partner may, in writing, appoint another Partner to be his proxy, with the right to attend and vote on his behalf at any meeting of the Partners].
   4. Where a matter (other than one referred to in clause 15.5) requires the decision of the Partners under this agreement, such matter shall be determined by the Partners by [simple majority vote] at a duly convened meeting.
   5. Subject to clause 15.4, all other matters considered at any meeting of the Partners shall be decided by simple majority vote, except that the following matters require the [unanimous] approval [of at least 75%] of the Partners:
      1. any alterations to this agreement;
      2. any change in the nature of the Business;
      3. the acquisition or disposal of the Premises or interests in them;
      4. changing the place of Business or opening a new place of Business;
      5. the acquisition or disposal of all or part of the Business [or a substantial portion of the Partnership Property] or a merger with another partnership;
      6. the admission of a new Partner to the Partnership;
      7. an increase or decrease or alteration in the Partners' shares in the capital of the Partnership, including a requirement for Partners to provide additional capital and, where a contribution or repayment of capital is by way of a transfer of an asset by or to a Partner, the valuation of that asset;
      8. a change in the Name;
      9. giving notice to a Partner under clause 22.2(b) or clause 22.2(c) to compulsorily retire, or clause 23.1 to expel that Partner from the Partnership but so that in such case the [unanimity **OR** 75% majority] required shall be of all the Partners other than the Partner whose retirement or expulsion is in question;
      10. any purchase of a capital item by the Partnership costing in excess of [CURRENCY][AMOUNT];
      11. the borrowing or lending by the Partnership or the giving of any guarantee or undertaking of the Partnership in respect of sums exceeding [CURRENCY][AMOUNT] in aggregate;
      12. any decision to dissolve the Partnership;
      13. any decision for the Partnership to make a proposal for a partnership voluntary arrangement, scheme of compromise or arrangement with its creditors under the Insolvency Act 1986;
      14. any decision for the Partners to apply for an administration order under the Insolvency Act 1986; and
      15. any decision to increase the sums referred to in clause 15.5(j) and clause 15.5(k).
   6. [A written resolution signed by all the Partners shall be valid as if it had been passed at a meeting of the Partners.]
   7. Where a Partner receives notice of a meeting at which a matter requiring a vote under is to be discussed, but is unable to attend that meeting owing to [a prior professional engagement] [holiday] [illness] or [pregnancy], he or she shall notify the Managing Partner that he or she is unable to attend and that matter shall be held over to the next meeting of the Partners, which shall be held at such time and place as the Managing Partner determines. If all of the Partners have been notified in writing of the time, place of and matters to be discussed at that next meeting and there is a unanimous vote of those present, any absent Partners shall be deemed to have voted with those present.
3. Indemnity and expenses
   1. Any partner who is in [material] breach of any of the provisions of this agreement shall indemnify the other Partners, their estates and successors from and against all liabilities, costs, expenses, damages and losses, (including but not limited to any direct, indirect or consequential loss, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other [reasonable] costs and expenses) resulting from that breach, without prejudice to any other right or remedy of the other Partners howsoever arising.
   2. Each Partner shall be entitled to be refunded for reasonable out-of-pocket expenses, incurred in accordance with the procedures and limits determined by the[ Partnership **OR** Managing Partner] from time to time, provided that the Partner claiming such expenses supplies a valid receipt for those expenses.
4. Holidays

Each Partner shall be entitled to [NUMBER] Business Days' holiday (in addition to the usual public holidays in England and Wales) in each [calendar year **OR** Accounting Period], to be taken at such time or times as each individual Partner decides, provided that:

* + 1. such timing does not materially interfere with or prejudice the Business;
    2. each Partner gives reasonable notice to the others of his holiday dates; and
    3. no Partner takes more than ten consecutive working days' holiday without the prior consent of the [Partnership **OR** Managing Partner].

1. [Cars]

All cars required for the purposes of the Business shall be purchased by, or leased to, the Partnership. The cost of all repairs, maintenance, insurance, VAT and tax shall be borne by the Partnership. If any Partner is permitted regular use of a car that is owned or leased by the Partnership, he will comply with the requirements of insurers and with any rules of the Partnership applicable to such use from time to time.

1. Maternity Leave, Paternity Leave, Adoption Leave [and Parental Leave]
   1. Each female Partner shall have the same statutory rights relating to time off for antenatal care, health and safety, maternity leave, and the right to return to work and the same statutory obligations as to the giving of notice concerning maternity leave, as if she were an employee of the Partnership. [A Partner's entitlement to and liability for Net Profit and Losses under clause 6.1 shall not be affected by any absence owing to maternity leave under this clause.]
   2. Each Partner shall have the same statutory rights relating to time off for paternity leave, adoption leave [, parental leave] and the right to return to work, and the same statutory obligations as to the giving of notice, evidence of entitlement concerning such leave and the same eligibility criteria, as if they were an employee of the Partnership. [A Partner's entitlement to and liability for Net Profit and Losses under clause 6.1 shall not be affected by any absence owing to such leave under this clause.]
   3. [Each Partner shall have the same statutory rights relating to time off for shared parental leave and the right to return to work, and the same statutory obligations as to the giving of notice, evidence of entitlement concerning such leave and the same eligibility criteria as if they were an employee of the Partnership. [A Partner's entitlement to and liability for Net Profit and Losses under clause 6.1 shall not be affected by any absence owing to such leave under this clause.]]

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| --- |
| Clause 19.3 is an optional clause allowing partners the same rights to shared parental leave as if they were an employee of the partnership. Under the statutory scheme, employees who satisfy the relevant eligibility criteria can share up to 52 weeks’ leave after a child’s birth or placement on adoption, less the weeks spent by the child’s mother on maternity leave (or in receipt of statutory maternity pay or maternity allowance). Mothers cannot start shared parental leave until after the two week compulsory maternity leave period after the birth.  Note that shared parental leave is complicated to operate and as such leave would, potentially, be quite disruptive to a small business. Therefore, a partnership business would be unlikely to offer shared parental leave unless obliged to do so. For more information on shared parental leave, see Practice note, Shared parental leave. |

1. Incoming partners

The Partners may admit a new Partner in accordance with clause 15.5(f). No person may become a Partner until he has agreed in writing, in a form approved by the Partners, to become a party to this agreement (as amended) and be bound by its terms.

1. Continuance of Partnership

When a Partner ceases to be a Partner for any reason, or a new Partner is admitted in accordance with clause 20, then unless the Continuing Partners otherwise decide in writing, the Partnership shall continue on the terms of this agreement.

1. Retirement and death
   1. Any Partner may retire from the Partnership by giving not less than [NUMBER] months' written notice [expiring on an Accounts Date] to the [Partners **OR** Managing Partner] of his intention to retire from the Partnership and the date of expiration of that notice is his Leaving Date.
   2. A Partner is deemed to retire from the Partnership and his Leaving Date shall be:
      1. [on the first Accounts Date after his [65th] birthday [(or, if before that birthday the Partnership has agreed with that Partner to substitute a later birthday, then on the last day of the first Accounts Date following that birthday) unless he agrees at the request of all the Partners to remain as a Partner for such further period as is agreed by [all] the Partners]; or]
      2. immediately on the Partners serving written notice on him requiring him to retire as a Partner after the court has made an order or appointed a deputy under section 16 of the Mental Capacity Act 2005; or
      3. immediately on the Partners serving written notice on him requiring him to retire as a Partner if he becomes[, in the reasonable opinion of the Partners,] physically or mentally unfit (whether or not certified as such by a medical practitioner) to carry on his duties and obligations as a Partner under this agreement for a continuous period of [NUMBER] Business Days or an aggregate period of more than [NUMBER] Business Days in any [NUMBER] months[, and has been so unable throughout the period of at least [NUMBER] months] (excluding any periods of holiday, or leave taken under clause 19) immediately preceding the service of the notice.
   3. Where a Partner dies, his Leaving Date is the date of his death.
2. Expulsion
   1. The Partners may expel any Partner, by giving him written notice in accordance with clause 15.5(i), if he:
      1. commits any serious breach or persistent breaches of this agreement;
      2. has a bankruptcy order made against him, enters into any composition or arrangement with or for the benefit of his creditors or allows his share of the Partnership Property to be charged for his separate debt under section 33(2) of the Partnership Act 1890;
      3. fails to pay any money owing by him to the Partnership within [NUMBER] days of a written request for payment from the [Managing Partner **OR** Partners];
      4. fails to account for, or pay over or refund any money received and belonging to the Partnership within [NUMBER] days after being so required by notice from the [Managing Partner **OR** Partners];
      5. ceases to [REFER TO ANY RELEVANT PROFESSIONAL QUALIFICATION OR MEMBERSHIP OF ANY PROFESSIONAL BODY REQUIRED];
      6. is convicted of any criminal offence (other than a [minor] motoring offence [not involving imprisonment]);
      7. wilfully neglects, refuses or omits to perform his duties, obligations and responsibilities under this agreement;
      8. absents himself from the Business without good cause or the prior written consent of the [Managing Partner **OR** Partners] for a period exceeding [NUMBER] Business Days in a period of [NUMBER] months; or
      9. is guilty of conduct which[, in the reasonable opinion of the Partners,] is likely to have a serious adverse effect on the Partnership or the Business.
   2. Notice under clause 23.1 shall be given within [NUMBER] months of the [Managing Partner becoming or if the defaulting Partner is the Managing Partner, the] other Partners becoming aware of the circumstances that give rise to the right to serve such notice. Immediately on service (or deemed service) of that notice in accordance with clause 30 of this agreement, that Partner shall cease to be a Partner and the date of such service (or deemed service) shall be his Leaving Date.
   3. [Before service of such notice on a Partner, the other Partners may suspend him for such period [not exceeding [NUMBER] months] and on such basis as they may determine in their absolute discretion [provided that a Partner's entitlement to, and liability for, Net Profit and Losses under clause 6.1 shall not be affected by any absence owing to suspension under this clause].]
   4. If as a result of any event falling within clause 23.1, the profitability of the Partnership has been reduced, the Continuing Partners may require the Accountants (or if they are unable or unwilling to act, a firm of accountants appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales) to certify (acting as experts and not as arbitrators) the amount of such reduction and the amount that would otherwise be payable to the Outgoing Partner under clause 24 shall be reduced by that amount.
3. Payments to Outgoing Partners
   1. An Outgoing Partner is not entitled to any share or interest in the property of the Partnership or Net Profits and Losses arising after his Leaving Date.
   2. After any Leaving Date, the Partners shall instruct the Accountants to prepare Leaving Accounts as soon as practicable. The Leaving Accounts shall be prepared on the same basis as the last audited accounts of the Partnership[, except that the assets of the Partnership (which shall not include goodwill) shall be shown in the balance sheet of the Leaving Accounts at their market value, being such value as the Outgoing Partner and the Continuing Partners agree. In default of such agreement, such market value shall be determined by a valuer (acting as an expert and not as an arbitrator) agreed by the Outgoing Partner and the Continuing Partners and in default of such agreement, to be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales, whose determination (acting as an expert and not as an arbitrator) shall be final and binding]. The costs incurred in preparation and agreement of the Leaving Accounts shall be deemed to be a debt of the Partnership as constituted immediately before the Leaving Date.
   3. The Leaving Accounts shall be approved in accordance with clause 9.4.
   4. Following preparation and approval of the Leaving Accounts, the Continuing Partners shall pay to the Outgoing Partner, or to his personal representatives or trustee in bankruptcy:
      1. the amount of any capital credited to his Capital Account in the Leaving Accounts;
      2. any undrawn balance of his profit share as at the Leaving Date credited to his Current Account in the Leaving Accounts; and
      3. any sums due to him in respect of loans, loan interest [and interest on capital in the Partnership payable under this agreement].
   5. The Continuing Partners shall pay the sums under clause 24.4 [without interest] to the Outgoing Partner, his personal representatives or trustee in bankruptcy, in [[NUMBER] **OR** equal] instalments at [NUMBER] monthly intervals commencing on a date [NUMBER] months after [his Leaving Date **OR** the Leaving Accounts have been finalised] unless the Continuing Partners determine, in their absolute discretion, to make the payments at an earlier date.
   6. If an instalment is more than [PERIOD] late, interest at a rate of [PERCENTAGE]% above the base lending rate from time to time of [BANK] shall be due and payable on that instalment in respect of the period during which it remains outstanding.
   7. With effect from the Outgoing Partner's Leaving Date, the Continuing Partners shall succeed to all the interest of the Outgoing Partner in the Partnership [in the shares in which they then share profits **OR** equally].
   8. The Continuing Partners shall pay, discharge, indemnify and keep indemnified the Outgoing Partner, or his estate and his personal representatives, against all debts and liabilities, guarantees and obligations of the Partnership [as at the Leaving Date] other than:
      1. in relation to income tax or capital gains tax payable by the Outgoing Partner;
      2. those that arise in respect of any claim arising out of a fraudulent or negligent act or omission of the Outgoing Partner [to the extent that it is not covered by insurance [or is included in the amount of any deduction or excess borne by the Partnership before the inception of insurance cover]]; and
      3. those in respect of any [wrongful or negligent] act or omission done before the Leaving Date (to the extent that they are not covered by insurance[, or are included in the amount of any deduction or excess borne by the Partnership before the inception of insurance cover]) which arise, in the case of a Partner retiring under the provisions of clause 22 within six months from the Leaving Date or, in the case of a Partner leaving under the provisions of clause 23, at any time after the Leaving Date.
4. Restrictions on Outgoing Partners
   1. An Outgoing Partner shall not, directly or indirectly, on his own behalf or as agent, employee or partner or otherwise on behalf of anyone else, do any of the following[, without the written consent of the Partners,] during the period of [NUMBER] months following his Leaving Date:
      1. canvass, solicit business from or endeavour to attract away from the Partnership, any person known by him to be a client or customer for whom the Partnership shall have acted or with whom it shall have dealt in the [NUMBER] months before his Leaving Date;
      2. act for or deal with any such person;
      3. compete with the Partnership or engage in any business of a similar nature or similar Name to that of the Partnership, within [NUMBER] miles from any business premises of the Partnership as at his Leaving Date;
      4. canvass, solicit, employ or otherwise engage anyone who is a Partner or a senior employee of the Partnership at the time of his Leaving Date[,with whom he has had dealings in the Business for a period of [NUMBER] months before his Leaving Date]; or
      5. assist or facilitate anyone else to do anything which if done by him would have been a breach of this clause 25.
   2. Each of the restrictions in clause 25.1, which are intended to be separate and severable, are considered fair and reasonable by the Partners. If any restriction is found to be unenforceable, but would be valid if any part of it were deleted, or the period or area of application reduced, the restriction shall apply with such modifications as may be necessary to make it valid and enforceable.
5. Further provisions relating to Outgoing Partners
   1. An Outgoing Partner must return to the [Continuing Partners **OR** Managing Partner] all books of account, records, deeds, drafts, letters and other documents, whether in paper or electronic form, relating to the Partnership that are in his possession or under his control. For a period of [NUMBER] months after his Leaving Date, the Outgoing Partner shall be entitled to inspect such documents, insofar as they relate to the period before his Leaving Date, on giving reasonable notice to the Managing Partner.
   2. When any Partner ceases to be a Partner, the Continuing Partners shall [at their expense] publish notice of the change in the Partnership in the London Gazette and in a newspaper circulating in the area of the Premises, and shall give notice in writing of the change in the Partnership to all third parties who have in the last [NUMBER] months had any dealings with the Partnership (whether as suppliers to it or as clients or customers of it) and shall, before doing so, use their reasonable endeavours to agree the terms of such notice with the Outgoing Partner.
   3. An Outgoing Partner shall[, at the cost and expense of the Continuing Partners,] [use all reasonable endeavours to] do or procure to be done all such further acts and things, and execute or procure the execution of all such other documents, as the Continuing Partners may from time to time [reasonably] require for the purpose of enabling the Continuing Partners to recover the outstanding assets of the Partnership or for the purpose of transferring to the Continuing Partners any Partnership Property which, on the Leaving Date, is vested in the Outgoing Partner as one of the Partners or on trust for the Partners. The Outgoing Partner irrevocably and by way of security appoints each and any of the Continuing Partners as his attorney to sign, execute and deliver on his behalf all deeds and documents and to do all acts and things necessary to give effect to the terms of this agreement [and for vesting in the Continuing Partners the full benefit of the assets, rights and benefits to be transferred to the Continuing Partners under this agreement].
6. Confidentiality
   1. [For the purposes of this [clause **OR** agreement], Confidential Information means all confidential information (however recorded or preserved) disclosed by a Partner or its representatives or advisers to another Partner and his representatives or advisers concerning:
      1. the existence and terms of this agreement;
      2. any information relating to the Partners, the Partnership or the Business;
      3. any information relating to the prospective business, technical processes, computer software, intellectual property rights or finances of the Partnership [, including price lists, lists and details of customers and suppliers (both current and those who were customers or suppliers during the previous [NUMBER] years)];
      4. any information relating to the affairs of any customer, supplier, agent, distributor or sub-contractor of the Partnership;
      5. all documents, papers and property that may have been made or prepared by, or at the request of, any Partner or which come into any Partner's possession or under his control in the course of the Business; and
      6. compilations of two or more items of such information and all information that has been, or may be, derived or obtained from any such information which, at any time, comes into any Partner's possession or under his control in the course of the Business and which the Partnership regards or could reasonably be expected to regard as confidential, whether or not such information is, in itself, confidential, marked as "confidential" or reduced to tangible form.]
   2. [Save as provided otherwise in this agreement either expressly or by implication, each Partner and Outgoing Partner undertakes that he shall not, at any time, disclose to any person any Confidential Information [and any confidential information] of the other Partners and shall use his [reasonable **OR** best] endeavours to keep all Confidential Information [and any confidential information] of the other Partners confidential (whether it is marked as such or not) except as permitted by clause 27.3.]
   3. [Each Partner may disclose the other Partners' Confidential Information [and any confidential information]:
      1. to its representatives or advisers who need to know such information for the purposes of carrying out the Partner's obligations under or in connection with this agreement. Each Partner shall ensure that its representatives or advisers to whom it discloses the other Partners' Confidential Information [and any confidential information] comply with this clause.
      2. as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority.]
   4. [All Confidential Information shall, as between each Partner and the Partnership, be deemed to be Partnership Property.]
   5. [Without prejudice to any other right or remedy of the other Partners [or Outgoing Partners] howsoever arising, any failure by a Partner or an Outgoing Partner to comply with the provisions of this clause shall constitute a breach of this agreement, entitling the Partnership to require that Partner or Outgoing Partner to account to the Partnership for any personal benefit thereby acquired and to expel such Partner from the Partnership immediately in accordance with clause 23.]
7. Dissolution
   1. No Partner shall be capable of dissolving the Partnership unilaterally by means of a notice, and the Partnership shall not automatically dissolve on the death or bankruptcy of any Partner or on any Partner allowing his share to be charged [under the Partnership Act 1890].
   2. If the Partnership is dissolved [otherwise than as provided for in this agreement], the affairs of the Partnership shall be wound up and the assets and liabilities dealt with in the manner provided by the Partnership Act 1890.
8. Entire agreement
   1. This agreement constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.
   2. Each party acknowledges that, in entering into this agreement it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this agreement.
   3. Each party agrees that it shall have no claim for innocent or negligent misrepresentation (or negligent misstatement) based on any statement in this agreement.
   4. Nothing in this clause shall limit or exclude any liability for fraud.
9. Notices
   1. [For the purposes of this clause, but subject to clause 30.7, notice includes any other communication.]
   2. A notice given to a party under or in connection with this agreement:
      1. shall be in writing and in English or accompanied by an accurate translation into English;
      2. shall be signed by or on behalf of the party giving it;
      3. shall be sent to the party for the attention of the contact and at the address[, email address or fax number] listed in clause 30.3;
      4. shall be sent by a method listed in clause 30.5; and
      5. unless proved otherwise, is deemed received as set out in clause 30.5 if prepared and sent in accordance with this clause.
   3. The parties' addresses and contacts are as set out in this table:

|  |  |  |  |
| --- | --- | --- | --- |
| **Party** | **Contact** | **Address** | **Fax number or email address** |
| [PARTY] | [POSITION OF CONTACT] | [ADDRESS] | [FAX NUMBER]  [EMAIL ADDRESS] |
| [PARTY] | [POSITION OF CONTACT] | [ADDRESS] | [FAX NUMBER]  [EMAIL ADDRESS] |

* 1. A party may change its details given in the table in clause 30.3 by giving notice, the change taking effect for the party notified of the change at [9.00 am] on the later of:
     1. the date, if any, specified in the notice as the effective date for the change; or
     2. the date [five] Business Days after deemed receipt of the notice.
  2. This table sets out:
     1. delivery methods for sending a notice to a party under this agreement; and
     2. for each delivery method, the corresponding delivery date and time when delivery of the notice is deemed to have taken place provided that all other requirements in this clause have been satisfied and subject to the provisions in clause 30.6:

|  |  |
| --- | --- |
| **Delivery method** | **Deemed delivery date and time** |
| Delivery by hand. | On signature of a delivery receipt [or at the time the notice is left at the address]. |
| Pre-paid first class post or other next working day delivery service [providing proof of [postage **OR** delivery]]. | [9.00 am] on the [second] Business Day after posting [or at the time recorded by the delivery service]. |
| Pre-paid airmail [providing proof of [postage **OR** delivery.]] | [[9.00 am] on the [fifth] Business Day after posting [or at the time recorded by the delivery service].  **OR**  [INSERT TIME AND DATE]]. |
| Fax. | At the time of transmission. |

* 1. For the purpose of clause 30.5 and calculating deemed receipt, all references to time are to local time on Business Days in the place of deemed receipt.
  2. This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.
  3. A notice given under or in connection with this agreement is not valid if sent by email.

1. Severance
   1. If any provision or part-provision of this agreement is or becomes invalid, illegal or unenforceable, it shall be modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision of part-provision under this clause shall not affect the validity and enforceability of the rest of this agreement.
   2. If [one party gives notice to the other of the possibility that] any provision or part-provision of this agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable, and, to the greatest extent possible, achieves the intended commercial result of the original provision.
2. Governing law and jurisdiction
   1. This agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.
   2. Each party irrevocably agrees that the courts of England and Wales have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement, its subject matter or formation.
3. LCIA Arbitration

Except as otherwise provided, any dispute arising out of or in connection with this agreement, including any question regarding its existence, validity or termination, or the legal relationships established by this agreement, shall be referred to and finally resolved by arbitration under the LCIA Rules, which Rules are deemed to be incorporated by reference into this clause.

* + 1. The number of arbitrators shall be [one **OR** three].
    2. The seat, or legal place, of arbitration shall be [CITY AND/OR COUNTRY].
    3. The language to be used in the arbitral proceedings shall be [LANGUAGE].
    4. The governing law of the contract shall be the substantive law of [COUNTRY].

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

1. Partners
2. Capital contribution, profit share and drawings

|  |  |  |  |
| --- | --- | --- | --- |
| Partner | Capital contribution | Profit share | Monthly drawings amount |
| [NAME] | [CURRENCY][AMOUNT] | [PERCENTAGE]% | [CURRENCY][AMOUNT] |
| [NAME] | [CURRENCY][AMOUNT] | [PERCENTAGE]% | [CURRENCY][AMOUNT] |

1. Net Profits and Losses
2. Premises

|  |  |  |
| --- | --- | --- |
| Signed as a deed by [NAME OF **[Partner 1]**] in the presence of:  …………………….  [SIGNATURE OF WITNESS]  [NAME, ADDRESS [AND OCCUPATION] OF WITNESS] |  | ……………….  [SIGNATURE OF **[Partner 1]**] |
| Signed as a deed by [NAME OF **[Partner 2]**] in the presence of:  …………………….  [SIGNATURE OF WITNESS]  [NAME, ADDRESS [AND OCCUPATION] OF WITNESS] |  | ……………….  [SIGNATURE OF **[Partner 2]**] |
| Signed as a deed by [NAME OF **[Partner 3]**] in the presence of:  …………………….  [SIGNATURE OF WITNESS]  [NAME, ADDRESS [AND OCCUPATION] OF WITNESS] |  | ……………….  [SIGNATURE OF **[Partner 3]**] |