

# PARTNERSHIP AGREEMENT

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A partnership is an association of individuals coming together with the aim of working together to their mutual advantage. A Partnership Agreement may lay down a hierarchy and a basic management structure but it should not attempt to be a fully developed management device. The general areas which tend to be covered by Partnership Agreements are as follows:


1. Assumption of partners
2. Ownership of law practice's assets and capital accounts
3. Profit or loss sharing

4. Management of the practice
5. Ownership of client files
6. Dealing with disputes
7. Expulsion – how to deal with the errant partner
8. Maternity arrangements
9. Death, disability or resignation
10. Outside activities

A checklist to draft a Partnership Agreement is provided at the end of the chapter. It is only a guide and should be adapted to suit your law practice's individual needs and requirements.

## PARTNERSHIP AGREEMENT CHECKLIST

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 Checklist	Status
1. The full names, addresses and occupations of all the partners.	
2. The partnership's trading name.	
3. Start and intended duration of the partnership.	
4. The address from which the partnership will operate.	
5. The business — in general terms — of the partnership.	
6. Recognition that each partner owes to all the other partners a fiduciary duty to ensure that the relationship is one of confidence, trust and full disclosure.	
7. Initial capital injected into the law practice by each partner.	
8. Interest to be paid on that capital and on any subsequent capital paid in by the partners.	
9. The basis on which the partners will share the profits and losses — best expressed as a percentage of the total.	
10. What salaries if any are to be paid to partners.	



## Checklist

Status

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11.	Whether partners may draw on the partnership accounts in advance of profit distribution and, if so, to what limits.	
12.	The roles of each partner and the extent to which each partner may act as an agent for the partnership.	
13.	Management duties and restrictions	
14.	Where the books of account are kept and that any partner may inspect them.	
15.	The bank or financial institution at which the partnership account/s will be kept and any restrictions on the signing of cheques by partners.	
16.	Conditions for the introduction of a new partner.	
17.	Notice to be given by a partner who intends to leave/retire and the method of paying out their share of capital and profits.	
18.	Ownership of client files.	
19.	Disciplinary proceedings.	
20.	Voluntary termination.	
21.	Conditions for the expulsion of a partner.	
22.	Arrangements for dissolution of the partnership.	
23.	Arrangements for valuing partnership assets, including goodwill.	
24.	Nomination and identity of an external mediator to whom problems will be referred which the partners themselves are unable to resolve.	
25.	Signatures of all partners and date/s of signing.	