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# Partnership Agreement

Our template Partnership Agreement provides a simple framework to establishing a partnership in Australia.

## 1 Broadly, what does it do?

Our Partnership Agreement covers relevant aspects of establishing and maintaining a partnership including, the ways in which the partners will interact, how decisions affecting the partnership will be made and disputes will be resolved.

## 2 Partners

The Partners can either be individual persons or companies.

## 3 What does the Partnership Agreement cover?

- Formation of the Partnership

The Partnership Agreement contains provisions relating to the formation of the partnership, including provisions covering:

- the partnership name;
- the purpose of the partnership;
- the place of business of the partnership; and
- each partner's participating interest in the partnership.

- Dealing with profits, losses, expenditure and drawings

The Partnership Agreement covers the way in which profits, losses, expenditure and drawings of the partnership are distributed, drawn or incurred. Furthermore, the obligations to ensure correct accounts are kept and presented for reporting purposes are also distributed between the partners.

- Partnership accounts and tax returns

The Partnership Agreement provides a process for the preparation of accounts for the partnership and the lodgement of tax returns.

- Decision making

The Partnership Agreement provides a process for making decisions about partnership matters. Specifically, the Partnership Agreement defines the voting conditions and requirements needed for a valid meeting, including; notice to be given, who may attend the meeting, required quorum to be present and how meetings can be conducted.

- Duties of the partners

The Partnership Agreement requires each partner to perform certain duties with respect to partnership, including: to devote necessary time and attention to the partnership.

- Consequences of retirement, default, death or becoming permanently incapacitated

The Partnership Agreement sets out a process to deal with a partner who:

- wishes to retire from the partnership;
- commits a certain default (such as going insolvent or bankrupt); or
- dies or becomes permanently incapacitated.

In addition, the Partnership Agreement also contains a method for valuing a partner's interest if one of those events occurs.

- Sale of a partner's participating interest

The Partnership Agreement contains certain requirements upon a partner's ability to sell their participating interest in the partnership.

- Dispute resolution

The Partnership Agreement sets out a process for resolving disputes, including a process for appointing an independent expert.

- Liquidation of the partnership

The Partnership Agreement provides the method of dissolving the partnership and the process for liquidating the partnership, including the preparation of final accounts and paying outstanding liabilities of the partnership.

- Competition with the partnership

The Partnership Agreement prohibits a partner from engaging in any business in competition or conflict with the business of the partnership, unless all the partners agree otherwise.

- Confidentiality

The Partnership Agreement contains standard confidentiality obligations.

- Other clauses

The Partnership Agreement contains a number of other provisions dealing with certain issues such as the payment of GST and how the agreement can be severed, varied or assigned.

#### **4 Disclaimer**

The Partnership Agreement is a standard form document and may not be suitable for your individual needs or circumstances. Accordingly, you should seek professional advice about whether the Partnership Agreement is suitable for your individual needs and circumstances.

Startup World makes no representations or warranties about the suitability of the Partnership Agreement for your needs and circumstances. By purchasing a copy of the Partnership Agreement, you acknowledge and agree that:

- you have not relied on any such representations and warranties; and
- to the extent permitted by law, Startup World will have no liability to you whatsoever in relation to such representations and warranties.