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Partnership Agreement

[Partner 1]
[Partner 2]
[Partner 3]
[Partner 4]
[Partner 5]

Drafted by Solicitors

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THIS DEED is dated [DATE]

Parties

(1) [NAME] of [ADDRESS] (**[Partner 1]**).

(2) [NAME] of [ADDRESS] (**[Partner 2]**).

(3) [NAME] of [ADDRESS] (**[Partner 3]**).

(4) [NAME] of [ADDRESS] (**[Partner 4]**).

(5) [NAME] of [ADDRESS] (**[Partner 5]**).

Agreed Terms

1. Interpretation

1.1 The definitions and rules of interpretation in this clause apply in this agreement.

Accountants: [NAME] of [ADDRESS] or another firm of accountants as may be appointed in accordance with clause 15.4.

Accounts: the audited accounts of the Partnership for each Accounting Period produced in accordance with clause 9.

Accounts Date: [DATE] or such other date as the Partners may decide in accordance with clause 15.4.

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.

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).

Business Day: any day that is not a Saturday, a Sunday or a public holiday in England and Wales.

Capital Account: the accounts of each of the Partners, maintained in accordance with clause 7.1.

Commencement Date: [DATE].

Current Account: the accounts of each of the Partners, maintained in accordance with clause 7.2.

Continuing Partners: the Partners who continue to be partners after a Leaving Date.

Leaving Date: a date on which an Outgoing Partner ceases, or is deemed to cease, to be a Partner under this agreement.

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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.

Managing Partner: a partner who is appointed as managing partner in accordance with clause 14.

Name: [NAME] or such other name as the Partners may decide in accordance with clause 15.5(h).

Net Profits and Losses: the net profits and losses of the Partnership in respect of each Accounting Period, calculated in accordance with Schedule 3.

Outgoing Partner: a Partner who ceases to be a Partner including, where the context admits, his personal representatives or trustee in bankruptcy.

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.

Partnership: the partnership carried on by the Partners for the purpose of the Business under this agreement.

Partnership Property: the Premises and all other assets (or rights in them) which are used by the Partnership for the purposes of the Business.

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).

1.2 Clause, schedule and paragraph headings shall not affect the interpretation of this agreement.

1.3 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.

1.4 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.

1.5 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.

1.6 Words in the singular include the plural and vice versa.

1.7 A reference to one gender shall include a reference to the other gender.

1.8 A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.9 A reference to **writing** or **written** includes faxes but not e-mail.

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1.10 References to clauses and schedules are to the clauses and schedules of this agreement; references to paragraphs are to a paragraphs of the relevant schedule.

1.11 Where the words **include(s)**, **including** or **in particular** are used in this agreement, they are deemed to have the words "without limitation" following them and, where the context permits, the words **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

1.12 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.

2. Commencement and duration

[The Partnership shall begin on the Commencement Date and shall continue on the terms of this agreement until 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 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 from all claims, demands, actions and proceedings in respect of such agreements or arrangements but without prejudice to antecedent liabilities.]

3. Partnership name and place of business

3.1 The Partnership shall carry on the Business under the Name.

3.2 If the Partners decide to change the Name, the Partnership shall immediately inform all relevant authorities and professional bodies and all of its [customers **OR** clients] and suppliers who have had dealings with the Partnership during the preceding [five] years.

3.3 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.

4. Capital

4.1 The initial capital of the Partnership at the Commencement Date shall be £[AMOUNT] to be contributed by each of the Partners [equally **OR** in the proportions set out opposite their names in Schedule 2.].

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4.2 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.

4.3 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 by in accordance with clause 15.5(g). The amount of such value shall be credited or debited to that Partner's Capital Account as at the date of transfer.

4.4 Interest [shall be payable on sums standing to the credit of each Partner's Capital Account at the rate of [four] per cent 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** shall not be payable on sums standing to the credit of each Partner's Capital Account].

4.5 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].

4.6 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):

(a) the total amount;

(b) the apportionment of such contribution or repayment between the Partners;

(c) the timing of payments and of crediting or debiting of Capital Accounts; and

(d) the form of such contribution or repayment.

In the absence of any agreement to the contrary, 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].

4.7 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.

5. Partnership Property

5.1 Partnership Property shall belong to the Partners in the proportions in which they are entitled to share in profits.

5.2 Any Partnership Property which is vested in one or more of the individual Partners' names shall be held by them on trust for sale 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

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indemnify the Partner or Partners in whom such property is vested against all liabilities which may arise directly or indirectly in respect of it.

6. Profits and losses

6.1 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.

6.2 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 [ten] complete Business Days in any Accounting Period, then his share of Net Profit 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].

6.3 Notwithstanding clause 6.2, a Partner shall not be entitled to share in the Net Profits 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.

6.4 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.

7. Capital and current accounts

7.1 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.

7.2 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.

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8. Drawings

8.1 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 [one-half] of the share of Net Profits of such Partner as shown in the last set of Audited Accounts].

8.2 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.

8.3 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 [one] per cent above the base lending rate from time to time of [Barclays Bank Plc]. The obligation to repay excess drawings under this clause 8.3 shall apply to any Partner who becomes an Outgoing Partner during the course of the relevant Accounting Period.

8.4 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 which the Partners [unanimously **OR** by a [75] per cent majority] agree are required for the current expenses of the Partnership.

9. Accounts

9.1 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. Such 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).

9.2 The Partnership's accountants shall be the Accountants.

9.3 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 as at the end of such Accounting Period.

9.4 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

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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.

9.5 For the avoidance of doubt, references in this clause clause 9 to Partners do not include Outgoing Partners.

10. Banking

10.1 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.

10.2 All bank accounts of the Partnership shall bear the Name.

10.3 A Partnership bank account can only be opened with the prior written authority of [NUMBER] or more Partners.

10.4 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 £[AMOUNT] unless it is signed by any [NUMBER] or more Partners.

10.5 All moneys, cheques and drafts received by or on behalf of the Partnership shall be paid promptly into a Partnership account.

11. Insurance

EITHER

11.1 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.

11.2 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

11.3 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:

(a) Partnership Property;

(b) private medical insurance for Partners [and employees];

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(c) life assurance and/or critical illness for the Partners;

(d) employer's liability;

(e) public liability;

(f) professional negligence; and

(g) [OTHER POLICIES OF INSURANCE].

11.4 The Partners shall co-operate in obtaining the insurance policies referred to in clause 11.1 and clause 11.2 [clause 11.3] and shall undergo any medical examination regarded as reasonably necessary for the procurement of any such insurance policy.

12. Duties and power

Each Partner shall at all times:

(a) 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;

(b) devote such time and attention as is necessary for the proper performance of his duties to the Business (other than during periods of absence due to illness, injury, holiday or leave taken in accordance with clause 19);

(c) 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;

(d) 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;

(e) 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 access to them and may take copies of them;

(f) inform the Partners without delay on becoming party to any legal proceedings;

(g) punctually pay and discharge his present and future debts and engagements; and

(h) 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.

13. Restrictions on Partners

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

(a) 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; or

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(b) derive any benefit from the use of the Name, Partnership Property or the business connections of the Partnership; or

(c) engage in any contract or commitment on behalf of the Partnership, except under the Name; or

(d) 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 £[AMOUNT]; or

(e) give any guarantee or undertaking on behalf of the Partnership in respect of any sum or sums in aggregate exceeding £[AMOUNT]; or

(f) 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; or

(g) compromise, compound, release or discharge (except on payment in full) any debt or connected debts due to the Partnership in aggregate exceeding £[AMOUNT]; or

(h) draw any cheque on any account of the Partnership other than in accordance with the then current mandate; or

(i) except in the ordinary course of the Business, dispose of by loan, pledge, sale or otherwise any Partnership Property; or

(j) 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; or

(k) have any dealings with any person with whom or which the Partners have previously resolved not to deal; or

(l) engage or (except for gross misconduct) dismiss any employee of the Partnership or appoint any person as an agent of the Partnership.

14. Managing Partner

14.1 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.

14.2 The first Managing Partner shall be [NAME], whose term shall end on [DATE]. After that, the Managing Partner shall be elected for such term as the Partners may determine.

14.3 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.

14.4 A Managing Partner shall [not] be eligible for re-election [for a second but no further terms].

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15. Meetings and voting

15.1 Meetings of the Partners shall be held at least [NUMBER] times per [calendar year **OR** Accounting Period].

15.2 Every meeting of the Partners shall be governed by the following provisions:

(a) a meeting of the Partners may be called by [NUMBER] of the Partners;

(b) a meeting may be held at such time and place as the Partners calling the meeting think fit;

(c) 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;

(d) 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;

(e) 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 have a casting vote;

(f) 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);

(g) where the appropriate quorum is not present within [30] 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

(h) minutes shall be prepared of all meetings and shall be approved and signed by the chairman of the meeting as evidence of the proceedings.

15.3 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.

15.4 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.

15.5 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 approval of at least 75% of the Partners:

(a) any alterations to this agreement;

(b) any change in the nature of the Business;

(c) the acquisition or disposal of the Premises or interests in them;

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(d) changing the place of Business or opening a new place of Business;

(e) 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;

(f) the admission of a new Partner to the Partnership;

(g) 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;

(h) a change in the Name;

(i) 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 75% majority required shall be of all the Partners other than the Partner whose retirement or expulsion is in question;

(j) any purchase of a capital item by the Partnership costing in excess of £[AMOUNT];

(k) the borrowing or lending by the Partnership or the giving of any guarantee or undertaking of the Partnership in respect of sums exceeding £[AMOUNT] in aggregate;

(l) any decision to dissolve the Partnership;

(m) 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;

(n) any decision for the Partners to apply for an administration order under the Insolvency Act 1986; and

(o) any decision to increase the sums referred to in clause 15.5(j) and clause 15.5(k).

15.6 A written resolution signed by all the Partners shall be valid as if it had been passed at a meeting of the Partners.

15.7 Where a Partner receives notice of a meeting at which a matter requiring a vote under clause 15.5 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. Provided that 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.

16. Indemnity and expenses

16.1 Any partner who is in material breach of any of the provisions of this agreement shall indemnify and keep indemnified the other Partners, their estates and successors from and

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against all losses, liabilities, expenses and payments resulting from that breach, without prejudice to any other right or remedy of the other Partners howsoever arising.

16.2 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 from time to time, provided that the Partner claiming such expenses supplies a valid receipt for those expenses.

17. Holidays

Each Partner shall be entitled to [25] Business Days' holiday (in addition to the usual public holidays in England and Wales) in each Accounting Period, to be taken at such time or times as each individual Partner decides, provided that:

(a) such timing does not materially interfere with or prejudice the Business;

(b) each Partner gives reasonable notice to the others of his holiday dates; and

(c) no Partner takes more than 10 consecutive working days' holiday without the prior consent of the Managing Partner.

18. [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 which 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.]

19. Maternity Leave, Paternity Leave, Adoption Leave and Parental Leave

19.1 Each female Partner shall have the same statutory rights relating to time off for ante-natal 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.

19.2 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 and evidence of entitlement concerning such leave, as if he were an employee of the Partnership [who had been continuously employed for a year. 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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20. 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.

21. 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.

22. Retirement and death

22.1 Any Partner may retire from the Partnership by giving not less than [three] months' written notice to the Partners of his intention to retire from the Partnership and the date of expiration of that notice is his Leaving Date.

22.2 A Partner is deemed to retire from the Partnership and his Leaving Date shall be:

(a) 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

(b) 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

(c) 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 [60] Business Days.

22.3 Where Partner dies, his Leaving Date is the date of his death.

23. Expulsion

23.1 The Partners may expel any Partner, by giving him written notice in accordance with clause 15.5(i), if he:

(a) commits any serious breach or persistent breaches of this agreement; or

(b) 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; or

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(c) fails to pay any money owing by him to the Partnership within [21] days of a written request for payment from the Partners; or

(d) fails to account for, or pay over or refund any money received and belonging to the Partnership within [21] days after being so required by notice from the Managing Partner; or

(e) ceases to [REFER TO ANY RELEVANT PROFESSIONAL QUALIFICATION OR MEMBERSHIP OF ANY PROFESSIONAL BODY REQUIRED]; or

(f) is convicted of any criminal offence (other than a minor motoring offence not involving imprisonment); or

(g) wilfully neglects, refuses or omits to perform his duties, obligations and responsibilities under this agreement; or

(h) absents himself from the Business without good cause or the prior written consent of the Partners for a period exceeding [10] Business Days in a period of [three] months; or

(i) 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.

23.2 Notice under clause 23.1 shall be given within [three] 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 upon 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.

23.3 Before service of such notice on a Partner, the other Partners may suspend him for such period and on such basis as they may determine in their absolute discretion.

23.4 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 by of loss (including loss of profit) and the amount that would otherwise be payable to the Outgoing Partner under clause 24 shall be reduced by that amount.

24. Payments to Outgoing Partners

24.1 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.

24.2 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. The costs incurred in preparation and

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agreement of the Leaving Accounts shall be deemed to be a debt of the Partnership as constituted immediately before the Leaving Date.

24.3 The Leaving Accounts shall be approved in accordance with clause 9.4.

24.4 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:

(a) the amount of any capital credited to his Capital Account in the Leaving Accounts;

(b) any undrawn balance of his profit share as at the Leaving Date credited to his Current Account in the Leaving Accounts; and

(c) any sums due to him in respect of loans, loan interest and interest on capital in the Partnership payable under this agreement.

24.5 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 equal instalments at [NUMBER] monthly intervals commencing on a date [three] months [after his Leaving Date unless the Continuing Partners determine, in their absolute discretion, to make the payments at an earlier date.

24.6 If an instalment is more than [28 days] late, interest at a rate of [four] per cent above the base lending rate from time to time of [Barclays Bank Plc] shall be due and payable on that instalment in respect of the period during which it remains outstanding.

24.7 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.

24.8 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:

(a) in relation to income tax or capital gains tax payable by the Outgoing Partner;

(b) those which 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

(c) 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 is 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.

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25. Restrictions on Outgoing Partners

25.1 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 [12] months following his Leaving Date:

(a) 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 12 months before his Leaving Date; or

(b) act for or deal with any such person; or

(c) compete with the Partnership or engage in any business of a similar nature or similar Name to that of the Partnership, within [10] miles from any business premises of the Partnership as at his Leaving Date;

(d) 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; or

(e) assist or facilitate anyone else to do anything which if done by him would have been a breach of this clause 25.

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.

26. Further provisions relating to Outgoing Partners

26.1 An Outgoing Partner must return to the Continuing Partners all books of account, records, deeds, drafts, letters and other documents, whether in paper or electronic form, relating to the Partnership which are in his possession or under his control. For a period of [three] 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.

26.2 When any Partner ceases to be a Partner, the Continuing Partners shall 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 [12] 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.

26.3 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

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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.

27. Confidentiality

27.1 For the purposes of this agreement, **Confidential Information** means:

(a) any information relating to the Partners, the Partnership or the Business;

(b) 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 [two] years);

(c) any information relating to the affairs of any customer, supplier, agent, distributor or sub-contractor of the Partnership;

(d) all documents, papers and property which 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

(e) compilations of two or more items of such information and all information which 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.

27.2 Each Partner and Outgoing Partner undertakes that he shall not at any time, use, divulge or communicate to any person, except to his professional representatives or advisers or as may be required by law or any legal or regulatory authority, any Confidential Information concerning the Business, the affairs of the Partnership or the other Partners, which may have or may in future come to his knowledge. Each of the Partners and Outgoing Partners shall use his best endeavours to prevent the publication or disclosure of any Confidential Information concerning such matters.

27.3 Each Partner and Outgoing Partner shall immediately inform the Partnership if he becomes aware of the possession, use or knowledge of any Confidential Information by any person who is not authorised to possess, use or have knowledge of it and shall, at the Partnership's request, provide such reasonable assistance as is required to deal with such event.

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27.4 All Confidential Information shall, as between each Partner and the Partnership, be deemed to be Partnership Property.

27.5 For the purposes of this agreement, Confidential Information does not include information which:

(a) is or becomes generally available to the public, other than as a result of disclosure by a Partner or an Outgoing Partner, or their representatives or advisers, contrary to their obligations of confidentiality; or

(b) is or becomes available to a Partner or an Outgoing Partner otherwise than pursuant to this agreement or the Business and is free of any restriction as to its use or disclosure.

27.6 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.

28. Dissolution

28.1 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.

28.2 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.

29. Entire agreement

29.1 This agreement constitutes the entire agreement between the parties and supersedes all previous discussions, correspondence, negotiations, arrangements, understandings and agreement between them, whether written or oral, relating to its subject matter.

29.2 Each party acknowledges that, in entering into this agreement it does not rely on, and shall have no remedies in respect of, any representation or warranty (whether made innocently or negligently) that is not set out in this agreement.

29.3 Each party agrees that its only liability in respect of those representations and warranties that are set out in this agreement (whether made innocently or negligently) shall be for breach of contract.

29.4 Nothing in this clause shall limit or exclude any liability for fraud.

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30. Notices

30.1 For the purposes of this clause, but subject to clause 30.7, notice includes any other communication.

30.2 A notice given to a party under or in connection with this agreement:

(a) shall be in writing and in English or accompanied by an accurate translation into English;

(b) shall be signed by or on behalf of the party giving it;

(c) shall be sent to the party for the attention of the contact and at the address, or fax listed in clause 30.3;

(d) shall be sent by a method listed in clause 30.5; and

(e) unless proved otherwise, is deemed received as set out in clause 30.5 if prepared and sent in accordance with this clause.

30.3 The parties' addresses and contacts are as set out in this table:

Party	**Contact**	**Address**	**Fax number**
[PARTY 1]	[POSITION OF CONTACT]	[ADDRESS]	[FAX NUMBER]
[PARTY 2]	[POSITION OF CONTACT]	[ADDRESS]	[FAX NUMBER]
[PARTY 3]	[POSITION OF CONTACT]	[ADDRESS]	[FAX NUMBER]
[PARTY 4]	[POSITION OF CONTACT]	[ADDRESS]	[FAX NUMBER]
[PARTY 5]	[POSITION OF CONTACT]	[ADDRESS]	[FAX NUMBER]

30.4 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:

(a) the date, if any, specified in the notice as the effective date for the change; or

(b) The date five Business Days after deemed receipt of the notice.

30.5 This table sets out:

(a) delivery methods for sending a notice to a party under this agreement; and

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(b) 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 recorded delivery post or other next working day delivery service providing proof of postage.	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.	9.00 am on the fifth Business Day after posting or at the time recorded by the delivery service.
Fax.	At the time of transmission.

30.6 For the purpose of clause 30.5 and calculating deemed receipt:

(a) all references to time are to local time in the place of deemed receipt; and

(b) if deemed receipt would occur in the place of deemed receipt on a Saturday or Sunday or a public holiday when banks are not open for business, deemed receipt is deemed to take place at 9.00 am on the day when business next starts in the place of receipt.

30.7 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.

30.8 A notice given under or in connection with this agreement is not valid if sent by e-mail.

31. Severance

31.1 If any court or competent authority finds that any provision of this agreement (or part of any provision) is invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed to be deleted, and the validity and enforceability of the other provisions of this agreement shall not be affected.

31.2 If any invalid, unenforceable or illegal provision of this agreement would be valid, enforceable and legal if some part of it were deleted, the parties shall negotiate in good faith to amend such provision such that, as amended, it is legal, valid and enforceable, and, to the greatest extent possible, achieves the parties' original commercial intention.

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32. Governing law and jurisdiction

32.1 This agreement and any disputes or claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

32.2 The parties irrevocably agree that the courts of England and Wales have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this agreement, its subject matter or formation (including non-contractual disputes or claims).

33. Dispute resolution

33.1 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 Rules of the London Court of International Arbitration, which Rules are deemed to be incorporated by reference into this clause.

33.2 This clause shall be without prejudice to the rights of any party to seek any injunctive or similar relief from the courts to protect its intellectual property rights, confidentiality obligations, restrictions on the activities of any Partner or former Partner or other rights of any description.

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

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Schedule 1 Partners

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Schedule 2 Capital contribution, profit share and drawings

Partner	Capital contribution	Profit share	Monthly drawings amount
[NAME]	£[AMOUNT]	[NUMBER]%	£[AMOUNT]
[NAME]	£[AMOUNT]	[NUMBER]%	£[AMOUNT]
[NAME]	£[AMOUNT]	[NUMBER]%	£[AMOUNT]
[NAME]	£[AMOUNT]	[NUMBER]%	£[AMOUNT]
[NAME]	£[AMOUNT]	[NUMBER]%	£[AMOUNT]

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Schedule 3 Net Profits and Losses

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Schedule 4 Premises

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Signed as a deed by [NAME OF PARTNER 1] in the presence of: .....

.....
SIGNATURE OF WITNESS

NAME
ADDRESS
OCCUPATION

Signed as a deed by [NAME OF PARTNER 2] in the presence of: .....

.....
SIGNATURE OF WITNESS

NAME
ADDRESS
OCCUPATION

Signed as a deed by [NAME OF PARTNER 3] in the presence of: .....

.....
SIGNATURE OF WITNESS

NAME
ADDRESS
OCCUPATION

Signed as a deed by [NAME OF PARTNER 4] in the presence of: .....

.....
SIGNATURE OF WITNESS

NAME
ADDRESS
OCCUPATION

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Signed as a deed by [NAME OF PARTNER 5] in the presence of: .....

.....
SIGNATURE OF WITNESS

NAME
ADDRESS
OCCUPATION

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