

## Partnerships

### The Partnership Agreement

A Partnership is not as carefully regulated by law as a company. If a partnership agreement is not drawn up, the outline Partnership Agreement detailed in the Partnership Act 1890 is the default agreement.

Where an agreement is drawn up a number of key areas need to be considered:

- Name - The name of the partnership should be sufficiently dissimilar from competitors and other businesses, to avoid claims of copying for economic advantage.
- Nature of the Business - A partnership is not bound to carry on a particular type of business (as an incorporated business must); this means that a partner(s) may start a new venture within the partnership, unless specifically stated otherwise.
- Income - The amount each partner is entitled to draw should be clearly specified.
- Capital - The amount each partner contributes should be clearly detailed.
- Property - Where the partnership has property, it should be stated whether that remains in the ownership of each partner, or is part of the partnership's property.
- Management and Accounting
  - When a partnership is formed one of the partners is nominated as the contact for all Government departments as the Finance Partner. They will be responsible for filing the Partnership return, and all statutory paperwork (p35s, VAT returns etc).
  - Unless stated to the contrary all partners have equal authority to sign cheques, pay bills and order goods and services. Where there is a clear split in the responsibilities of each partner this should also be specified in the agreement.

A proforma agreement can be found at [Partnership Agreement](#)