

CHECKLIST FOR PARTNERSHIP AGREEMENT

1. Structure

- Is a Partnership, Accounting Practice Company, Accounting Practice Trust or some other structure appropriate?

2. Parties

- Individuals, Accounting Practice Companies or Accounting Practice Trusts
- Guarantee by Individuals of Obligations of Accounting Practice Company or Accounting Practice Trust

3. Date of Commencement

- New or Continuing Partnership
- Capital Gains Tax Consequences

4. Scope of Practice

- General Accounting Practice
- Tax
- Audit
- Management Consulting

5. Business Name

- Registration

6. Premises

- Leased or Owned

7. Term of Partnership

- 80 years?

8. Assets

- Partnership or Individual Assets
- Are they owned by a Service Trust?

9. Profits

- Equal profit share, unequal profit shares or lock step system of profit shares
- Salaried Partners
- Directors' fees
- Special Bonuses

10. Incoming Partners

- Goodwill payment
- Share of existing debtors
- Lock Step System
- Protocol for Consideration and Admission of New Partners

11. Payments to Outgoing Partners Generally

- Formula for calculating payments
- Income Tax and Capital Gains Tax implications
- Should the amounts be different in the case of retirement, death and expulsion?

12. Retirement

- Compulsory retirement age - note the impact of Anti-Discrimination Legislation
- Notice
- Obligation to pay out retiring partners and how much
- Funding of pay out to retiring partner
- Pension entitlement

13. Death

- Insurance cover
- Compulsory pay out to estate and how much
- Payment terms

14. Expulsion

- In what circumstances can a partner be expelled?

15. Sickness

- How long do usual draws and profit shares continue?
- At what stage can the sick partner be expelled?
- Insurance cover

16. Duties

- Any special duties

17. Restrictive Covenant

- Geographical area and duration for a partner who leaves the partnership
- Restrictions on acting for Firm Clients by an Ex-Partner

18. Management Issues

- Signing of cheques
- Majority or unanimous decisions
- Accounting records
- Motor vehicle expenses
- Insurance
- Leave including sabbatical leave
- Control of staff
- Manner of election and authority of Managing Partner/Management Committee
- Committee Structure

19. Disputes

- Court
- Arbitration
- Alternative dispute resolution

20. Other Entities

- Is there to be a Service and/or Administration Entity?

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