

Commercial Contract

PARTNERSHIP DEED



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road,
Lahore

Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7
helpdesk@smeda.org.pk

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 rd Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 helpdesk.punjab@smeda.org.pk	5 TH Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 helpdesk-khi@smeda.org.pk	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 helpdesk-pew@smeda.org.pk	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 helpdesk-qta@smeda.org.pk

April 2010

Partnership Deed

This agreement is made at (insert name of city) on this ____ (insert date) day of ____ (insert month) 20__ (insert year).

BETWEEN

Mr. (Please insert name of person), son of _____ (insert the name of his father) resident of (insert his residential address) (hereinafter referred to as the “first party” which expression shall unless repugnant to the context and meaning include its administrators, assigns and representatives) of the first part;

AND

Mr. (insert name of person), son of _____ (insert the name of his father) resident of (insert his residential address) (hereinafter referred to as the “second party” which expression shall unless repugnant to the context and meaning include its administrators, assigns and representatives) of the second part;

WHEREAS the first party is carrying on the business of (insert the title and nature of business);

AND WHEREAS the second party is carrying on the business of (insert the title and nature of business);

AND WHEREAS both the aforementioned parties are desirous of entering into a partnership between themselves for the purpose of (insert the reasons for formulating the partnership);

Now henceforth it is mutually agreed between the parties hereto:

1. Firm Name

That the name of the partnership firm shall be _____ (insert name of the partnership firm).

2. Commencement

The partnership shall be deemed to commence on the date of execution of this deed of partnership by the parties hereto and shall continue for a period of ____ years unless dissolved earlier by the parties by mutual agreement.

3. Place of business

The principal place of business of the firm shall be at _____.
The firm may however, carry out its business at _____
and at _____ or such other place or places as may be
mutually agreed upon between the parties.

4. Capital

The capital of the firm shall be Rs. _____. The partners shall contribute the capital
in the following ratio:

First Party: 50%
Second Party: 50%.

If any additional capital is required for the effective working of the partnership, it
shall be contributed by the partners equally or in such proportion as may be agreed
between them.

5. Advances beyond Capital

Where for the purposes of the business, any payment or advance beyond the amount
of the capital he has agreed to subscribe is made by a partner, such amount shall be
deemed to be a debt due from the partnership to such creditor-partner and shall bear
interest at the rate of ____ percent per annum.

6. Share in profit & loss

The partners shall be entitled to share equally in the profits earned by the firm, and
shall contribute equally to the losses sustained by the firm.

7. Books of Account

Proper, regular, full and true accounts of the sales, purchases, receipts, transactions
and dealings of the firm shall be maintained and kept at the principal place of
business of the firm under the direct supervision of the partners. The partners shall
have free access at all times without any interruption or hindrance by any other to
scrutinize, inspect and copy the same at their own expense.

8. Bank Account

a) A bank account of the firm shall be opened immediately on the commencement of
this partnership in the name of the partnership firm which shall be operated upon
jointly by both the partners.

- b) Each of the partners shall be allowed to individually withdraw from the account the amount of Rs._____ in a day and update the books of the firm following each transaction.
- c) All sums of money received by the firm in cash or through negotiable instruments shall be deposited in the same bank account.

9. Restrictions

Neither party shall without the consent in writing of the other:

- i. Carry on or engage in directly or indirectly in any other identical or similar business, for which the partnership is formed;
- ii. Endorse, approve or accept any cheque, note or other negotiable instrument or stand as surety for any loan or enter into any transaction harmful to the interest of this partnership;
- iii. Transfer, assign, mortgage or charge his interest or share in the partnership;
- iv. Appoint or dismiss any employee of the firm;
- v. Compound, assign or release any debt due to the firm except upon payment in full;
- vi. Enter into any deal or transaction with any person, company or firm whom the other parties to this deed shall previously have requested not to deal with, trust or transact business with.

10. Death

The death of a partner shall not result in the dissolution of the partnership. The legal heir/heirs of the deceased partner shall continue to receive the profits accruing from the business to the extent of the share of the deceased partner but will not be expected to contribute towards losses unless they are taken in as the partner.

11. Retirement

If a partner elects to retire from the firm prior to the time fixed for the partnership, he may give a notice thereof to the remaining partners showing his intention to retire within a period of _____ months. The share of the outgoing partner shall be ascertained according to the terms of this deed and paid off out of the available assets of the firm following such adjustments as to current expenditure as are mutually agreed between the parties. Such retirement shall not operate as dissolution of the partnership. The continuing partner(s) may induct new partner but so as not to prejudice the retiring partner. Provided that the retiring partners shall not carry on a business competing with the business of the firm for a period of two years nor use the firm's name nor solicit any of the customers of the firm for such period.

12. Incapacity

a) In the event that a partner becomes physically or mentally incapacitated to carry on the business of the partnership, the active partners shall continue to pay _____ (give percentage of the profits such as 1/3rd or 2/3rd etc.) of the profits of the partnership to the incapacitated partner and the same shall not be expected to contribute towards the losses.

b) Upon the termination of the partnership, the disabled partner shall be entitled to his share of the assets of the firm when the final assets and liabilities of the business are settled.

13. Inspection of books of account

All books and accounts of the firm shall be open to inspection to any retiring/ disabled/ deceased partner's legal heirs of the partnership firm at all times.

14. Dissolution

Subject to the provisions contained in the Partnership Act, 1932 and unless extended earlier the firm shall stand dissolved on the expiry of the term prescribed in this document. In the event of dissolution of the firm an accurate inventory which shall include the goodwill of the business shall be prepared by a mutually appointed accountant and the accounts shall be settled between the partners as follows:

a) Losses shall be applied firstly out of profits, and then out of capital and lastly if the need arises by the parties themselves in the proportions that they were entitled to share profits.

b) The assets of the firm, including any sums contributed by the partners to make up deficiencies of capital shall be settled as follows:

(i) paying off of the debts of third parties;

(ii) paying off to each partner rateably what is due to him from the firm for advances as distinguished from capital;

(iii) paying the partners rateably what is due to them on account of capital; and

(iv) the residue, if any, shall be divided among the partners in the proportion that they were entitled to share profits.

15. Arbitration

In the event that a dispute arises between the partners, the same shall be referred to a mutually appointed arbitrator whose decision shall be final and binding on the parties concerned.

In witness whereof the parties hereto sign this deed of partnership on the day and year first abovementioned.

Witness

Witness

First Party

Second Party
