

Commercial Contract

DEED OF DISSOLUTION OF PARTNERSHIP



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

May 2010

Deed of Dissolution of Partnership Firm

This Deed of Dissolution is made at _____ (enter place) on this____ (enter date) day of _____ (enter month) of 20_____

BETWEEN

Mr. (enter name of person), son of _____(enter the name of his father) resident of (enter 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. (enter name of person), son of _____ (enter the name of his father) resident of (enter 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;

AND

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

WHEREAS the parties to this agreement entered into a registered partnership on (enter the date on which the partnership deed was signed) for the purpose of doing (enter a brief description of the partnership business) under the name and style of (enter the title of the business) at (enter the address of the business office).

AND WHEREAS disputes have arisen between the partners in connection with the running of the said business (and /or) the partnership business has been accruing losses.

AND WHEREAS the partners have agreed to wind up the business of the firm and dissolve the said partnership in accordance with the following terms and conditions:

Now this deed witnesseth as under:

1. That the partnership under the deed of registered partnership dated _____ being carried under the name and style of _____ stands dissolved with effect from (**enter the date from which partnership will be dissolved**).
2. That each of the partners hereby undertakes, assures and warrants that none of them have incurred any debt or liability, other than those recorded in the books of

the partnership, which may affect either directly or indirectly the partnership or any of its property.

3. A final profit and loss account and balance sheet has been prepared following the auditing of the assets and liabilities of the partnership along with assessment of stocks and securities, goodwill and all other movable and immovable assets of the firm. A copy of the final profit and loss account and the balance sheet duly signed, in triplicate, by the parties is attached with this deed and is marked as **exhibit 'A'**.
4. The assets and liabilities of the firm, identified as per the balance sheet, shall be settled as per the following:
 - a. **Losses, including deficiencies of capital**, shall be paid first, out of profits of the firm, next, if there are no sufficient profits, out of capital of the firm and, lastly, if necessary, by the partners individually, in the percentage in which they were entitled to share the profits.
 - b. **The assets of the firm**, including any monies contributed by the partners to make up the deficiencies of capital, shall be applied as per the following:
 - i. in paying the debts of the firm, to the third parties;
 - ii. in paying to each partner ratably what is due to him from the firm for advances/loans other than the capital.
 - iii. In paying to each partner, according to his/her respective share, what is due to him/her on account of capital; and
 - iv. The remaining assets, if any, shall be divided among the partners as per the percentage in which they were entitled to share profits.

Or, following clause may be taken in alternate to the above:

The first party has agreed to take all the assets and liabilities along with goodwill of the firm as determined in the balance sheet. In lieu of such assets and liabilities, the first party shall pay Rs. _____ to the 2nd party as his/her share in the net divisible assets of the firm. Similarly, the first party shall pay Rs. _____ to the 3rd party as his/her share in the net divisible assets of the firm. In lieu of such settlement the 2nd and 3rd parties hereby relinquish and convey all their rights and interests in the properties, tangible or intangible, in favor of the first party. The first party hereby indemnifies the second and third parties from any and all the obligations of the partnership accrued or may accrue after wards.

5. The partners (or in case the business is taken over by one party, the other partners) or their representative shall not carry on a business similar to that of the firm for a period of _____ and within a radius of _____ miles from the town of _____ after the dissolution of the firm.

6. Each of the parties to this agreement hereby assures the other to execute additional deed or deeds to further assure the carrying into effect the terms and conditions agreed in this deed, at the expense of the requisitioning party.

7. The parties have signed a notice (**exhibit 'B'**) which shall be delivered to the Registrar of Firms under section 63 of the Partnership Act, 1932 by the first party within one week from the date on which the dissolution of partnership takes effect. The first party shall also cause such notice to be published in the local official Gazette and in (**enter name of the newspaper**) newspaper circulating in the district where the firm to which it relates has its place or principal place of business.

In witness whereof both the parties have signed this deed with the exhibits annexed hereto.

1. _____
Witness

First party

2. _____
Witness

Second party

3. _____
Witness

Third party