PARTNERSHIP COMPANION

Howdy Partner.

Whether this is your first time joining forces, or you've been here once or twice before, it's nice to start fresh by (re) familiarising yourself with what it means to run a business as a partnership , and what your shared responsibilities are.

The way in which you negotiate the ever-evolving dynamics of your partnership will make a big difference to the day-to-day success of your business. This guide will step you through a series of questions designed to get you and your partner on the same page – and will hopefully help you to unravel the ins-and-outs of your ongoing collaboration.

VEROMO

Contents.

INTRODUCTION.

First things first.

As partners, you'll share the job of promoting good governance, protecting the business's best interests, and maintaining a happy and productive working environment – all while ensuring that your partnership turns a tidy profit.

Remember, regardless of your share, all partners are equally responsible for all legal obligations. So if you're unsure of anything, it's best to seek advice from your solicitor or accountant.

A business partnership can be one of the most defining relationships in your life, requiring constant collaboration, communication and shared responsibility. It's hard work, but the rewards are great and, let's face it, you wouldn't be here if you weren't up to the task, right?

So let's get stuck in.

With you every step of the way, Veromo

A COOL COLLAB.

A cool collaboration.

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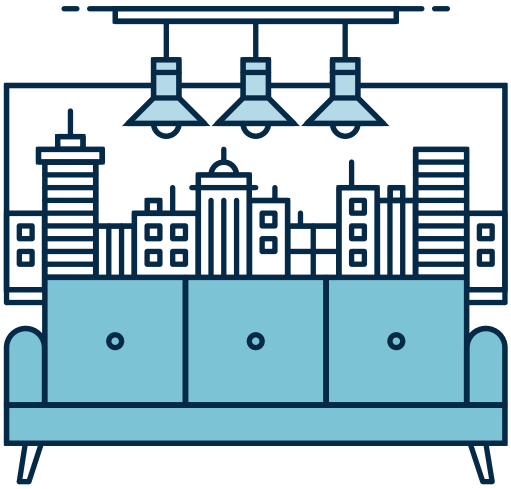

Being open at the outset will help you to create a unified, shared vision of what your business is...

It's easy to get caught up in the thrill of launching a potentially game-changing business – not to mention forging a path to success. But no matter what your business, it takes laser focus to bring a product or service to market.

When it comes to forming your partnership, it's vital that you spend some time laying the solid foundations that'll see you through the daily ups and downs of running an enterprise – take it from us, there'll be a few!

Many of us at Veromo have been exactly where you are now. Thankfully, we learned the hard way so you don't have to. We understand that talking about things like workload division and equity share can be, well, a bit uncomfortable. That's why we created a series of questions to help guide you through the discussion.

So set aside some time to understand where you won't compromise, recognise your strengths and weaknesses, and clarify your goals. Being open at the outset will help you to create a unified, shared vision of what your business is, what it represents to both of you and – ultimately – where you see all your hard work heading.

And, as always, check-in with your solicitor, accountant or professional advisor before going ahead with anything.

COMMERCIAL VISION.

Do we see things the same way?

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When you talk about your business, what does the end game look like? A thriving two person shop? Or a sprawling, multi-national enterprise?

There's no right or wrong answer here. Point is, it's important to paint a clear picture of where you both see this venture of yours heading. You should define what success will actually look like, and the date by which you'll achieve it, including a defined point whereby if you don't meet your goal, you dissolve the deal. Or review the terms.

The commercial vision you share for your business will determine many of the decisions and choices you make now and along the way, including:

- Projected revenue
- Whether you work in-house or remotely
- Staff requirements and number of employees
- The verticals you focus on
- The type and size of products / projects / clients you take on
- The type and size of your suppliers / distribution network
- Whether or not this is a lifestyle biz or high-growth opportunity.

Cool collaboration is only possible when your commercial vision matches-up with that of your co-founder's. So grab your pens, paper, tablets, whatever – and get big-picture scheming!

CULTURAL VALUES.

Do we believe in the same things?

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More so than experience or skills, a major touch point of your partnerships' success lies in your shared passion, interpersonal skills and aligned intents. In other words, your cultural values need to mesh.

Cultural values include everything from aspirations to philosophical stances. Discussing cultural values with your partner early on will help you shape the overall personality of the business and your working style within it.

Here are some 'fire starter' questions for that very discussion:

Can we spend eight hours a day together?

Many folks say you need to find a partner who can do the things you can't – a complimentary skill set. Practically, this is good advice.

However. It's actually more important to find some one you get along with.

To put it frankly: can you spend eight hours a day working side-by-side with this person? Remember, you'll often be spending more time with your business partner than your life partner. It's vital that you're able to spend long hours together (often under pressure and deadlines) and have a laugh while you get the job done.

Do the same things motivate us?

If your main motivation is money, and your partner's is a flexible work / life balance, it's gonna be an interesting ride.

But if your motivation is driven by a shared passion for say, design, or customer service, the money will flow as a by-product of a shared journey that is a joy – not a slog.

What are the core values of our venture?

Once you and your cofounder have laid down the aspirational and philosophical groundwork for your business, it's time to determine the core values that complement your shared vision of business.

Your core values underpin everything you do and affirm your way of doing and your way of being. They should be implicitly felt in every product you create, expressed in every process you design and in every interaction with your customer and between your team.

You can drill down into these using the following questions:

- How do we behave when no one is watching (i.e. the evidence of your culture)?
- We will be successful when we.... (i.e. what are you out to change about the world?)
- What is the single most important thing the business will achieve every day (i.e. your 'united front' and purpose for doing what you do)?

Beyond crafting a meaningful mantra of your mission and being able to clearly articulate your purpose, discovering a sense of your cultural values will help you put a firm stake in the ground about what you collectively believe in as you work towards your commercial goals.

BEHAVIOURAL PREFERENCES.

Do we work the same way?

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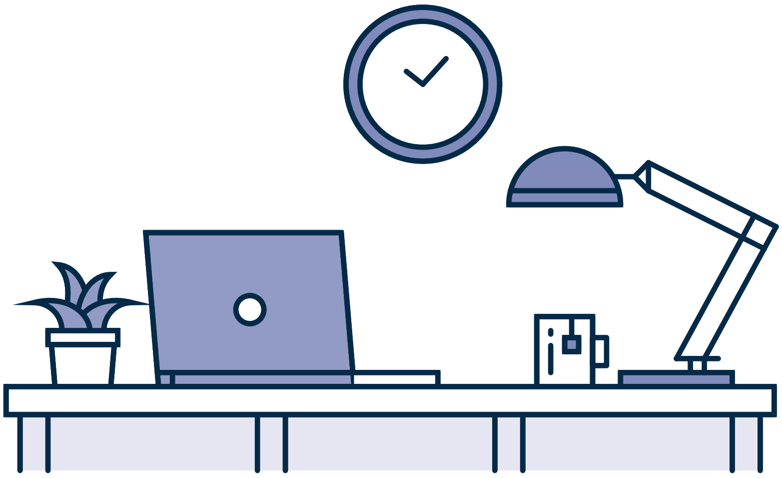

To clarify, we're not prompting – with any of these questions – that you should find a partner who is 'same-same' as you. Quite the opposite.

What we are suggesting is that you think about the joint capabilities, personality, characteristics, and experiences that are valuable to your biz.

Running a business requires mental toughness, an ability to get the job done, the grit to keep on, and the foresight to never burn a bridge. And you're both going need these in spades.

Here are some other touch points to consider:

- **Integrity above all else.**
  Do you trust one another implicitly?
- **Pull your weight.**
  Do you share the same work ethic? What are your natural pace tendencies?
- **Blind spots.**
  Can you prop-up one another's weaknesses?
- **Hustle and flow.**
  Can you both sell your ideas / services / products?
- **Risk and reward.**
  What are your appetites for risk?
- **Lead the way.**
  What strengths do each of you bring for leadership?
- **Deal breakers.**
  What are your non-negotiables? What would be deemed a conflict of interest?

VARIOUS COLLABORATION MODELS.

Sweet! We're on the same page.

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Modelling out your collaboration is a bit like a 'choose your own adventure' story – the way you work within your business structure depends on exactly where you want to go, and the path you want to take to get there.

It's safe to say you'll share any major management decisions and responsibilities, with equal say in how the partnership is run. You'll also be equally accountable for any legal liabilities, like debts and obligations.

But your actual daily mode of collaboration can look quite different. When it comes to working together:

- Will one of you work full-time, while the other works on a more casual basis?
- Will you share a physical office space? Will one, or both, of you work remotely?
- Will you equally share the workload? Or will you work according to each other's strengths / areas of expertise?
- Will one of you be the public 'face' of the business, while the other works behind-the-scenes?
- If one of you is a night owl, and the other is a morning person, how can you embrace this and get it to work to the advantage of the business?
- Does one, or both, of you have small children / a daily daycare / school run to consider? How will this affect your start and finish times?
- Will you have flexible work hours?
- How will you communicate with and update one another during the workday?

Asking these questions will certainly prep you for drafting your official partnership agreement, and should prompt you to consider the types of roles you'll both fulfil within the business.

YOUR INCOME, EQUITY AND CONTROL.

Got it. So... how do we split everything?

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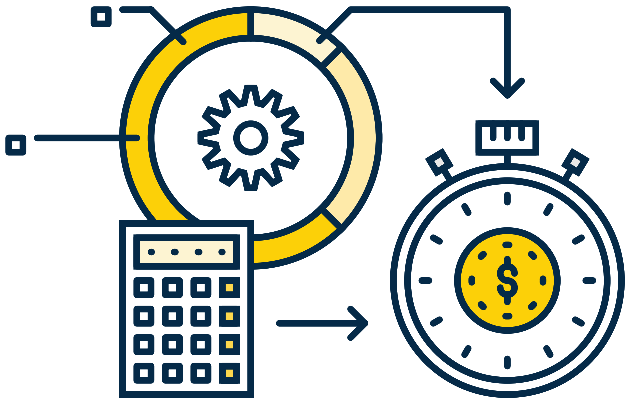


Ah. The stickiest bit.

It's safe to assume that splitting everything down the middle is the easiest, fairest way to go. But it's important to note that 'equal' doesn't exactly always mean fair, particularly given the individual unique levels of responsibility that come with different operational roles, and / or initial investments.

In addition to your chosen partnership structure, here are some other really important things to consider when dividing-up ownership, equity and profits:

Whose idea was this?

If you came up with the initial concept, your share should reflect this. Allocate an appropriate amount of the share as credit for the original idea.

Has one of you already started?

Is someone bringing ready-made clients, product prototype, investors or IP to the table? Work already done should be rightfully reflected in their share of the equity.

Is this a full time gig for one of you?

If one of you is putting in more time than the other, their risk and reward will automatically be a lot higher. Again, their share should reflect this.

Who's taking on the greater financial risk and responsibility?

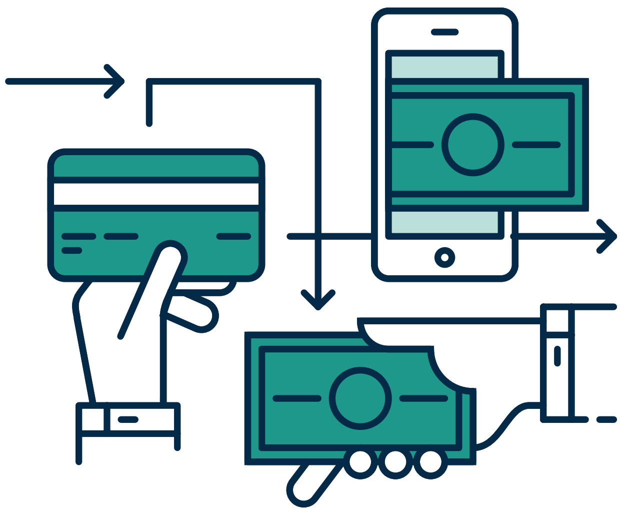
If one party is contributing all the working capital and taking the financial risk then their split needs to be considererd.

Who's got the experience?

If you're partnering with someone who has been a round the block a few times before, is a more experienced entrepreneur, is bringing valuable network, or is key to securing funding, then they may deserve more equity.

YOUR UPFRONT CONTRIBUTIONS.

Does the split determine who puts in what now?



In a nutshell: yes.

We've touched on how equity and responsibilities should be split according to what each partner brings to the table, but let's have at look at some of these in a bit more detail.

Contribution of money.
What will each partner invest as capital into the business?

Contribution of time.
Which roles will each partner fulfil, and in what capacity (full time, part time, etc)?

Contribution of clients / leads / resources.
Are partners bringing an existing suite a clients, sales leads, previous work, technology, property, products, IP, equipment or other resources and assets into the business?

Exposure to risk.
Depending on your chosen partnership structure, how exposed to personal risk is each partner?

Once you've covered off who will contribute what to the business, the next step is to decide whether or not those contributions will become assets of the business.

For example, if a partner contributes clients or a piece of software to the partnership then 100% of the revenue from those clients or software should flow back into the business? There needs to be clear identification of what assets are owned by the partnership.

YOUR ONGOING CONTRIBUTIONS.

… or who contributes in the future?

Do you think your partnership require ongoing contributions to keep it afloat down the track?

If you forecast that this will be indeed be the case, and that revenue will be generated as a result of these further investments, then again – each partner's share needs to reflect their personal level of contribution at any given time.

YOUR SALARIES AND PROFIT SHARE.

What do we pay ourselves?

No doubt, you both have some expectations for salary and dividends you wish to receive.

Get these out on the table by asking what each partner needs (i.e. in order to make a viable living off the enterprise), and wants (i.e. an ideal figure). Obviously, salary and distribution of profits will depend greatly on contributions, roles, and your partnership structure, but there are some further questions worth considering:

- How often will partners be paid a salary (monthly, weekly, etc)?
- If partners agree to take a lesser salary during the start-up phase, will this be compensated later down the track?
- Will profits be reinvested back into the business?
- Will profits be taken out of the business? If so, when?
- When will profits be distributed to partners?
- What's the plan of attack if the business incurs a substantial loss?
- What are the tax consequences of salaries and profit sharing?

YOUR FUNCTIONAL RESPONSIBILITIES.

What hats should we wear?

The role you take on in your partnership depends greatly on your mode of collaboration, personal contributions, skill sets, and how much time you are able to devote to the business.

It's important to structure your partnership around positions, not personalities, but the key is to ensure that each partner can see how their contribution positively impacts on every aspect of the business.

To achieve this, you'll need to consider what the business needs to function in a practical, everyday sense. Really, it's all about a 'divide and conquer' approach – assign roles and responsibilities according to your personal strengths, availability, or simply by taking turns. It's no good opening a gardening service if no one is able or willing to get out there and do the actual grunt work, or if no one wants to answer enquiries!

We recommend creating a map of functional roles and responsibilities – as per the businesses requirements – and work out who will take responsibility for which aspects of the business, and who will have the overriding decision making authority for them, i.e.:

- Will one of you look after sales and marketing, while the other manages IT and technology?
- Will you both contribute to pitches and winning new business?
- Is one of you more comfortable project managing or dealing with customers and clients face-to-face?

Remember, true collaboration happens when you work together to find the 'bottlenecks', the areas of the business where things get held up, and create ways to move past them. Everyone needs to be prepared to roll-up their sleeves and do what it takes to keep the business ticking over, all while wearing their co-founder hat.

Over time, you may well redefine your roles several times, that's totally normal. The needs of the business will change, and sometimes a specific role just doesn't make sense any more. Stay flexible and open-minded – it's OK to shift and change roles around as required.

TAX MATTERS.

Tax matters.

Come tax time, you'll need to submit two tax returns: a tax return for the net income of the partnership, and a tax return for your personal income from the partnership.

But before you wonder if this is going to get rather expensive, keep in mind that the partnership's tax return is for reporting purposes only, i.e. it doesn't actually have to pay tax on the net income it earns. You'll only need to pay tax on your individual share of the net income.

Having two separate returns also helps you to define business's expenses and deductions. For example, the business might be eligible for a specific deduction or tax break, but the partners may not.

Be prepared to include the following on your personal income tax return:

- your total share of any partnership net income (i.e your salary) and any loss
- any other income, like salaries or wages from the partnership or from other jobs / work, plus any dividends and rental income you earn.

Here's a general overview all things partnership tax.

- Income (and losses) of the partnership are split among partners in the form of a taxable distribution.
- Your partnership has its own TFN and must lodge a tax return for the net income of the business
- A partnership doesn't pay income tax on the profit it earns. Instead, each partner pays tax on their shared income from the partnership they receive within their own tax return.

While we're at it... what about super?

Each partner is responsible for their own super arrangements. But, if your partnership employs any of the partners or other people, it is legally required to pay their super.

THE AGREEMENT.

Crafting a tight agreement.

A watertight, legal agreement is the best way to protect the interests of both partners and the business.

It's there to save your bacon by helping to avoid potential conflict by providing a complete picture of what is expected of the partners, and how the business will be run.

The agreement will also cover who the partners are, what their contributions were, their responsibilities and what happens if they decide to exit the partnership.

As with any legal document, we strongly recommend chatting to your solicitor or professional business advisor before signing-off on anything. But here are the standard terms every partnership agreement should set out:

- **What name/s the business will trade under**
- **Contributions and assets.** Who is bringing what to the table, including equipment, capital, property, IP, sales leads, or clients.
- **Partnership profits/losses.** How ownership will be split – during the partnership, and if it is sold.
- **Partners pay and compensation.** What type of compensation / salaries will each partner receive?
- **Partnership responsibilities.** List all areas of responsibility and who will be responsible for each. Also includes partnership authority re: signing contracts and spending resources.
- **Partnership workload.** Includes set hours, holiday time and full / part time roles.
- **Length of partnership**. Is there a specified dissolve date?
- **Managing expenses.** How will budgets and expenses be managed and reviewed?
- **Distribution of profits.** Will profits be shared, reinvested, or taken out at a particular point?
- **Partnership liability.** In a general partnership, alll partners are legally responsible for business debts.
- **Entering the partnership.** How do you bring on new partners?
- **Selling the business.** Under which circumstances could (or would) the business be sold?
- **Terminating/leaving the partnership.** What happens if a partner wants to leave the business? Under which circumstances would a partner be asked to leave the business?
- **Disputes resolution.** How will disagreements be handled, both informally, and formally?
- **Death, divorce or disability.** Include a clause to protect the business, should any of these things happen to one of the partners.

YOUR RELATIONSHIP.

Staying friends.

Every partnership has moments where neither party sees eye-to-eye.

Conflict is a perfectly normal – even healthy – aspect of running a business together. But your ability to deal with conflict or disagreements depends entirely on the strength of your relationship.

Just like a marriage (or even more so – business partners typically spend more time together than married couples do!) a partnership needs ongoing tending to and nurturing in order to thrive and survive.

Here are some of our best tips for staying friends with your biz partner, gleaned from our own experiences over the years:

Accept who your partner is.

You can't change another persons weaknesses, strengths, abilities or experiences. A partnership is all about respecting the bundle of qualities each individual brings to the table, and working with (not against) them.

For example, if your partner has a head for numbers, but your strength lies in marketing, let them take the lead when it comes to working out budgets. You can bring your talents together to create an awesome media spend schedule, or adword strategy.

Create ongoing rituals.

A lot gets communicated and sorted-out with regular catchups. Schedule weekly meetings, quarterly reviews, planning and ideation workshop days, and self-evaluation exercises.

Stay accountable.

Basically, be sure to keep your partner in the loop, but don't overstep your boundaries. Accountability means that one role has the authority to make final decisions in a given aspect of the business.

For example, if you look after tech, and your partner takes the lead on sales, don't go storming in and making sales decisions on their behalf. Respect each other's roles, strengths and responsibilities within the business.

Spend time together...

Go for a quick beer after work on Friday to debrief the week that was, or schedule a monthly lunch somewhere nice to chat about all-things-not-work-related. It's important to forge (and maintain) a friendship outside of work.

... and apart.

But don't expect your business partner to be your new BFF. Just like any relationship, time apart gives you an opportunity to breathe and reset for the following week. Most importantly, keep the gory details of your personal life, out of your business life.

Energise the relationship.

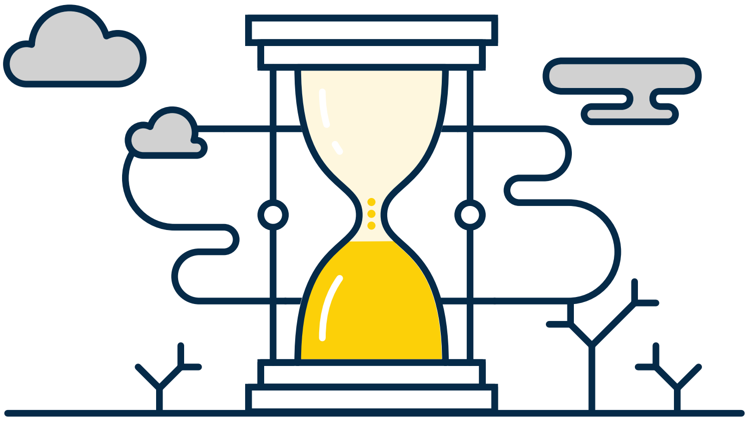
Keep things fresh by expressing gratitude and appreciation of your partners.

Celebrate your partner when they win a serious coup, or when they do something that adds value to the business, but also take the time every now and then just to say 'thanks' for all their ongoing commitment and hard work.

Maintaining your business friendship will help you to come out of the other side of conflict stronger, and more focused. Remember, healthy conflict often leads to better decision-making, not to mention the ironing-out of any kinks in your collective management style.

WARNING SIGNS.

Warning signs.



Constructive conflict is a healthy, progressive way to help your partnership evolve and grow. But what happens when you can't seem to move past a particular conflict, or if multiple conflicts keep building-up within the partnership?

Destructive conflict eats away at the business from the inside out and affects everyone's ability to get the job done. It usually arises from clashes in vision and values, interests, or management styles.

Here are some key 'warning signs' that your partnership is experiencing destructive conflict:

- The division of work or roles seems unbalanced in authority, responsibility, time commitment, or investment in business objectives.
- You're having financial disagreements about cash flow or spending.
- Issues aren't being resolved, or disagreements are carrying on for long periods of time.
- Your working styles clash when it comes to number of hours worked, or the rolling-out of projects or products.
- You don't share the same vision for the business, or have different interpretations of success.

We're not going to sugarcoat it: it sucks when a partnership goes south of thriving.

Not only does it halt the progress of your business, but it directly effects the wellbeing of everyone involved in the business on a day-to-day basis. Again – this is why it's so important to make sure all partners are on the same page from the outset.

PULLING THE PARACHUTE.

Is it time to pull the parachute?

Hopefully, the above signs help you focus your energy and attention to steer the partnership back to being a healthy, functioning and rewarding enterprise.

But if it's looking like – in all honesty – it's just not working, it might be time to walk away.

Walking away from a partnership is never easy or pleasant, but it is OK to walk away if the problems within the business are affecting your emotional, physical or financial health – or if they are impacting on your personal life outside of work.

Fingers-crossed this never happens to you, but should the worst case scenario occur, here are a few tips on exiting gracefully:

- **Check your exit clause.**
  All partnership agreements should stipulate a 'get out' clause that details how disagreements and severance is handled, including how partners take cash out of the business early
- **Mind your karma.**
  Everyone stands to lose a lot of money if the partnership ends, not just you. Try to rise above any spiteful or greedy impulses – remember your karma and strive to act with kindness at all times.
- **Be professional.**
  If the business is to continue after you exit, keep your partner hat on and put the interests of the business first. Don't seek to destroy the very thing you've worked so hard to build.
- **Ask for help.**
  Dissolving a business can be emotionally very challenging. Find a professional advisor to guide you through the process and help you make objective, safe choices.

Although it's not nice to think about, there are a few other things that could threaten your partnership – all of which are out of your control. You should take into consideration what happens if any of the following occurs and include clauses in your agreement to protect the business:

- **Death.**
  If one of the partners dies, you can protect the business with a buy-sell clause in your agreement that is funded with a life insurance policy. Talk to your insurance broker for the best cover for your business.
- **Divorce.**
  How will you handle the changing ownership dynamic if one of the partners loses half of their partnership interest in a divorce settlement?
- **Disability.**
  What happens if one of the partners is hurt and no longer able to work for, or contribute to the business?

METRICS.

How can I measure my business's performance?

You've built the product, launched the service. It's out and about in the marketplace – customers are buying it. Customers are using it. And they seem to really like it. Success, right?

Well... not so fast.

When it comes to growing your business, you'll need some concrete data to back-up your business moves. And to collect said data, you'll need to get some solid performance metrics in place.

What are metrics?

If you can't measure it, you can't manage it. Metrics are a collection of business data that help you to measure your actual business performance against your targets. And they don't just highlight what's going wrong - good metrics will also show you what you're doing right.

Metrics put you in good stead to make informed business decisions that'll help to drive your business onwards and upwards. Here are some key metrics to help you do just that:

Business metrics.

- **Sales revenue:** Of course, you want these numbers to be on the up at all times, but look closer. Correlating your revenue with your advertising spend, market changes or your return on assets – or by product or time spent – will give you a very clear picture of how your sales are really stacking up.
- **Revenue per staff member:** How many man-hours does it really cost you to make a sale?It may seem a little overbearing but let's be honest: your staff are a significant investment. If you offer a service, use your time sheets to log and track billable hours, and correlate these with your revenue.

Customer metrics.

- **New vs. returning customers:** What percentage of your customers are new? How many of your customers come back again and again? This nifty little metric tells you as much about your market offering as it does your acquisition and retention muscle.
- **Customer retention:** Customer retention comes down to loyalty. Loyalty is all about attracting the right customer, getting them to buy, and buy often, which equals a good increase in profits. Purchase analysis, customer surveys and direct feedback are your best methods for measuring this.

Marketing metrics.

- **Cost per prospect:** This metric looks at your total cost for acquiring a potential new customer, and encompassing all aspects of advertising, marketing and sales. Divide your total acquisition expenses (all aspects of advertising, marketing and sales) by total new customers in a given period.
- **Conversion funnel optimisation:** You really should be measuring the conversion rates at every stage of your sales funnel: How many new prospects do you attract? How many of those convert – or purchase? Who returns to buy again? Look for the weak links in your funnel and work to consistently tweak any points where there is drop-off.

SECURITY.

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What can I do to keep my digital assets secure?

As digital life becomes increasingly more comfortable, it's easy to forget that no business is too big (or too small) to be targeted by digital criminal activity.

Truth is, if you store valuable data of any kind (i.e. intellectual property, customer contact or credit card details) chances are, your business carries a relative risk.

Smart business owners are clued-up on current security offerings, and budget accordingly. Exactly what level of security you'll need depends on the size of your business and digital assets, but here are some good places to start:

- Create business-wide policies for what gets shared / attached in emails
- Implement staff training, including password best practises and acceptable use of company devices
- Encrypt all your financial records and confidential data
- Perform daily cloud backups and keep a copy on a hard drive, off premises
- If you outsource storage, use a service with proven high levels of security
- Use a firewall
- Write an digital security crisis response plan – and use it.

This isn't to declare the internet 'unsafe', or suggest that you shouldn't process customer payments online. Again, regardless of structure, all businesses encounter risk every day – on and offline. Consider an investment in digital security as your 'insurance' against data theft or attack.

INSPIRATION TIPS AND QUOTES.

Tips + inspo.

A handful of inspirational quotes and tips from the pros.

Another point of view.

No one knows your business like you do. But an expert, outside viewpoint is worth its weight in gold, especially during times of tension or disagreement. When things get challenging, look to your mentors for guidance – they're removed from the daily ups-and-downs and are well placed to help you frame your decisions in a different light.

We want a prenup?

Yes. Yes, you really do. Trust us on this one. Get your legally-binding, official written agreement set and secure during the 'honeymoon' stage of the partnership, and you'll sleep better at night knowing everyone's best interests are counted for.

Divide and conquer.

Going into business is not unlike going into battle, albeit a fun and richly-rewarding one! Don't rush in and assume everythingwill fall into place with roles and responsibilities, take the time to clearly define roles and responsibilities. In fact, make it your very first step, well before you start putting pen to paper on your agreement. Get your partnership off on the right foot, and you'll be serve your clients (and yourselves) spectacularly from the get-go.

Break those bottlenecks.

We've said it before and we'll say it again: true collaboration happens when you work together to identify, overcome and move past obstacles. Working in a partnership is all about finding bottlenecks, the places where things slip or get held up, and finding smart, strategic ways to smash through them to get the business chugging happily along once again.

Ground control.

Every team needs to play by its own rules, but to strike for the win, everyone needs to respect and enforce those rules. So talk it out: establish ground rules for general behaviour and communicating with each other; create a 'social contract' to make the implicit explicit, and write down all of the common courtesies and behaviours you expect from one other (as well as those you can't stand for).

Glossary.

Asset
Anything of value owned by your business, regarded as being available to meet debts and commitments, or that can be converted into cash, e.g. property.

Amendment (waiver)
A change to one of the terms of a contract.

Arbitration
If you are not able to come to an agreement through mediation then Arbitration, which binds the partners to the decision made by the arbitrator, is the next option before going to court.

Audit
An official financial inspection of your business' accounts, usually conducted by an independent body.

Breach of contract
Failure by one party to a contract to uphold their part of the deal. A breach of contract will make the whole contract void and can lead to damages being awarded against the party which is in breach.

Bankruptcy
The state of being bankrupt, i.e. your business is unable to repay debts, and cannot come to suitable repayment arrangements with its creditors.

Capital
Owned financial assets, or the financial value of assets, available for investing or starting your business.

Cash flow
The total amount of cash (or cash equivalents) moving into, and out of, your business.

Compliance
The act or process of complying to regulatory requirements.

Creditor
A person or company to whom you owe money.

Debt
The sum of money that is owed or due.

Expense
The cost incurred in - or required for - assets, goods or services.

See also: an item offset as an expense against your taxable income.

Exit clause
A section of your partnership agreement that describes what will happen if the partnership is ended early or defaulted on

Financial performance
A subjective measure of how well your business can use its assets and generate revenue. The overall results of your company's operations in monetary terms.

Financial records
Formal documents representing your business' transactions.

General partnership
Where both partners share unlimited liability; personal assets are liable to the partnership's obligations.

Governing law
The body of law of that governs the rights and responsibilities of parties in a given situation.

Group tax
The income tax deducted from your employee's income and forwarded to the ATO.

GST (Goods and Services Tax)
A valued added tax of 10% applied to most goods and services sales intended for consumption within Australia.

Income tax
A tax applied directly to personal income.

Insurance
A contract in which you / your business, receives financial protection or reimbursement against losses from an insurance company

Insurance broker
An professional who sells, solicits, or negotiates insurance. A specialist in insurance and risk management, insurance brokers act on behalf of their clients, and provide advice in the interests of their clients.

Insurance premium
An amount paid periodically to the insurer by the insured for covering their risk.

Intellectual property (IP)
Conceptual property that is the result of creativity, e.g. patents, copyrights, etc.

Interest
The charge for the privilege of borrowing money, typically expressed as a percentage rate.

Investor
A person who invests money or resources into your business with the expectation of financial or other gain.

Invoice
A commercial document itemising a transaction between a buyer and a seller.

An invoice usually includes the quantity and price of goods/services, GST amount, the date, an invoice number, and the issuing company's and purchaser's details.

Joint Authority
Any individual partner can usually bind the whole business to a contract or other business deal. For instance, if your partner signs a year-long contract with a supplier to buy inventory at a price your business can't afford, you can be held personally responsible for the money owed under the contract.

Joint and several liability
Where parties act together in a contract as partners they have joint and several liability. In addition to all the partners being responsible together, each partner is also liable individually for the entire contract - so a creditor could recover a whole debt from any one of them individually, leaving that person to recover their shares from the rest of the partners.

Liability
The state of being legally responsible for something.

Liability insurance
A type of insurance policy that protects your business from the risk of being sued or held legally liable for something.

Litigation
If things get this far arbitration is usually the more efficient option but if you want to have litigation as an option then define which state will have jurisdiction.

Liquidate
To wind up or sell your business, especially to pay off debts.

Glossary.

Loss
An amount of money, or something of monetary value, lost by your business.

Minutes
The instant written record of a business meeting.

Overdraft
A credit agreement made with a bank that allows your company to withdraw more than it has in its account, up to specific maximum amount. Overdrafts require the balance to be repaid within a set amount of time.

Partnership
A legal form of business operation between two or more individuals who share management and profits.
Partnership agreement

A partnership contract that establishes the terms and agreements of the partnership.

Petty cash
Relatively small amount of cash kept at hand for making immediate payments for miscellaneous expenses.

Profit
The financial benefit realised when the amount of revenue gained from a business activity exceeds the expenses, costs required to sustain the activity.

Pro rata (for the rate)
Divided in proportion to some existing split. For example, when each partner is liable for their share only.

Public liability insurance
A type of insurance policy that protects your company against the financial risk of being found liable for negligence.

Remedy / Remedies
Payments or actions ordered by the court as settlement of a dispute.

The most common is damages (a payment of money). Others include specific performance (of an action required in the contract), injunction, and rescission, i.e. putting things back to how they were before the contract was signed.

Revenue
The total amount of money received by your business for goods sold or services provided over a specific period, including an increase in assets or decrease in financial liability, i.e. the gross financial activity generated by your business.

Revenue insurance
A type of insurance policy that protects your company against the financial risk of circumstances that can lead to a loss of revenue, e.g. death or disablement.

Salary
A fixed regular payment, typically paid on a monthly basis but often expressed as an annual sum, made by your company to an employee.

Secured lender
Someone who lends you money in exchange for you putting up the business or specific assets as collateral, e.g. a bank.

Severability
A clause that allows for the terms of a contract to be independent of one another, so that if a term in the contract is deemed unenforceable by a court, the contract as a whole will not be deemed unenforceable.

Solicitor
A legal practitioner who traditionally deals with most of your business legal matters. Solicitors usually meet with and advise their client, but do not ligate matters in court.

Superannuation (see also Super)
A regular amount deducted from employee income, and paid into a fund towards a future pension.

Supplier
A person or business that is the source for goods or services.

Tax return
A document giving the ATO information about your businesses reportable annual taxable income and how this is split between the partners.
Unsecured creditor

A lender who gets no collateral, but often a higher return on a loan or line of credit.

Workers compensation insurance
A compulsory type of insurance policy, that protects your employees against financial risk if they are injured or become sick in the course of their work.