



MALAYSIAN INSTITUTE
OF ACCOUNTANTS
ACCOUNTANTS: MANAGERS OF VALUE

OUTLINE OF THE SALIENT CLAUSES
OF
PRACTICE CONTINUATION AGREEMENT

Outline of the salient clauses of
PRACTICE CONTINUATION AGREEMENT

CLAUSE NO.	HEADINGS	CONTENT
1.	Parties	The Agreement is to be made between the Practitioner ("Practitioner") and the identified Successor(s) ("Successor")
2.	Recitals	Recitals should include: - 1) The general description of the Practice which is the subject matter of the Agreement as well as the take over 2) The intention of the Parties: the Successor to take over the Practice upon death or permanent and total disability of the Practitioner with a pre-determined consideration ("Practice Continuation Arrangement")
3.	Warranties and representations by the Practitioner	Practitioner's salient warranties & representations: - 1) The Practitioner has not made any Practice Continuation Arrangement with any party as at the date of the Agreement and is restricted to sell his Practice to any other party during his lifetime without first giving notice of right of refusal to the Successor 2) All the information and documents revealed and disclosed to the Successor in the course of negotiation are accurate and true in all respect 3) The Practitioner shall carried out the Practice in professional manner, comply with all the relevant rules and requirement by the governing authorities and keep the Practice sufficiently insured 4) The Practitioner shall notify MIA of this Practice Continuation Arrangement

CLAUSE NO.	HEADINGS	CONTENT
		5) The Practitioner shall endeavour to notify all Clients of this Practice Continuation Arrangement and obtain the Client's agreement to appoint the Successor as their Accountant upon the Effective Date
4.	Acknowledgement & Undertaking by the Successor	<p>The Successor shall acknowledge that he has conducted the necessary due diligence on the Practice and undertake to execute the following documents: -</p> <p>(1) Letter of confidentiality – to ensure confidentiality of information disclosed by the Practitioner to him in the course of negotiation</p> <p>(2) Undertake not to compete – not to solicit the clientele &/or employee of the Practitioner</p>
5.	Consideration	<p>The Consideration may be: -</p> <p>(1) A pre-determined and mutually agreed figure and the Parties are allowed to review and revise the same periodically</p> <p>(2) Determined by mutually agreed mechanism and the Consideration will be calculated based on the agreed mechanism upon death or permanent and total disability of the Practitioner</p> <p>(3) Provide for appointment of Arbitrator in the event of dispute on the calculation of the Consideration</p>
6.	Mode of Payment	<p>Who to pay:-</p> <p>(1) In the event of the death:- The Consideration shall be paid to the legal representative/beneficiary of the Practitioner named in his Will</p> <p>(2) In the event of the total and permanent disability:-</p>

CLAUSE NO.	HEADINGS	CONTENT
		<p>The Consideration shall be paid to the Practitioner himself or his attorney, as the case may be</p> <p>How to pay: -</p> <p>(1) In one lump sum (2) Progressively in instalments (3) From the proceeds of the Practitioner's insurance policy which is assigned to the Successor</p>
7.	Effective Date	<p>The take over of the Practice shall be completed upon payment of the full Consideration by the Successor ("Effective Date")</p> <p>Pending the completion, the Practitioner/his attorney/his legal representative shall have control over the Practice</p> <p>On the Effective Date, the Client's appointment of the Successor as their Accountant shall come into effect and the relevant authorities such as MIA and SSM shall be notified of the change accordingly</p>
8.	Employee	<p>All salary, EPF contribution etc related to employee of the Practice shall be borne by the Practitioner up to the Effective Date</p> <p>The Practitioner shall indemnify the Successor against any order to pay compensation to employee provided it is not made as a result of any act/omission of the Successor</p>
9.	Indemnity	<p>The Practitioner shall indemnify and keep the Successor indemnified against all claims arising prior to the Effective Date</p>
10.	Termination of agreement	<p>The Parties are allowed to terminate this Agreement on: -</p> <p>(1) Written agreement of the Parties to that effect (2) The Successor pre-decease the practitioner or suffer total and permanent disability</p>

Outline of the Salient Clauses of Practice Continuation Agreement

CLAUSE NO.	HEADINGS	CONTENT
		(3) Where bankruptcy petition has been filed against any parties
11.	Governing Law	Shall be the Law of Malaysia
12.	Notice	Mode and manner of communication of the parties
13.	Time	Time shall be of the essence of the agreement
14.	Cost	Apportionment of cost in preparation and perfection of this agreement or such other agreed basis
15.	Execution Page	Practitioner and Successor to sign and duly attested by Solicitors
16.	Appendixes & Schedules	Shall be read and construed as an integral part of the Agreement