

Reprint
as at 2 May 2008

Partnership Act 1908

Public Act 1908 No 139
Date of assent 4 August 1908

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Note

Changes authorised by section 17C of the Acts and Regulations Publication Act 1989 have been made in this eprint.

A general outline of these changes is set out in the notes at the end of this eprint, together with other explanatory material about this eprint.

This Act is administered in the Ministry of Commerce

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Enactments consolidated

An Act to consolidate certain enactments of the General Assembly relating to the law of partnership**1 Short Title, etc**

- (1) The Short Title of this Act is the Partnership Act 1908.
- (2) This Act is a consolidation of the enactments mentioned in the Schedule hereto.
- (3) All matters and proceedings commenced under the said enactments, and pending or in progress on the coming into operation of this Act, may be continued, completed, and enforced under this Act.
- (4) This Act is divided into Parts, as follows:
 - PART 1—The General Law relating to Partners. (Sections 4 to 47.)
 - PART 2—Special Partnerships. (Sections 48 to 67.)

2 Interpretation

In this Act, if not inconsistent with the context,—

Business includes every trade, occupation, or profession

Court includes every Court and Judge having jurisdiction in the case.

Compare: 1891 No 6 s 3; Partnership Act 1890, s 45 (UK)

3 Saving for rules of equity and common law

The rules of equity and of common law applicable to partnership shall continue in force except so far as they are inconsistent with the express provisions of this Act.

Compare: 1891 No 6 s 48; Partnership Act 1890, s 46 (UK)

Part 1**The general law relating to partners***Nature of partnership***4 Definition of partnership**

- (1) Partnership is the relation which subsists between persons carrying on a business in common with a view to profit.
- (2) But the relation between members of any company or association registered as a company under the Companies Act 1955

or the Companies Act 1993 or any other Act of the General Assembly for the time being in force and relating to the registration of joint stock, trading, or mining companies, or formed or incorporated by or in pursuance of any other Act of the General Assembly or letters patent, or Royal Charter, is not a partnership within the meaning of this Act.

Compare: 1891 No 6 s 4; Partnership Act 1890, s 1 (UK)

Subsection (2) has been amended by substituting the Companies Act 1955 for the repealed Companies Act 1908.

Subsection (2) was amended, as from 1 July 1994, by section 2 Company Law Reform (Transitional Provisions) Act 1994 (1994 No 16) by inserting the words “or the Companies Act 1993”.

5 Rules for determining existence of partnership

In determining whether a partnership does or does not exist regard shall be had to the following rules:

- (a) Joint tenancy, tenancy in common, joint property, or part ownership does not of itself create a partnership as to anything so held or owned, whether the tenants or owners do or do not share any profits made by the use thereof:
- (b) The sharing of gross returns does not of itself create a partnership, whether the persons sharing such returns have or have not a joint or common right or interest in any property from which or from the use of which the returns are derived:
- (c) The receipt by a person of a share of the profits of a business is prima facie evidence that he is a partner in the business, but the receipt of such a share or of a payment contingent on or varying with the profits of a business does not of itself make him a partner in the business and, in particular,—
 - (i) The receipt by a person of a debt or other liquidated amount, by instalments or otherwise, out of the accruing profits of a business does not of itself make him a partner in the business or liable as such:
 - (ii) A contract for the remuneration of a servant or agent of a person engaged in a business by a share of the profits of the business does not of itself

make the servant or agent a partner in the business or liable as such:

- (iii) A person being the widow, widower, surviving civil union partner, surviving de facto partner, or child of a deceased partner, and receiving by way of annuity a portion of the profits made in the business in which the deceased person was a partner, is not by reason only of such receipt a partner in the business or liable as such:
- (iv) The advance of money by way of loan to a person engaged or about to engage in any business on a contract with that person that the lender shall receive a rate of interest varying with the profits, or shall receive a share of the profits arising from carrying on the business, does not of itself make the lender a partner with the person or persons carrying on the business, or liable as such:
 - Provided that the contract is in writing, and signed by or on behalf of all the parties thereto:
- (v) A person receiving by way of annuity or otherwise a portion of the profits of a business in consideration of the sale by him of the goodwill of the business is not, by reason only of such receipt, a partner in the business or liable as such.

Compare: 1891 No 6 s 5; Partnership Act 1890, s 2 (UK)

Paragraph (c)(iii) was amended, as from 26 April 2005, by section 7 Relationships (Statutory References) Act 2005 (2005 No 3) by inserting the words “, widower, surviving civil union partner, surviving de facto partner,” after the word “widow”.

6 Rights of person lending or selling in consideration of share of profits in case of bankruptcy

In the event of any person to whom money has been advanced by way of loan upon such a contract as is mentioned in the last preceding section, or of any buyer of a goodwill in consideration of a share of the profits of the business, being adjudged a bankrupt, entering into an arrangement to pay his creditors less than 100 cents in the dollar, or dying in insolvent circumstances, the lender of the loan shall not be entitled to recover

anything in respect of his loan, and the seller of the goodwill shall not be entitled to recover anything in respect of the share of profits contracted for, until the claims of the other creditors of the borrower or buyer for valuable consideration in money or money's worth have been satisfied.

Compare: 1891 No 6 s 6; Partnership Act 1890, s 3 (UK)

Section 6 was amended, as from 10 July 1967, by section 14(1) Decimal Currency Amendment Act 1965 (1965 No 124) by substituting the words "100 cents in the dollar" for the words "twenty shillings in the pound".

7 Meaning of "firm"

Persons who have entered into partnership with one another are for the purposes of this Act called collectively a "firm", and the name under which their business is carried on is called the "firm name".

Compare: 1891 No 6 s 7; Partnership Act 1890, s 4 (UK)

Relations of partners to persons dealing with them

8 Power of partner to bind the firm

Every partner is an agent of the firm and his other partners for the purpose of the business of the partnership; and the acts of every partner who does any act for carrying on in the usual way business of the kind carried on by the firm of which he is a member bind the firm and his partners, unless the partner so acting has in fact no authority to act for the firm in the particular matter, and the person with whom he is dealing either knows that he has no authority or does not know or believe him to be a partner.

Compare: 1891 No 6 s 8; Partnership Act 1890, s 5 (UK)

9 Partners bound by acts on behalf of firm

An act or instrument relating to the business of the firm, and done or executed in the firm name, or in any other manner showing an intention to bind the firm, by any person thereto

authorised, whether a partner or not, is binding on the firm and all the partners:

Provided that this section shall not affect any general rule of law relating to the execution of deeds or negotiable instruments.

Compare: 1891 No 6 s 9; Partnership Act 1890, s 6 (UK)

10 Partner using credit of firm for private purposes

Where one partner pledges the credit of the firm for a purpose apparently not connected with the firm's ordinary course of business, the firm is not bound unless he is in fact specially authorised by the other partners; but this section does not affect any personal liability incurred by an individual partner.

Compare: 1891 No 6 s 10; Partnership Act 1890, s 7 (UK)

11 Effect of notice that firm will not be bound by acts of partner

If it has been agreed between the partners that any restriction shall be placed on the power of any one or more of them to bind the firm, no act done in contravention of the agreement is binding on the firm with respect to persons having notice of the agreement.

Compare: 1891 No 6 s 11; Partnership Act 1890, s 8 (UK)

12 Liability of partners

Every partner in a firm is liable jointly with the other partners for all debts and obligations of the firm incurred while he is a partner; and after his death his estate is also severally liable in a due course of administration for such debts and obligations as far as they remain unsatisfied, but subject to the prior payment of his separate debts.

Compare: 1891 No 6 s 12; Partnership Act 1890, s 9 (UK)

13 Liability of the firm for wrongs

Where by the wrongful act or omission of any partner acting in the ordinary course of the business of the firm, or with the authority of his co-partners, loss or injury is caused to any person not being a partner in the firm, or any penalty is incurred,

the firm is liable therefor to the same extent as the partner so acting or omitting to act.

Compare: 1891 No 6 s 13; Partnership Act 1890, s 10 (UK)

14 Misapplication of money received for firm, etc

In the following cases, namely,—

- (a) Where one partner acting within the scope of his apparent authority receives the money or property of a third person and misapplies it; and
- (b) Where a firm in the course of its business receives money or property of a third person, and the money or property so received is misapplied by one or more of the partners while it is in the custody of the firm,—

the firm is liable to make good the loss.

Compare: 1891 No 6 s 14; Partnership Act 1890, s 11 (UK)

15 Joint and several liability

Every partner is liable jointly with his co-partners and also severally for everything for which the firm, while he is a partner therein, becomes liable under either of the 2 last preceding sections.

Compare: 1891 No 6 s 15; Partnership Act 1890, s 12 (UK)

16 Improper employment of trust property for partnership purposes

If a partner, being a trustee, improperly employs trust property in the business or on the account of the partnership, no other partner is liable for the trust property to the persons beneficially interested therein:

Provided that—

- (a) This section shall not affect any liability incurred by any partner by reason of his having notice of a breach of trust; and
- (b) Nothing in this section shall prevent trust money from being followed and recovered from the firm if still in its possession or under its control.

Compare: 1891 No 6 s 16; Partnership Act 1890, s 13 (UK)

17 Persons liable by “holding out”

- (1) Every one who, by words spoken or written, or by conduct, represents himself, or who knowingly suffers himself to be represented, as a partner in a particular firm is liable as a partner to any one who has, on the faith of any such representation, given credit to the firm, whether the representation has or has not been made or communicated to the person so giving credit by or with the knowledge of the apparent partner making the representation or suffering it to be made.
- (2) Provided that where after a partner’s death the partnership business is continued in the old firm name, the continued use of that name or of the deceased partner’s name as part thereof shall not of itself make his executors’ or administrators’ estate or effects liable for any partnership debts contracted after his death.

Compare: 1891 No 6 s 17; Partnership Act 1890, s 14 (UK)

18 Admissions and representations of partners

An admission or representation made by any partner concerning the partnership affairs, and in the ordinary course of its business, is evidence against the firm.

Compare: 1891 No 6 s 18; Partnership Act 1890, s 15 (UK)

19 Notice to acting partner to be notice to firm

Notice to any partner who habitually acts in the partnership business of any matter relating to partnership affairs operates as notice to the firm, except in the case of a fraud on the firm committed by or with the consent of that partner.

Compare: 1891 No 6 s 19; Partnership Act 1890, s 16 (UK)

20 Liabilities of incoming and outgoing partners

- (1) A person who is admitted as a partner into an existing firm does not thereby become liable to the creditors of the firm for anything done before he became a partner.
- (2) A partner who retires from a firm does not thereby cease to be liable for partnership debts or obligations incurred before his retirement.

- (3) A retiring partner may be discharged from any existing liabilities by an agreement to that effect between himself and the members of the firm as newly constituted and the creditors, and this agreement may be either express or inferred as a fact from the course of dealing between the creditors and the firm as newly constituted.

Compare: 1891 No 6 s 20; Partnership Act 1890, s 17 (UK)

21 Revocation of continuing guaranty by change in firm

A continuing guaranty given either to a firm or to a third person in respect of the transactions of a firm is, in the absence of agreement to the contrary, revoked as to future transactions by any change in the constitution of the firm to which, or of the firm in respect of the transactions of which, the guaranty was given.

Compare: 1891 No 6 s 21; Partnership Act 1890, s 18 (UK)

Relations of partners to one another

22 Variation by consent of terms of partnership

The mutual rights and duties of partners, whether ascertained by agreement or defined by this Act, may be varied by the consent of all the partners, and such consent may be either express or inferred from a course of dealing.

Compare: 1891 No 6 s 22; Partnership Act 1890, s 19 (UK)

23 Partnership property

- (1) All property and rights and interests in property originally brought into the partnership stock, or acquired (whether by purchase or otherwise) on account of the firm or for the purposes and in the course of the partnership business, are called in this Act **partnership property**, and must be held and applied by the partners exclusively for the purposes of the partnership and in accordance with the partnership agreement.
- (2) Provided that the legal estate or interest in any land which belongs to the partnership shall devolve according to the nature and tenure thereof and the general rules of law thereto applicable, but in trust, so far as necessary, for the persons beneficially interested in the land under this section.

- (3) Where co-owners of an estate or interest in any land not being itself partnership property are partners as to profits made by the use of that land or estate, and purchase other land or estate out of the profits to be used in like manner, the land or estate so purchased belongs to them, in the absence of an agreement to the contrary, not as partners, but as co-owners for the same respective estates and interests as are held by them in the land or estate first mentioned at the date of the purchase.

Compare: 1891 No 6 s 23; Partnership Act 1890, s 20 (UK)

24 Property bought with partnership money

Unless the contrary intention appears, property bought with money belonging to the firm is deemed to have been bought on account of the firm.

Compare: 1891 No 6 s 24; Partnership Act 1890, s 21 (UK)

25 Conversion into personal estate of land held as partnership property

Where land has become partnership property it shall, unless the contrary intention appears, be treated as between the partners (including the representatives of a deceased partner), and also as between the heirs of a deceased partner and his executors or administrators, as personal and not real estate.

Compare: 1891 No 6 s 25; Partnership Act 1890, s 22 (UK)

26 Procedure against partnership property for partner's separate judgment debt

- (1) A writ of execution shall not issue against any partnership property except on a judgment against the firm.
- (2) The High Court or a Judge thereof may, on the application by summons of any judgment creditor of a partner, make an order charging that partner's interest in the partnership property and profits with payment of the amount of the judgment debt and interest thereon; and may by the same or a subsequent order appoint a receiver of that partner's share of profits (whether already declared or accruing), and of any other money coming to him in respect of the partnership, and direct all accounts and inquiries and give all other orders and directions which might have been directed or given if the charge had been made in

favour of the judgment creditor by the partner, or which the circumstances of the case require.

- (2A) On the application of any judgment creditor who has obtained in, or removed into, the District Court a judgment, order, or decree for the payment of a sum of money, a District Court may make any order that may be made by the High Court under this section.
- (3) The other partner or partners shall be at liberty at any time to redeem the interest charged or, in case of a sale being directed, to purchase the same.

Compare: 1891 No 6 s 26; Partnership Act 1890, s 23(1)-(3) (UK)

Subsection (2A) was inserted, as from 27 November 1947, by section 46 Statutes Amendment Act 1947 (1947 No 60).

The words “District Court” were substituted for the words “Magistrates’ Court”, as from 1 April 1980, pursuant to section 18(2) District Courts Amendment Act 1979 (1979 No 125).

The words “High Court” were substituted for the words “Supreme Court”, as from 1 April 1980, pursuant to section 12 Judicature Amendment Act 1979 (1979 No 124).

27 Rules as to interests and duties of partners

The interests of partners in the partnership property, and their rights and duties in relation to the partnership, shall be determined, subject to any agreement (express or implied) between the partners, by the following rules:

- (a) All the partners are entitled to share equally in the capital and profits of the business, and must contribute equally towards the losses, whether of capital or otherwise, sustained by the firm:
- (b) The firm must indemnify every partner in respect of payments made and personal liabilities incurred by him—
- (i) In the ordinary and proper conduct of the business of the firm; or
- (ii) In or about anything necessarily done for the preservation of the business or property of the firm:
- (c) A partner making, for the purpose of the partnership, any actual payment or advance beyond the amount of capital which he has agreed to subscribe is entitled to

interest at the rate of 5 percent per annum from the date of the payment or advance:

- (d) A partner is not entitled, before the ascertainment of profits, to interest on the capital subscribed by him:
- (e) Every partner may take part in the management of the partnership business:
- (f) No partner shall be entitled to remuneration for acting in the partnership business:
- (g) No person may be introduced as a partner without the consent of all existing partners:
- (h) Any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the partners, but no change may be made in the nature of the partnership business without the consent of all existing partners:
- (i) The partnership books are to be kept at the place of business of the partnership (or the principal place if there is more than one), and every partner may when he thinks fit have access to and inspect and copy any of them.

Compare: 1891 No 6 s 27; Partnership Act 1890, s 24 (UK)

28 Expulsion of partner

A majority of the partners cannot expel any partner unless a power to do so has been conferred by express agreement between the partners.

Compare: 1891 No 6 s 28; Partnership Act 1890, s 25 (UK)

29 Retirement from partnership at will

- (1) Where no fixed term has been agreed upon for the duration of the partnership, any partner may determine the partnership at any time on giving notice of his intention so to do to all the other partners.
- (2) Where the partnership has originally been constituted by deed, a notice in writing, signed by the partner giving it, shall be sufficient for this purpose.

Compare: 1891 No 6 s 29; Partnership Act 1890, s 26 (UK)

30 Conditions of partnership where term continued over

- (1) Where a partnership entered into for a fixed term is continued after the term has expired, and without any expressed new agreement, the rights and duties of the partners remain the same as they were at the expiration of the term, so far as is consistent with the incidents of a partnership at will.
- (2) A continuance of the business by the partners, or such of them as habitually acted therein during the term, without any settlement or liquidation of the partnership affairs is presumed to be a continuance of the partnership.

Compare: 1891 No 6 s 30; Partnership Act 1890, s 27 (UK)

31 Duty to render accounts, etc

Partners are bound to render true accounts and full information of all things affecting the partnership to any partner or his legal representatives.

Compare: 1891 No 6 s 31; Partnership Act 1890, s 28 (UK)

32 Partners to account for private profits

- (1) Every partner must account to the firm for any benefit derived by him without the consent of the other partners from any transaction concerning the partnership, or from any use by him of the partnership property, name, or business connection.
- (2) This section applies also to transactions undertaken after a partnership has been dissolved by the death of a partner, and before the affairs thereof have been completely wound up, either by any surviving partner or by the representatives of the deceased partner.

Compare: 1891 No 6 s 32; Partnership Act 1890, s 29 (UK)

33 Partner not to compete with firm

If a partner, without the consent of the other partners, carries on any business of the same nature as and competing with that of the firm, he must account for and pay over to the firm all profits made by him in that business.

Compare: 1891 No 6 s 33; Partnership Act 1890, s 30 (UK)

34 Rights of assignee of share of partnership

- (1) An assignment by any partner of his share in the partnership, either absolute or by way of mortgage, does not, as against the other partners, entitle the assignee, during the continuance of the partnership, to interfere in the management or administration of the partnership business or affairs, or to require any account of the partnership transactions, or to inspect the partnership books, but entitles the assignee only to receive the share of profits to which the assigning partner would otherwise be entitled, and the assignee must accept the account of profits agreed to by the partners.
- (2) In case of a dissolution of the partnership, whether as respects all the partners or as respects the assigning partner, the assignee is entitled to receive the share of the partnership assets to which the assigning partner is entitled as between himself and the other partners, and, for the purpose of ascertaining that share, to an account as from the date of the dissolution.

Compare: 1891 No 6 s 34; Partnership Act 1890, s 31 (UK)

*Dissolution of partnership and its consequences***35 Dissolution by expiration or notice**

- (1) Subject to any agreement between the partners, a partnership is dissolved,—
 - (a) If entered into for a fixed term, by the expiration of that term;
 - (b) If entered into for a single adventure or undertaking, by the termination of that adventure or undertaking;
 - (c) If entered into for an undefined time, by any partner giving notice to the other or others of his intention to dissolve the partnership.
- (2) In the last-mentioned case the partnership is dissolved as from the date mentioned in the notice as the date of dissolution, or, if no date is so mentioned, as from the date of the communication of the notice.

Compare: 1891 No 6 s 35; Partnership Act 1890, s 32 (UK)

36 Dissolution by death, bankruptcy, or charge

- (1) Subject to any agreement between the partners, every partnership is dissolved as regards all the partners by the death or bankruptcy of any partner.
- (2) A partnership may, at the option of the other partners, be dissolved if any partner suffers his share of the partnership property to be charged under this Act for his separate debt.

Compare: 1891 No 6 s 36; Partnership Act 1890, s 33 (UK)

37 Dissolution by illegality of partnership

A partnership is in every case dissolved by the happening of any event which makes it unlawful for the business of the firm to be carried on or for the members of the firm to carry it on in partnership.

Compare: 1891 No 6 s 37; Partnership Act 1890, s 34 (UK)

38 Dissolution by the Court

On application by a partner the Court may declare a dissolution of the partnership in any of the following cases:

- (a) Where a partner is found lunatic by inquisition, or is shown to the satisfaction of the Court to be of permanently unsound mind, in either of which cases the application may be made as well on behalf of that partner by his committee or next friend or person having title to intervene as by any other partner:
- (b) Where a partner, other than the partner suing, becomes in any other way permanently incapable of performing his part of the partnership contract:
- (c) Where a partner, other than the partner suing, has been guilty of such conduct as in the opinion of the Court, regard being had to the nature of the business, is calculated to prejudicially affect the carrying on of the business:
- (d) Where a partner, other than the partner suing, wilfully or persistently commits a breach of the partnership agreement, or otherwise so conducts himself in matters relating to the partnership business that it is not reasonably practicable for the other partner or partners to carry on the business in partnership with him:

- (e) Where the business of the partnership can only be carried on at a loss:
- (f) Where circumstances have arisen which, in the opinion of the Court, render it just and equitable that the partnership be dissolved.

Compare: 1891 No 6 s 38; Partnership Act 1890, s 35 (UK)

39 Rights of persons dealing with firm against apparent members

- (1) Where a person deals with a firm after a change in its constitution, he is entitled to treat all apparent members of the old firm as still being members of the firm until he has notice of the change.
- (2) An advertisement in the *Gazette* shall be notice as to persons who had not dealings with the firm before the date of the dissolution or change so advertised.
- (3) The estate of a partner who dies or who becomes bankrupt, or of a partner who, not having been known to the person dealing with the firm to be a partner, retires from the firm, is not liable for partnership debts contracted after the date of the death, bankruptcy, or retirement respectively.

Compare: 1891 No 6 s 39; Partnership Act 1890, s 36 (UK)

40 Right of partners to notify dissolution

On the dissolution of a partnership or retirement of a partner any partner may publicly notify the same, and may require the other partner or partners to concur for that purpose in all necessary or proper acts, if any, which cannot be done without his or their concurrence.

Compare: 1891 No 6 s 40; Partnership Act 1890, s 37 (UK)

41 Continuing authority of partners for purposes of winding up

After the dissolution of a partnership the authority of each partner to bind the firm, and the other rights and obligations of the partners, continue (notwithstanding the dissolution) so far as may be necessary to wind up the affairs of the partnership and

to complete transactions begun but unfinished at the time of the dissolution, but not otherwise:

Provided that the firm is in no case bound by the acts of a partner who has become bankrupt; but this proviso does not affect the liability of any person who has after the bankruptcy represented himself, or knowingly suffered himself to be represented, as a partner of the bankrupt.

Compare: 1891 No 6 s 41; Partnership Act 1890, s 38 (UK)

42 Rights of partners as to application of partnership property

On the dissolution of a partnership every partner is entitled as against the other partners in the firm, and all persons claiming through them in respect of their interests as partners, to have the property of the partnership applied in payment of the debts and liabilities of the firm, and to have the surplus assets after such payment applied in payment of what may be due to the partners respectively after deducting what may be due from them as partners of the firm; and for that purpose any partner or his representatives may, on the termination of the partnership, apply to the Court to wind up the business and affairs of the firm.

Compare: 1891 No 6 s 42; Partnership Act 1890, s 39 (UK)

43 Apportionment of premium where partnership prematurely dissolved

Where one partner has paid a premium to another on entering into a partnership for a fixed term, and the partnership is dissolved before the expiration of that term otherwise than by the death of a partner, the Court may order the repayment of the premium or of such part thereof as it thinks just, having regard to the terms of the partnership contract and to the length of time during which the partnership has continued, unless—

- (a) The dissolution is, in the judgment of the Court, wholly or chiefly due to the misconduct of the partner who paid the premium; or

- (b) The partnership has been dissolved by an agreement containing no provision for a return of any part of the premium.

Compare: 1891 No 6 s 43; Partnership Act 1890, s 40 (UK)

44 Rights where partnership dissolved for fraud or misrepresentation

Where a partnership contract is rescinded on the ground of the fraud or misrepresentation of one of the parties thereto, the party entitled to rescind is, without prejudice to any other right, entitled—

- (a) To a lien on or right of retention of the surplus of the partnership assets, after satisfying the partnership liabilities, for any sum of money paid by him for the purchase of a share in the partnership and for any capital contributed by him; and
- (b) To stand in the place of the creditors of the firm for any payments made by him in respect of the partnership liabilities; and
- (c) To be indemnified, by the person guilty of the fraud or making the representation, against all the debts and liabilities of the firm.

Compare: 1891 No 6 s 44; Partnership Act 1890, s 41 (UK)

45 Right of outgoing partner to share profits made after dissolution

- (1) Where any member of a firm dies or otherwise ceases to be a partner, and the surviving or continuing partners carry on the business of the firm with its capital or assets without any final settlement of accounts as between the firm and the outgoing partner or his estate, then, in the absence of any agreement to the contrary, the outgoing partner or his estate is entitled, at the option of himself or his representative, to such share of the profits made since the dissolution as the Court may find to be attributable to the use of his share of the partnership assets, or to interest at the rate of 5 percent per annum on the amount of his share of the partnership assets.
- (2) Provided that where by the partnership contract an option is given to surviving or continuing partners to purchase the inter-

est of a deceased or outgoing partner, and that option is duly exercised, the estate of the deceased partner or the outgoing partner, or his estate, as the case may be, is not entitled to any further or other share of profits; but if any partner assuming to act in exercise of the option does not in all material respects comply with the terms thereof he is liable to account under the foregoing provisions of this section.

Compare: 1891 No 6 s 45; Partnership Act 1890, s 42 (UK)

46 Retiring or deceased partner's share to be a debt

Subject to any agreement between the partners, the amount due from surviving or continuing partners to an outgoing partner or the representatives of a deceased partner, in respect of the outgoing or deceased partner's share, is a debt accruing at the date of the dissolution or death.

Compare: 1891 No 6 s 46; Partnership Act 1890, s 43 (UK)

47 Distribution of assets on final settlement of accounts

In settling accounts between the partners after a dissolution of partnership the following rules shall, subject to any agreement, be observed:

- (a) Losses, including losses and deficiencies of capital, shall be paid first out of profits, next out of capital, and lastly, if necessary, by the partners individually in the proportion in which they were entitled to share profits:
- (b) The assets of the firm, including the sums (if any) contributed by the partners to make up losses or deficiencies of capital, shall be applied in the following manner and order:
 - (i) In paying the debts and liabilities of the firm to persons who are not partners therein:
 - (ii) In paying to each partner rateably what is due from the firm to him for advances as distinguished from capital:
 - (iii) In paying to each partner rateably what is due from the firm to him in respect of capital:

- (iv) The ultimate residue, if any, shall be divided among the partners in the proportion in which profits are divisible.

Compare: 1891 No 6 s 47; Partnership Act 1890, s 44 (UK)

Part 2

Special partnerships

[Repealed]

Part 2: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

48 Part 1 not to affect special partnerships

[Repealed]

Section 48: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

49 Special partnerships may be formed, except for banking and insurance

[Repealed]

Section 49: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

50 General and special partners, and their liabilities

[Repealed]

Compare: 1880 No 12 s 60; Limited Partnerships Act 1907, s 4(2) (UK)

Section 50: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

51 Certificates to be signed by partners

[Repealed]

Section 51: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

52 Style of partnership

[Repealed]

Section 52: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

53 When special partner deemed general partner

[Repealed]

Section 53: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

54 Certificates to be acknowledged and registered

[Repealed]

Section 54: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

55 False statement in certificate: partners liable as general partners

[Repealed]

Section 55: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

56 Copy of certificate to be published

[Repealed]

Section 56: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

57 Duration of partnerships

[Repealed]

Section 57: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

58 Certificate to be signed on renewal

[Repealed]

Section 58: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

59 Capital stock not to be withdrawn

[Repealed]

Section 59: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

60 When special partners liable to refund capital withdrawn

[Repealed]

Section 60: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

61 Suits to be by and against general partners*[Repealed]*

Section 61: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

62 Dissolution, how effected*[Repealed]*

Section 62: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

63 Cases not specially provided for*[Repealed]*

Section 63: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

64 Accounting*[Repealed]*

Section 64: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

65 Frauds by partners*[Repealed]*

Section 65: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

66 Books of account to be kept, and to be open to inspection*[Repealed]*

Section 66: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

67 Liability of special partners if books not kept, etc*[Repealed]*

Section 67: repealed, on 2 May 2008, by section 117 of the Limited Partnerships Act 2008 (2008 No 1).

Schedule

Section 1(2)

Enactments consolidated

- 1880, No 12—The Mercantile Law Act 1880: Sections 59 to 77.
 - 1891, No 6—The Partnership Act 1891.
-

Limited Partnerships Act 2008

Public Act 2008 No 1
Date of assent 13 March 2008
Commencement see section 2

1 Title

This Act is the Limited Partnerships Act 2008.

2 Commencement

This Act comes into force on a date to be appointed by the Governor-General by Order in Council.

Part 4 Miscellaneous

122 Transitional provision for special partnerships

Part 2 of the Partnerships Act 1908 continues to apply to a special partnership in existence on the commencement of this Act as if that Part had not been repealed, except that a special partnership must not be renewed under section 57 of that Part.

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Notes

1 *General*

This is an eprint of the Partnership Act 1908. It incorporates all the amendments to the Partnership Act 1908 as at 2 May 2008. The list of amendments at the end of these notes specifies all the amendments incorporated into this eprint since 3 September 2007. Relevant provisions of any amending enactments that contain transitional, savings, or application provisions are also included, after the Principal enactment, in chronological order.

2 *About this eprint*

This eprint has not been officialised. For more information about officialisation, please see "Making online legislation official" under "Status of legislation on this site" in the About section of this website.

3 *List of amendments incorporated in this eprint (most recent first)*

Limited Partnerships Act 2008 (2008 No 1): section 117
