

Reprint  
as at 1 April 2014



## Partnership Act 1908

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#### Note

Changes authorised by subpart 2 of Part 2 of the Legislation Act 2012 have been made in this official reprint.  
Note 4 at the end of this reprint provides a list of the amendments incorporated.

**This Act is administered by the Ministry of Business, Innovation, and Employment.**

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## Schedule Enactments consolidated

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### **An Act to consolidate certain enactments of the Parliament of New Zealand relating to the law of partnership**

Title: amended, on 1 January 1987, pursuant to section 29(2) of the Constitution Act 1986 (1986 No 114).

#### **1 Short Title**

- (1) The Short Title of this Act is the Partnership Act 1908.

*Enactments consolidated*

- (2) This Act is a consolidation of the enactments mentioned in the Schedule.
- (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

#### **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

### **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 1993 or any other Act of the Parliament of New Zealand 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 Parliament of New Zealand or letters patent, or Royal Charter, is not a partnership within the meaning of this Act.

Compare: 1891 No 6 s 4

Section 4(2): amended, on 5 December 2013, by section 14 of the Companies Amendment Act 2013 (2013 No 111).

Section 4(2): amended, on 1 July 1994, by section 2 of the Company Law Reform (Transitional Provisions) Act 1994 (1994 No 16).

Section 4(2): amended, on 1 January 1987, pursuant to section 29(2) of the Constitution Act 1986 (1986 No 114).

## 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 or she 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 or her 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 or her 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 or her 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

Section 5(c)(iii): amended, on 26 April 2005, by section 7 of the Relationships (Statutory References) Act 2005 (2005 No 3).

## **6 Postponement of 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 or her 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 or her 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

Section 6: amended, on 10 July 1967, by section 14(1) of the Decimal Currency Amendment Act 1965 (1965 No 124).

## **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

*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 or her 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 or she is a member bind the firm and his or her 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 or she is dealing either knows that he or she has no authority or does not know or believe him or her to be a partner.

Compare: 1891 No 6 s 8

#### **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

#### **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 or she 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

#### **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 1 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

#### **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 or she is a partner; and after his or her death his or her 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 or her separate debts.

Compare: 1891 No 6 s 12

#### **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 or her 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

#### **14 Misapplication of money or property received for or in custody of the firm**

In the following cases, namely,—

- (a) where one partner acting within the scope of his or her 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 1 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

#### **15 Liability for wrongs, joint and several**

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

Compare: 1891 No 6 s 15

#### **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 or her 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

#### **17 Persons liable by holding out**

- (1) Every one who, by words spoken or written, or by conduct, represents himself or herself, or who knowingly suffers himself or herself 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 or her executors' or administrators' estate or effects liable for any partnership debts contracted after his or her death.

Compare: 1891 No 6 s 17

### **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

### **19 Notice to acting partner to be notice to the 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

### **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 or she 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 or her retirement.
- (3) A retiring partner may be discharged from any existing liabilities by an agreement to that effect between himself or herself 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

### **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

### *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

**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

**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

**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 or her executors or administrators, as personal and not real estate.

Compare: 1891 No 6 s 25

**26 Procedure against partnership property for a 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 or her in respect of the partnership, and direct all accounts and inquiries and give all other orders and di-

rections 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

Section 26(2): amended, on 1 April 1980, pursuant to section 12 of the Judicature Amendment Act 1979 (1979 No 124).

Section 26(2A): inserted, on 27 November 1947, by section 46 of the Statutes Amendment Act 1947 (1947 No 60).

Section 26(2A): amended, on 1 April 1980, pursuant to section 18(2) of the District Courts Amendment Act 1979 (1979 No 125).

Section 26(2A): amended, on 1 April 1980, pursuant to section 12 of the Judicature Amendment Act 1979 (1979 No 124).

## **27 Rules as to interests and duties of partners subject to special agreement**

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 or her—
- (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 or she has agreed to subscribe is entitled to interest at the rate of 5% 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 or her:
- (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 1), and every partner may when he or she thinks fit have access to and inspect and copy any of them.

Compare: 1891 No 6 s 27

### **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

### **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 or her 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

### **30 Where partnership for term is continued over, continuance on old terms presumed**

- (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

### **31 Duty of partners 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 or her legal representatives.

Compare: 1891 No 6 s 31

**32 Accountability of partners for private profits**

- (1) Every partner must account to the firm for any benefit derived by him or her without the consent of the other partners from any transaction concerning the partnership, or from any use by him or her 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

**33 Duty of 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 or she must account for and pay over to the firm all profits made by him or her in that business.

Compare: 1891 No 6 s 33

**34 Rights of assignee of share in partnership**

- (1) An assignment by any partner of his or her 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 or herself 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

*Financial reporting*

Heading: inserted, on 1 April 2014, by section 110 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

**34A Non-application of provisions if alternative financial reporting duties under financial markets legislation**

Sections 34C to 34H do not apply to a partnership in relation to an accounting period if financial statements of the partnership are required to be prepared for that period under subpart 3 of Part 7 of the Financial Markets Conduct Act 2013 or section 55 of the Financial Reporting Act 2013.

Section 34A: inserted, on 1 April 2014, by section 110 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

### 34B Accounting records

- (1) The partners of a large partnership must ensure that there are kept at all times accounting records that—
  - (a) correctly record the transactions of the partnership; and
  - (b) will enable the partnership to ensure that the financial statements of the partnership comply with generally accepted accounting practice; and
  - (c) will enable the financial statements of the partnership to be readily and properly audited (if those statements are required to be audited).
- (2) The partners of a large partnership must establish and maintain a satisfactory system of control of its accounting records.
- (3) The accounting records must be kept—
  - (a) in written form in English; or
  - (b) in a form or manner in which they are easily accessible and convertible into written form in English.

Section 34B: inserted, on 1 April 2014, by section 110 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

### 34C Financial statements must be prepared

The partners of a large partnership must ensure that, within 5 months after the balance date of the partnership, financial statements that comply with generally accepted accounting practice are—

- (a) completed in relation to the partnership and that balance date; and
- (b) dated and signed on behalf of the partners by 2 partners.

Section 34C: inserted, on 1 April 2014, by section 110 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

### 34D Interpretation for purposes of financial reporting provisions

- (1) In sections 34A to 34H, **accounting period**, **applicable auditing and assurance standard**, and **applicable financial reporting standard** have the same meanings as in section 5 of the Financial Reporting Act 2013.
- (2) In sections 34A to 34H,—

**balance date** has the same meaning as in section 41 of the Financial Reporting Act 2013

**financial statements** has the same meaning as in section 6 of the Financial Reporting Act 2013

**generally accepted accounting practice** has the same meaning as in section 8 of the Financial Reporting Act 2013

**large partnership** means a partnership that is large under section 45 of the Financial Reporting Act 2013

**qualified auditor** has the same meaning as in section 35 of the Financial Reporting Act 2013.

Section 34D: inserted, on 1 April 2014, by section 110 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

**34E Financial statements must be audited**

- (1) The partners of a large partnership must ensure that the financial statements of the partnership are audited by a qualified auditor.
- (2) This section does not apply to a partnership if the partnership opts out of this section under section 34H.
- (3) *See* sections 37 to 39 of the Financial Reporting Act 2013 (which provide for the appointment of a partnership and access to information in relation to a large partnership).

Section 34E: inserted, on 1 April 2014, by section 110 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

**34F Audit must be carried out in accordance with auditing and assurance standards**

- (1) An auditor must, in carrying out an audit for the purposes of section 34E, comply with all applicable auditing and assurance standards.
- (2) The auditor's report must comply with the requirements of all applicable auditing and assurance standards.

Section 34F: inserted, on 1 April 2014, by section 110 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

**34G Financial reporting offences**

- (1) Subsection (2) applies if—
  - (a) the partners of a partnership fail to comply with section 34B; or
  - (b) the partners of a partnership are required to comply with section 34C and financial statements of the partnership—
    - (i) are not completed and signed within the time specified in that section; or
    - (ii) fail to comply with an applicable financial reporting standard; or
  - (c) the partners of a partnership fail to comply with section 34E.
- (2) Every partner of the partnership commits an offence and is liable on conviction to a fine not exceeding \$50,000.
- (3) It is a defence to a partner charged with an offence under this section in respect of a requirement referred to in subsection (1) if the partner proves that—

- (a) the partnership took all reasonable and proper steps to ensure that the requirement would be complied with; or
- (b) the partner took all reasonable steps to ensure that the requirement would be complied with; or
- (c) in the circumstances, the partner could not reasonably have been expected to take steps to ensure that the requirement would be complied with.

Section 34G: inserted, on 1 April 2014, by section 110 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

### **34H Partnerships may opt out of audit requirement**

- (1) This section applies to a partnership unless the partnership agreement for the partnership expressly provides that this section does not apply.
- (2) The partnership may, within 6 months from the start of an accounting period, opt out of compliance with section 34E (audit requirement) in relation to that accounting period by way of a resolution passed or signed by partners who together are entitled to share in at least 95% of the capital of the firm.
- (3) If the partnership opts out of compliance with section 34E in relation to an accounting period under this section, the section does not apply to the partnership in relation to that period.

Section 34H: inserted, on 1 April 2014, by section 110 of the Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102).

### *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 or her 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

### **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 or her share of the partnership property to be charged under this Act for his or her separate debt.

Compare: 1891 No 6 s 36

### **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

### **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 mentally disordered 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 or her 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 or her 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 or herself 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 or her:
- (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

Section 38(a): amended, on 1 April 1970, pursuant to section 129(4) of the Mental Health Act 1969 (1969 No 16).

### **39 Rights of persons dealing with firm against apparent members of firm**

- (1) Where a person deals with a firm after a change in its constitution, he or she is entitled to treat all apparent members of the old firm as still being members of the firm until he or she 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

#### **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 her or their concurrence.

Compare: 1891 No 6 s 40

#### **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 herself, or knowingly suffered himself or herself to be represented, as a partner of the bankrupt.

Compare: 1891 No 6 s 41

#### **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 or her 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

#### **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

#### **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 or her for the purchase of a share in the partnership and for any capital contributed by him or her; and
- (b) to stand in the place of the creditors of the firm for any payments made by him or her 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

#### **45 Right of outgoing partner in certain cases 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 or her estate, then, in the absence of any agreement to the contrary, the outgoing partner or his or her estate is entitled, at the option of himself or herself or his or her representative, to such share of the profits made since the dissolution as the court may find to be attributable to the use of his or her share of the partnership assets, or to interest at the rate of 5% per annum on the amount of his or her 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 interest of a deceased or outgoing partner, and that option is duly exercised, the estate of the deceased partner or the outgoing partner, or his or her 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 or she is liable to account under the foregoing provisions of this section.

Compare: 1891 No 6 s 45

**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

**47 Rule for 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 or her for advances as distinguished from capital:
  - (iii) in paying to each partner rateably what is due from the firm to him or her 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

## **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]*

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 the partners, specifying names, capital, etc**

*[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 a special partner shall be deemed a 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 If false statement in certificate, all partners to be 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 prescribed**

*[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, etc***[Repealed]*

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

**60 Special partners liable to refund capital withdrawn in certain cases***[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 As to liability of special partners if books not kept or incorrectly kept***[Repealed]*

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

**Schedule**  
**Enactments consolidated**

Mercantile Law Act 1880 (1880 No 12): sections 59 to 77

Partnership Act 1891 (1891 No 6)

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## 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.

Section 2: this Act brought into force, on 2 May 2008, by the Limited Partnerships Act 2008 Commencement Order 2008 (SR 2008/92).

## **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.



## Financial Reporting (Amendments to Other Enactments) Act 2013

Public Act	2013 No 102
Date of assent	3 December 2013
Commencement	see section 2

### 1 Title

This Act is the Financial Reporting (Amendments to Other Enactments) Act 2013.

### 2 Commencement

- (1) This Act comes into force on a date appointed by the Governor-General by Order in Council; and 1 or more orders may be made appointing different dates for different provisions and for different purposes.
- (2) To the extent that it is not previously brought into force under subsection (1), the rest of this Act comes into force on 1 April 2017.
- (3) In this section, **provision** includes any item, or any part of an item, in any of the schedules.

Section 2(1): sections 18–22 brought into force, on 1 April 2015, by clause 3(2) of the Financial Reporting Legislation Commencement Order 2014 (LI 2014/52).

Section 2(1): this Act (other than sections 18–22) brought into force, on 1 April 2014, by clause 3(1) of the Financial Reporting Legislation Commencement Order 2014 (LI 2014/52).

### *Amendments to Partnership Act 1908*

### 111 Transitional provision

- (1) The Partnership Act 1908, as amended by section 110, applies to a partnership in relation to accounting periods that commence on or after the commencement of this section.
- (2) The Partnership Act 1908, as in force before the commencement of this section, continues to apply to a partnership in relation to accounting periods that commenced before the commencement of this section as if this Act and the Financial Reporting Act 2013 had not been enacted.
- (3) This section is subject to sections 55 and 56 of the Financial Reporting Act 2013 (which require issuers, on a transitional basis, to continue complying with the Financial Reporting Act 1993 and provide transitional rules for FMC reporting entities).

## Reprints notes

### 1 *General*

This is a reprint of the Partnership Act 1908 that incorporates all the amendments to that Act as at the date of the last amendment to it.

### 2 *Legal status*

Reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by any amendments to that enactment. Section 18 of the Legislation Act 2012 provides that this reprint, published in electronic form, has the status of an official version under section 17 of that Act. A printed version of the reprint produced directly from this official electronic version also has official status.

### 3 *Editorial and format changes*

Editorial and format changes to reprints are made using the powers under sections 24 to 26 of the Legislation Act 2012. See also <http://www.pco.parliament.govt.nz/editorial-conventions/>.

### 4 *Amendments incorporated in this reprint*

Companies Amendment Act 2013 (2013 No 111): section 14

Financial Reporting (Amendments to Other Enactments) Act 2013 (2013 No 102): section 110

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

Relationships (Statutory References) Act 2005 (2005 No 3): section 7

Company Law Reform (Transitional Provisions) Act 1994 (1994 No 16): section 2

Constitution Act 1986 (1986 No 114): section 29(2)

District Courts Amendment Act 1979 (1979 No 125): section 18(2)

Judicature Amendment Act 1979 (1979 No 124): section 12

Mental Health Act 1969 (1969 No 16): section 129(4)

Decimal Currency Amendment Act 1965 (1965 No 124): section 14(1)

Statutes Amendment Act 1947 (1947 No 60): section 46