

The Partnership Act, 2023

ARRANGEMENT OF SECTIONS

PART I-Preliminary

1. Short title and commencement
2. Savings for partnership rules of common law and equity
3. Application of provisions of other Enactments
4. Interpretation

Part II---Nature of Partnership

5. Definition of partnership
6. Continuation of existing Partnership
7. The partnership agreement.
8. Meaning of "firm".
9. Knowledge and notice.
10. Rules for determining the existence of partnership governed by this Part.
11. Rules for determining whether a person is a partner in a partnership, governed by this Act.
12. When a partnership commences

PART III-Relations of Partners to Persons Dealing with them

13. Acts of partners to bind the firm.
14. Partners bound by acts on behalf of the firm.
15. Partner using credit of firm for purposes not connected with the firm.
16. Effect of Notice that firm will not be bound by acts of partner.
17. Joint and Several Liability of Partners.
18. Minor Partner not personally liable for firm's obligations.
19. Liability of Minor partner on attaining majority.
20. Liability of the firm for wrongs of partners.
21. Misapplication of money or property received for or in custody of the firm.
22. Improper employment of the trust property for partnership purposes.
23. Persons liable by "holding-out".
24. Admissions and representations of partners.
25. Liabilities of incoming and outgoing partners.
26. Revocation of continuing guarantee by change of firm.

PART IV-Relations of Partners to one another

27. Variation by consent of the terms of partnership.
28. Making and variation of capital contribution.
29. Property bought with partnership money.
30. Partnership property.
31. Conversion into personal estate of land held as partnership property.

32. Procedure against partnership property for a judgment debt against a partner.
33. Rules as to interests and duties of partners subject to special agreement.
34. Expulsion of partners.
35. Determination of partnership at will.
36. Where partnership for term is continued over, continuance on old terms presumed.
37. Duty of partners to render accounts, *etc.*
38. Accountability of partners for private profits.
39. Duty of partner not to compete with the firm.
40. Rights of assignee of share in partnership.

PART V-Dissolution of Partnership

41. Dissolution by expiration or notice.
42. Dissolution by bankruptcy, death or charge.
43. Dissolution by illegality of partnership.
44. Dissolution by the Court.
45. Rights of persons dealing with firm against apparent partners.
46. Right of partners to notify dissolution.
47. Continuing authority of partners for purposes of winding up.
48. Rights of partners as to application of partnership property.
49. Apportionment of premium where partnership prematurely dissolved.
50. Rights where partnership dissolved for fraud or misrepresentation.
51. Rights of outgoing partner in certain cases to share profits made after dissolution.
52. Retiring or deceased partner's share to be a debt.
53. Rules for distribution of assets on final settlement of accounts.

Being an Act to provide for the formation and operations of partnerships and to provide for matters related thereto.

ENACTED by the President and Members of Parliament in this present Parliament assembled.

PART I—PRELIMINARY

1. This Act may be cited as the Partnership Act, 2023 and shall come into operation on a day to be appointed by the Minister by notice published in the

2. The rules of common law and equity applicable to partnership in Sierra Leone shall be in force and continue to apply to partnerships governed by or created under this Act, in so far as they are not inconsistent with the provisions of this Act.

3. Nothing in this Act shall affect the application of any provision relating to partnership in any other enactment in so far as such provision is not inconsistent with the provisions of this Act.

4. In this Act, unless the context otherwise requires:-

“**business**” means any trade, profession, including private professional practice or vocation carried on or exercised in Sierra Leone for any period of time, whether or not carried on or exercised through a permanent establishment or an agent or otherwise;

“**company**” means a company incorporated or registered pursuant to the Companies Act of Sierra Leone;

“**competing business**” means a business carried on by a partner of a firm, without the agreement of all the other partners of the firm, which competes with and is of the same nature as the partnership business;

“**court**” means the High Court or the Magistrates’ court;

“**firm**” means persons who have entered into a partnership with one another;

“**firm name**” means the name under which the firm business is carried on;

"**partner**" means a person who is a party to a partnership agreement;

“**partnership**” means a partnership referred to in section 5;

“**partnership agreement**” means the agreement among the partners concerning their partnership, including amendments to the agreement;

“**professional**” means a person who is a member of a profession regulated by the laws of Sierra Leone;

“**trustee**” means one, who having legal title to property, holds it in trust for the benefit of another person and owes a fiduciary duty to that beneficiary;

“**trust property**” means property subject to a trust normally held by trustees.

PART II---NATURE OF PARTNERSHIP

Definition Of Partner- ship

5(1) A partnership is the relationship which subsists between or among persons, not exceeding twenty in number, who carry on a business in common with a view to making profit.

(2) Where a partnership is formed for the purpose of carrying on a profession, the number of professionals, which constitutes the partnership shall not exceed fifty.

(3) The relationship between or amongst members of any company or association which is—

(a) registered as a company under the Companies Act of Sierra Leone or any other Act relating to the registration of joint stock companies; or

(b) formed or incorporated by or pursuant to any other written law

is not a partnership within the meaning of this Act.

Continuation of Existing Partnerships

6. A partnership existing in Sierra Leone at the date of coming into operation of this Act shall be deemed to have been formed under this Act and shall continue to operate in accordance with the provisions of this Act

Partnership
Agreement

**The
Partnership
Agreement.**

7. (1) A written partnership agreement may be varied in accordance with its terms, but an unwritten partnership agreement may only be varied if all of the partners agree to the variation.

(2) A partnership agreement shall govern the operation and functioning of the partnership to which it relates, except to the extent that any provision of the partnership agreement is inconsistent with any provision of this Act.

(3) Where a provision of a partnership agreement is inconsistent with any provision of this Act, the provision of this Act shall prevail.

**Meaning
of "Firm"**

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

Partnership
Agreement

10. In determining whether a partnership under this Act does or does not exist, regard shall be had to the following rules and provisions—

- (a) all the circumstances are to be considered and the true intent of the parties is to be ascertained from any agreement, words and conduct of the parties;
- (b) without limiting the generality of paragraph (a), joint tenancy, tenancy in common, joint property, common property, or part ownership does not of itself create a partnership as to anything so held or owned, whether those tenants or owners do or do not share any profits made by the business or use of the property concerned;
- (c) the sharing of gross returns of a business or from property 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 business or property from which or from the use of which the returns are derived.

11. In determining whether a person is a partner in a partnership under this Act, regard shall be had to the following rules—

- (a) the receipt by any person of a share of the profits of a business is *prima facie* evidence that the person 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;
- (b) Without limiting the generality of paragraph (a)-

- (i) the advance of funds by a person to a business to be repaid from, or the payment of any liquidated amount to a person in instalments or otherwise out of the accruing profits of the business does not of itself make the person a partner in the business or liable as such;
 - (ii) a contract for the remuneration of an employee or agent of a person engaged in a business by a share of the profits of the business does not of itself make the employee or agent a partner in the business or liable as such;
 - (iii) a person being the surviving spouse or child or other dependant 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 provides for the lender to receive a rate of interest varying with the profits, or to 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;
 - (v) a person receiving by way of annuity or
 - (vi) 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 of such receipt a partner in the business or liable as such.
- (c) The ordinary evidence of partnership, including —
- (i) whether the accounts are prepared for internal use or for other purposes;
 - (ii) any admissions by the members of the partnership;
 - (iii) advertisements which include the alleged partners;
 - (iv) agreements or other documents, formal or otherwise, which disclose the partnership relationship;
 - (v) the manner in which bills of exchange have been drawn, accepted or endorsed;
 - (vi) judgments of courts of law in which a partnership has been held to exist;
 - (vii) meetings which partners attended or were expected to attend;
 - (viii) payment of money to courts of law for the liability of the partnership;

- (ix) letters and memoranda which relate to admission of a person in the partnership or which give a person a share in the profits as intended by the partners;
- (x) any release executed by all the alleged partners; and
- (xi) recitals in the agreement in which the partners are parties.

12. A partnership that is governed by this Act is formed at the commencement of the carrying on of a business common with a view of profit by the partners.

PART III---RELATIONS OF PARTNERS TO PERSONS DEALING WITH THEM

13. (1) Every partner is an agent of the firm and his other partners for the purpose of the business of the partnership. 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.

2) Subsection (1) shall not apply where 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.

14 (1) Subject to subsection (2), an act or instrument relating to the business of the firm done or executed in the firm's name, or in any other manner showing an intention to bind the firm, by any person thereto authorised, whether a partner or not, shall be binding on the firm and all the partners.

(2) This section shall not affect any general rule of law relating to the execution of deeds or negotiable instruments.

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

16. Where 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

Partner using Credit of firm for purposes not connected with the firm.

Partners bound by acts on behalf When a Partnership Commences

Acts of Partner to Bind Firm

Effect of notice that firm not bound by acts of partners

contravention of the agreement shall be binding on the firm with respect to persons having notice of the agreement.

17 (1) Subject to subsection (2), 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 due course of administration for such debts and obligations.

- (2) Subsection (1) applies-
- (a) So far as the debts and obligations remain unsatisfied; but
 - (b) Subject to the prior payment of the partner's separate debts.

18. A person who is a minor according to the law to which he or she is subject may be admitted to the benefits of partnership, but cannot be made personally liable for any obligation of the firm; but the share of that minor in the property of the firm is liable for any obligation of the firm.

19. A person who has been admitted to the benefits of partnership while still a minor shall, on attaining the age of majority, be liable for all obligations incurred by the partnership from the date of his or her admission, unless he or she gives public notice within a reasonable time of his or her repudiation of the partnership.

20. Where, by any 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 for the loss, injury or penalty to the same extent as the partner so acting or omitting to act.

21. 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.

22 (1) Subject to subsections (2) and (3), if a partner, being a trustee, improperly employs trust property in the business or on the account of the

Partners bound by acts on behalf of the firm.

Liability of the firm for wrongs of partners

Joint and several Liability of Partners

Misapplication of property received for or in custody of the firm

Improper employment of trust property for partnership purposes

partnership, no other partner is liable for the trust property to the persons beneficially interested therein.

(2) This section shall not affect any liability incurred by any partner by reason of his having notice of a breach of trust.

(3) 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.

23 (1) Subject to subsection (2), every person who by words spoken or written or by conduct represents himself, or who knowingly allows himself to be represented, as a partner in a particular firm, is liable as a partner to anyone specified in subsection (2).

(2) Subsection (1) refers to anyone who has on the faith of any representation referred to in subsection (1) 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 allowing the representation to be made.

(3) Where, after a partner's death, the partnership business is continued in the firm name that was used prior to the death of the partner, the continued use of that firm 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 or other liabilities contracted or incurred after his death.

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

**Admissions
and
representations
of
Partners**

25. (1) A person who is admitted as a partner into an existing firm does not thereby become liable to the creditors of the firm or any other person to whom the firm is liable for any debt or other liability of the firm for anything done before he became a partner.

(2) A partner who retires or otherwise ceases to be a partner of a firm does not thereby cease to be liable for partnership debts or obligations incurred before his retirement or other cessation and nothing in this subsection shall limit the effect of section 16, where the cessation is due to the death of the partner.

(3) A partner referred to in subsection (2), may be discharged from such debts or obligations referred to in that subsection, by an agreement to that effect

**Persons
liable
by**

**Liabilities
of
incoming
and
outgoing
partners.**

between himself and the members of the firm as newly constituted and the creditors, and this agreement may be either expressed or inferred as a fact from the course of dealing between the creditors and the firm as newly constituted.

Making and variation of capital Contribution.

26. A continuing guarantee 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 of one or more of the partners of the firm to which, or of the firm in respect of the transactions of which, the guarantee or obligation was given.

Revocation of continuing guarantee by change of firm.

Property brought with Partnership

PART IV-- RELATIONS OF PARTNERS TO ONE ANOTHER

27. 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 expressed or inferred from a course of dealing.

28 (1) Except with the agreement of all the partners of the firm, a partner is not entitled and shall not be required to-

- (a) contribute capital to the partnership; or
- (b) vary the amount of his capital contribution to the partnership.

(2) If a partner contributes capital to the partnership, he is not entitled to interest thereon unless agreed between the partners.

29 (1) Subject to subsection (3), the property specified in subsection (2), in this part called "partnership property", shall be held and applied by the partners exclusively for the purposes of the partnership and in accordance with the partnership agreement.

(2) Subsection (1) refers to all property and rights and interests in property originally brought into the partnership or acquired, whether by purchase or otherwise, on account of the firm, or for the purposes and in the course of the partnership business.

(3) Notwithstanding subsection (1), 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.

Variation by consent of the terms of partnership.

Procedure against partnership property for a judgment debt against a partner.

(4) 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, and purchase other estate or interest in the land out of the profits that are to be used in like manner, ~~the estate or interest in the land out of the profits that are to be used in like manner~~, the estate or interest in the land so not as partners, but as co-owners for the same respective estates and interests as are held by them in the land first mentioned at the date of the purchase.

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

31. Where land or any heritable interest therein 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 or moveable and not real or heritable estate.

32. (1) After the commencement of this Act, a writ of execution shall not issue against any partnership property except on a judgment against the firm.

(2) The Court may--

(a) on application 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 hereon;

(b) 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 which may be coming to the partner in respect of the partnership; and

(c) 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 may require

(3) For the purposes of subsection (2), 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.

33. 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 expressed or implied between the partners, by the following rules, namely-

Partnership Property

Conversion into personal estate of land held as partnership property.

interests and duties of partners subject to special agreement.

- (a) all the partners are entitled to share equally in the capital and profits of the business, and shall contribute equally towards the losses, whether of capital or otherwise, sustained by the firm;
- (b) the firm shall indemnify every partner in respect of payments made and personal liabilities incurred by the partner-
 - (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 is not entitled, before the ascertainment of profits, to interest on the capital subscribed by him;
- (d) every partner may take part in the management of the partnership business;
- (e) no partner shall be entitled to remuneration for acting in the partnership business;
- (f) no person may be introduced as a partner without the consent of all existing partners;
- (g) 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; and
- (h) 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.

**Expulsion
of
Partner**

34. No majority of the partners in a firm shall expel any partner in the firm unless a power to do so has been conferred by express agreement between the partners.

35. (1) Where no fixed term has been agreed for the duration of a partnership, it is deemed to be a partnership at will and any partner may terminate the partnership at any time by giving notice of his intention to all the other partners.

**Determi-
nation of
Partnership
by Will**

(2) Where the partnership has originally been constituted by a written partnership agreement, a notice in writing, signed by the partner giving it, shall be required for this purpose.

**Where
partnership
for term is
continued
over.
continuance
on old terms
presumed.**

36. (1) Where a partnership entered into for a fixed term or for a particular undertaking is continued after the term has expired or the undertaking is completed or terminated, and without any express new agreement, the rights and duties of the partners remain the same at completion or termination of the undertaking as they were at the expiration of the term or so far as is consistent with the characteristics of a partnership at will.

(2) A continuance of the partnership 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.

37. (1) Each partner shall be entitled to receive from the partnership—

- (a) true accounts of the business of the partnership; and
- (b) on request, full information of all other things affecting the partnership.

(2) A partner may direct that the accounts and other information referred to in subsection (1) be supplied by the partners to his legal representative or any other agent designated by him.

**Accountability
of partners
for private
profits**

38. (1) Every partner shall 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, firm name or business connection.

(2) This section also applies to transactions undertaken after a partnership has been dissolved by the death of a partner, and before the affairs of the deceased partner have been completely wound up, either by any surviving partner or by the representatives of the deceased partner.

**Duty of
partner not
to compete
with the firm.**

39. 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, the partner shall account for and pay over to the firm all profits made by him in that business.

40 (1) Subject to subsection (2), an assignment by any partner of his share in the partnership, either absolutely or by way of mortgage or redeemable charge, shall not, as against the other partners, entitle the assignee, during the continuance of the partnership, to--

**Rights of
assignee of
share in
partnership**

- (a) interfere in the management or administration of the partnership business or partnership affairs;
- (b) require any accounts of the partnership transactions; or
- (c) inspect the records and books of the partnership.

(2) An assignment referred to in subsection (1) entitles the assignee only to receive the share of profits to which the assigning partner would otherwise be

entitled, and the assignee is required to accept the account of profits agreed to by the partners.

(3) 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.

PART V-- DISSOLUTION OF PARTNERSHIP

**Dissolution
by illegality
of
partnership**

41. (1) Subject to any agreement between the partners, a partnership is dissolved-

**Dissolution
by
Expiration
or Notice**

(a) if entered into for a fixed term, by the expiration of that term;

(b) if entered into for a particular undertaking, by the completion or termination of that undertaking;

(c) if entered into for an undefined time or in accordance with section 34, continues after the fixed term has expired without any express new agreement, by any partner giving notice to the other or others of his intention to dissolve the partnership

**Dissolution
by the
Court**

(2) In the case of subsection 1(c), the partnership is dissolved as from the date mentioned in the notice as the date of dissolution, being a date after the date of receipt of the notice or, if no date is so mentioned, as from the date of the receipt of the notice.

**Dissolution
by
Death
bankruptcy,
or
charge.**

42 (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 assigns absolutely his share in the partnership or suffers his share of the partnership property to be mortgaged or charged under this Act for his separate debt.

43. 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 partners to carry it on in partnership.

44. (2) On application by a partner, the Court may order a dissolution of the partnership in any one or more of the following cases, namely-

- (a) When a partner is shown, to the satisfaction of the Court on an application made under any legislation dealing with mental disorder in Sierra Leone to be suffering from a mental disorder within the meaning of that Act;
- (b) When a partner, other than the partner applying becomes in any other way permanently incapable of performing his part of the partnership agreement;
- (c) When a partner, other than the partner applying has engaged in such conduct as, in the opinion of the Court, regard being had to the nature of the partnership business, is calculated to prejudicially affect the carrying on of the business;
- (d) When a partner, 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) When the partnership is likely to incur losses on a sustained basis thus making it unreasonable to require the partner to continue the partnership;
- (f) Whenever, in any case, circumstances have arisen which, in the opinion of the Court, render it just and equitable that the partnership be dissolved.

(2) In the case of an application for dissolution being made under paragraph (c) or (d) of subsection (1), the Court may refuse to make the order if it is satisfied that the partner making the application is responsible for the conduct or breach therein and the other partners do not wish the partnership to be dissolved.

45(1) Where a person deals with a firm after a change in the partners constituting the partnership, the person is entitled to treat all partners in the firm as constituted before the change as still being partners of the firm until he has notice of the change.

(2) An advertisement of the dissolution of the firm or a change in the partners thereof which is published in the *Gazette* and any daily newspaper circulated in Sierra Leone, shall be notice thereof to persons who are not engaged in any current or pending business of the firm as at the date of the dissolution or change so advertised.

46. On the dissolution of a partnership or on a person ceasing to be a partner of a firm, any partner may publicly notify the same and may require the other partner or partners to perform or join in carrying out all necessary and proper acts, if any, which cannot be done without his or their concurrence, arising from the dissolution or cessation.

47. (1) Subject to subsection (2), after 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

Apportionment of premium where partnership prematurely dissolved.

Rights of partners to notify dissolution

Continuing authority of partners for purposes of winding up

Apportionment of premium where partnership prematurely dissolved.

necessary to wind up the affairs of the partnership and to complete transactions which have commenced but remained unfinished at the time of dissolution, but not otherwise.

(2) Notwithstanding subsection (1), the firm is in no case bound by the acts of a partner who has become a bankrupt.

3) The provisions of subsection (2) shall not affect the liability of any person who has after the date of bankruptcy represented himself or knowingly allowed himself to be represented as a partner of the bankrupt.

48. On dissolution of a partnership, every partner is entitled, as against the other partners of 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 to them as partners to the firm; and for that purpose any partner or his representative may, on the dissolution of the partnership, apply to the court to wind up the business and the affairs of the firm.

Rights where partnership dissolved for fraud or misrepresentation.

49. 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 agreement 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 primarily due to the misconduct of the partner who paid the premium; or
- (b) the partnership has been dissolved by an agreement containing a provision which allows for all or part of the premium to be retained.

50. Where a partnership agreement is rescinded on the ground of the fraud or misrepresentation of the partners, each of the other partners who is entitled to rescind is, without prejudice to any other right, entitled to--

- (a) 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 that other partner for the purchase of a share in the partnership and for any capital contributed by that partner;
- (b) stand in the place of the creditors of the firm for any payments made by that other partner in respect of the partnership liabilities; and
- (c) to be indemnified by the person who has committed the fraud or made the misrepresentation against all the debts and liabilities of the firm.

51 (1) Subject to subsection (2), where any partner of a firm has ceased to be a partner, whether by death or otherwise, 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 representatives to—

Rights of outgoing partner in certain cases to share profits made after the dissolution

- a) 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
- (b) interest on the amount of his share of the partnership assets, at the rate of statutory interest that is paid on a judgement debt.

(2) Where, by the partnership agreement, an option is given to the surviving or continuing partners to purchase the interest of a deceased or outgoing partner, and that option is duly exercised, the outgoing partner or his estate, as the case may be, shall not be entitled to any further or other share of profits; but if any partner in exercising the option does not in all material respects comply with the terms thereof, he is liable to account under subsection (1).

Retiring or deceased partner's share to be a debt

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

53. In settling accounts between the partners after dissolution of partnership, the following rules shall, subject to any agreement to the contrary, be observed—

Rules for distribution of assets on final settlement of accounts.

- (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; and

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

MEMORANDUM OF OBJECTS AND REASONS

This Act seeks to put on a statutory footing the law on partnerships in Sierra Leone. Hitherto, there is no specific statute or legislation dealing with the law on partnerships. Therefore the law on partnership in Sierra Leone is almost exclusively governed by the common law and equitable principles and doctrines.

The Bill is divided into five (5) Parts with fifty-three sections.

Part 1 is the Preliminary and it contains a definition of terms used in the body of the Bill.

Part II deals with the nature of partnership and other related matters.

Part III deals with the relations of partners to persons dealing with them.

Part IV deals with the relations of partners to one another.

Part V deals with dissolution of partnership.