



# Partnership Act 1890

1890 CHAPTER 39 53 and 54 Vict

*Dissolution of Partnership, and its consequences*

## **44 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:
  - (1) In paying the debts and liabilities of the firm to persons who are not partners therein:
  - (2) In paying to each partner rateably what is due from the firm to him for advances as distinguished from capital:
  - (3) In paying to each partner rateably what is due from the firm to him in respect of capital:
  - (4) The ultimate residue, if any, shall be divided among the partners in the proportion in which profits are divisible.

**Changes to legislation:**

There are currently no known outstanding effects for the Partnership Act 1890, Section 44.