

Partnerships Dissolving

When two or more persons establish a partnership, they are acting in a “joint and several” relationship with each other and the partnership. Any actions taken by a partner is deemed to be done by all the partners and the partnership as a whole. In most partnerships the partners have an equal share, but the partners can in a Partnership Agreement, hold differing proportions of the partnership.

The partnerships agreement may also have details of the procedure if the partnership is dissolved.

When a partnership is dissolved there are two main considerations, the legal position of ownership and liabilities of the partners and the financial winding up of the partnership.

Legal

Changes and the dissolving of a partnership are published in local newspapers and all existing customers, suppliers and bankers etc are informed in writing of the dissolution.

The Inland Revenue (partnership office), customs (for VAT deregistration) and PAYE must all be contacted in writing.

Financial

A final set of accounts is prepared, detailing assets and liabilities. The final set of accounts is then used to apportion the monies, where applicable in proportion to each partners share.