



Isle of Man

Ellan Vannin

PARTNERSHIP (AMENDMENT) BILL 2012

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Explanatory Memorandum

1. This Bill, which is promoted by the Treasury, amends the Partnership Act 1909 (the “1909 Act”).
2. *Clause 1* names the Bill.
3. *Clause 2* provides for the resulting Act to be automatically repealed on the day after its promulgation. The amendments will already have been inserted into the 1909 Act as the resulting Act comes into operation on the date on which it is passed by virtue of the announcement of its Royal Assent to Tynwald.
4. *Clause 3* amends section 30 (duty of partners to render accounts) of the 1909 Act. It inserts a new subsection (2) which provides that the additional accounting requirements specified in section 48E (see *clause 4*) apply in respect of limited partnerships.
5. *Clause 4* inserts a new section 48E into the 1909 Act. Subsection (1) clarifies that the new section does not limit section 30 of the 1909 Act. Subsection (2) provides that reliable accounting records must be kept in respect of limited partnerships which correctly explain the transactions of the partnership, enable its financial position to be determined and allow financial statements to be prepared. Subsection (3) specifies what the accounting records must include. Subsection (4) provides that the financial statements must be approved by the general partners and include certain written statements and notes. Subsections (5) to (8) deal with the preservation, storage, and inspection of accounting records. If the requirements of section 48E are not complied with, each general partner of the limited partnership is guilty of an offence (subsections (9) and (10)).
6. It is not envisaged that the Bill will have any significant cost implications. The Bill is not expected to increase Government expenditure or to reduce the income of Government.
7. In the opinion of the member moving the Bill its provisions are compatible with the Convention rights within the meaning of the Human Rights Act 2001.



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1 **A BILL** to amend the Partnership Act 1909 in respect of the accounting
2 requirements for limited partnerships.

BE IT ENACTED by the Queen’s Most Excellent Majesty, by and with the advice and consent of the Council and Keys in Tynwald assembled, and by the authority of the same, as follows:—

3 **1 Short title**

4 The short title of this Act is the Partnership (Amendment) Act 2012.

5 **2 Automatic repeal**

6 (1) This Act is automatically repealed on the day after its promulgation.

7 (2) However, the repeal does not affect the continuing operation of any
8 amendments to enactments made by this Act.

9 **3 Section 30 amended**

10 (1) Section 30 of the Partnership Act 1909¹ (duty of partners to render
11 accounts) is amended as follows.

12 (2) At the end add —

13 “(2) The additional accounting requirements specified in section 48E
14 apply in respect of limited partnerships.”.

15 (3) Accordingly, the existing provision becomes subsection (1).

16 **4 New section 48E**

17 After section 48D (consequences of legal personality) of the Partnership Act
18 1909 insert —

19 **“48E Limited partnerships to keep accounting records**

20 | (1) This section does not limit section 30.

¹ VIII p.327

- 1 (2) Reliable accounting records must be kept in respect of a limited
2 partnership which —
- 3 (a) correctly explain the transactions of the partnership;
- 4 (b) enable the financial position of the partnership to be
5 determined with reasonable accuracy at any time; and
- 6 (c) allow financial statements to be prepared that give a true
7 and fair view of the state of affairs of the partnership.
- 8 (3) Invoices, contracts and any other information that the general
9 partners consider necessary or expedient must be retained to
10 ensure that the accounting records include —
- 11 (a) day to day entries of all sums of money received and
12 expended by the partnership and the matters in respect of
13 which the receipt and expenditure takes place;
- 14 (b) details of all sales, purchases and other transactions; and
- 15 (c) a record of the assets and liabilities of the partnership.
- 16 (4) When financial statements are prepared, they must —
- 17 (a) be approved by the general partners;
- 18 (b) include —
- 19 (i) a written statement recording the assets and
20 liabilities of the partnership on a specific date;
- 21 (ii) a written statement recording the receipts,
22 payments and other financial transactions
23 undertaken by the partnership for the period
24 ending on the date of the statement referred to in
25 sub-paragraph (i); and
- 26 (iii) such notes as are necessary for a reasonable
27 understanding of the statements referred to in sub-
28 paragraphs (i) and (ii).
- 29 (5) The accounting records must be preserved for not less than 6
30 years from the end of the financial period for the partnership to
31 which they relate.
- 32 (6) The accounting records must be kept at the limited partnership's
33 principal place of business in the Island or such other place as the
34 general partners think fit and must be available for inspection by
35 any partner during ordinary business hours without charge.
- 36 (7) If the accounting records are kept at a place outside of the Island,
37 copies must be sent to, and kept at, a place in the Island, and must
38 be available for inspection by any partner during ordinary
39 business hours without charge.
- 40 (8) The copies of the accounting records mentioned in subsection (7)
41 must be updated at intervals not exceeding every 6 months.

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- (9) If the requirements of this section are not complied with, each of the general partners is guilty of an offence.
- (10) A person guilty of an offence under this section is liable —
 - (a) on conviction on information, to custody for not more than 2 years, a fine, or both;
 - (b) on summary conviction, to custody for not more than 6 months, a fine not exceeding £5,000, or both.”.

IN THE KEYS

PARTNERSHIP (AMENDMENT) BILL 2012

A BILL to amend the Partnership Act 1909 in respect of the accounting requirements for limited partnerships.

Approved by the Council of Ministers
for introduction in the House of Keys.

MR HENDERSON

FEBRUARY 2012