

LAW OF PARTNERSHIP (1983). By Charles D. Drake. Sweet & Maxwell, London. Distributors: N.M. Tripathi Pvt. Ltd. Bombay. Pp. xxx+391. Price £10.50.

PARTNERSHIP AS a form of business organisation offers great advantages over 'sole-trade business' by enabling persons to combine their capital, labour, skill, as well as have a larger and more successful business than could possibly be contemplated by any of them as a sole trader. The fact that a partnership in England is not a separate legal entity distinct from its members, subjects a partnership firm to two great disadvantages, viz., (i) limitation as to its span of life; and (ii) unlimited liability of those who constitute it. A corporate form of business organisation not only overcomes these limitations, and provides a much longer life to the corporate body, but also combines with it the advantage of transferability of the investor's interest as well as a limited liability for him.

The irksome restriction on the maximum number of persons, who could constitute partnerships, particularly the professional ones, led to some recent legislative changes, allowing a relaxation on this restriction. Although the alternative of 'Limited Partnerships' has been available in England, since 1907 with a view to limiting the liability of its members, yet it has not been very popular. This is mainly due to the availability of yet another alternative in the form of a private company, which enjoys the benefits of a separate corporate personality. As the author of the book under review¹ observes, "The advantages of incorporation have induced many sole traders and partnerships to undergo the legal metamorphosis into the registered company which, in its private form, requires only two members."² A partnership however has the distinct advantage of being free from statutory control in the matter of its formation, running its affairs, besides dissolution and winding-up, which a company is subject to. It, therefore, continues to be a very popular form of business and professional association.

The book contains a topic-wise discussion of the law of partnership. A wide range of topics have been dealt with, the position in each topic being discussed from different angles. It consists of nine chapters and an appendix, the latter incorporating the full text of the Partnership Act 1890. Chapter 1 gives an "Introduction", wherein partnership and other forms of business organisations have been compared³ and a case made out for creation of "Incorporated Firm" with a limited liability, combining the plus points of both a partnership firm and an incorporated company.⁴ "Nature and

1. Charles D. Drake, *Law of Partnership* (1983).

2. *Id.* at 1.

3. *Id.* at 1-3.

4. *Id.* at 24-26.

Definition of Partnership” has been discussed in chapter 2. Chapters 3 and 4 deal with “Relations of partners to persons dealing with them” and the “relations of partners *inter-se*,” respectively. Chapter 5 titled “Dissolution of Partnership” discusses various kinds of dissolution⁵ as well as its effects and consequences.⁶ Rules for distribution of assets on final settlement of accounts have been explained with the help of worked examples.⁷ Reference to the remaining provisions of the Partnership Act, *viz.*, sections 45 to 50, has also been made in this chapter.⁸ Chapter 6 is devoted to “Procedure in Actions by and against Partners”, whereas chapter 7 is concerned with “Bankruptcy and Administration of Partnership Estates.” Taxation of income and capital are matters of great significance from the point of view of any business organisation. Under the title “Taxation of Partnership” the following topics have been discussed, namely, (i) partnership *versus* company—the tax aspects;⁹ (ii) taxation of partnership profits;¹⁰ (iii) capital and gains tax;¹¹ and (iv) capital transfer tax.¹² The principles in this chapter have been explained through many worked examples, which will prove greatly helpful to readers in understanding intricacies of the subject. Chapter 9 is concerned with the discussion of various aspects of “Limited Partnerships”.

The effect of various statutes on partnership law, particularly of the Companies Acts 1980 and 1981, Civil Liability (Contribution) Act 1978, Unfair Contract Terms Act 1977, Capital Gains Tax Act 1979, as well as the Civil Jurisdiction and Judgments Act 1982, has been noted at relevant places. Reference has also been made to certain provisions of the Indian Partnership Act 1932 and two U.S. statutes, *viz.*, Uniform Limited Partnership Act 1916 and Uniform Partnership Act 1946. Relevant and up-to-date case law has also been discussed to explain various principles.

The book combines treatment of the subject in lucid style and the provision of reliable and authentic material. It should prove to be of great utility to students, teachers and legal practitioners.

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5. *Id.* at 198-215.

6. *Id.* at 215-261.

7. *Id.* at 255-261.

8. *Id.* at 261-262.

9. *Id.* at 300-307.

10. *Id.* at 307-324.

11. *Id.* at 324-334.

12. *Id.* at 334-339.

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