

## Revision Summary Chapter 18

### Unincorporated business structures

- A sole proprietorship is a non-incorporated business created by a single person.
- A sole proprietor may keep the profits generated by the sole proprietorship, but he is also personally liable for the business' debts and this liability is unlimited.
- A partnership is 'the relation which subsists between persons carrying on a business in common with a view of profit'.
- There are three types of partnership: (i) ordinary partnerships; (ii) limited partnerships; and (iii) limited liability partnerships (discussed in Chapter 19).
- General partnerships do not have separate personality and their partners do not have limited liability. Their liability is unlimited.
- The Partnership Act 1890 implies a number of terms into the partnership contract, but these terms can be varied or excluded by the agreement itself.
- The partners are agents of the firm and of each other, meaning that each partner can bind the firm and his co-partners, provided that he acts within his authority. Partners can also be vicariously liable for the wrongful acts of their co-partners.