Change in the relation of the partnership:

1. Admission
   a. Purchase of interest from partnership
   b. Purchase of interest from partner
   c. Investment
2. Retirement

Scenarios regarding Admission and Retirement:

1. Asset Revaluation - before admitting/retiring a partner, the partnership must adjust first all assets needed to be revalued.
2. No Asset Revaluation (Silent)
   a. Purchase of Interest
      • Simple transfer of capital
      • Total Contributed Capital = Total Agreed Capital
   b. Purchase of Interest
      • Bonus method
      • Total Contributed Capital = Total Agreed Capital
   b. Retirement

Bonus Method:
1. Bonus to new partner - capital of new partner increases, capital of old partner decreases.
2. Bonus to old partner - capital of new partner decreases, capital of old partner increases.

Before Admission/Retirement:
1. Distribute any undistributed NI/NL.
2. Adjust any assets/liabilities needed to be revalued.

Loan Balances:
1. Admission - ignore
2. Retirement - only include to the retiring partner.