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Chapter-01
fundamentals of Partnership firms

Partnership
- min. 2, max. 50 [Acc. to partnership Act 1932
- Partnership deed

* In absence of Partnership deed following are not to charge:-
  1. Interest on capital
  2. Interest on drawing
  3. Partners loan @ 6%
  4. No salary
  5. No commission
  6. Equal share of Profit or loss.

P&L App. A/C

Particulars	₹	Particulars	₹
To Interest on Capital	xxx	~~By net Profit~~	xxx
To salary	xxx	By interest on drawing	xxx
To commission	xxx	By	
To Reserve	xxx		
To distribute profit to Partners A - xx B - xx	xxx		

Expenses
- Charge against Profit
- ~~changes~~ ~~App.~~ Appropriation of Profit

* Interest on capital
* Treatment of Drawing
  - Regural
    - Beg. / middle / End
      - monthly, quartly, half yearly
  - Irregural
* Salary (p.a)
* commission
  - before → $P \times \frac{Rate}{100}$
  - after → $P \times \frac{Rate}{100 + Rate}$

* Gaurantee of Profit
* Retrospective effect
* Past Adjustment

Capital A/c
- fixed
  - Capital / Current
- fluctuating
  - capital

Capital A/c

Particulars	x	y	Particulars	x	y
To IOD			By IOC		
To bal. c/d			By salary		
			By comm.		
			By dis. Profit		

Chapter - 01

Fundamentals of Partnership

* Indian Partnership Act 1932, section 4

* Partnership is the relation b/w persons who have agreed to share the profits of a business carried by all or any of them acting by all.

* The Persons who have entered into a partnership with one another individually are called Partners and collectively a firm. The name under which the business is carried is called firm name.

* Nature of Partnership]

(i) Partnership, from the legal viewpoint, is not a seperate legal entity from its partners.
It means, firm's debts can be paid from private assets of the partners, if the firm is not able to pay its liabilities.

(ii) Partnership is a seperate business entity from the accounting viewpoint.

* Feature or characteristics of partnership

(i) Two or more persons
(ii) Agreement
(iii) Lawful business
(iv) Business can be carried on [illegible] any of the [illegible] for all.

* min. Partner - 2 (Acc. to Indian Partner[illegible] Act 1932)

* maximum Partners - [illegible] (Acc. to company Act [illegible]4) Rule 10

* Partner[illegible] → is an important [illegible] document which defines relation-ship among [illegible].

Partnership Deed

Oral | written

Interest on Drawing

regular | irregular