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12.05.2020  
class - XII, Commerce, Sub - A/c  
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Dear Children

- Revise the chapter of non-profit organisations repeatedly. Do practice all the sums given in home work assignments.
- Arrange book by T.S. Grewal.
- Buy register, having at least 150 pages and copy all the notes and sums in the register maintaining tidiness.
- Submit the said register in my class when school re-opens.
- Write your name, class, roll no. and subject in the cover page of the register.

## Partnership

- Meaning —  
According to section 4 of the Partnership Act, 1932 partnership is the mutual relation to undertake a legal business, agreed to share profits of a business carried on by all or any of them acting for all.



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## Features: —

- ① At least 02 persons are required to form partnership, Maximum 50 persons. For banking business, the limit is 20.
- ② Partners must be above 18 yrs. of age. The minors can be admitted into the benefits of partnership by the common consent of all the partners for sharing profit.
- ③ Profit or loss will be shared in a certain ratio.
- ④ Registration of partnership is not compulsory.
- ⑤ Capital Contributions by each partner is not compulsory.
- ⑥ There must be an oral or written agreement among the partners to form partnership.
- ⑦ Partners liabilities are unlimited. Their personal properties may be liable to meet the third party debts.
- ⑧ Mutual agency — The partners mutually take part in daily routine work.

## Need of partnership: —

- ① To raise required Capital
- ② To share business risks.
- ③ To get professional advantage, managerial or technical skill of other people.



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Partnership deed —  
 It is a legal document of partnership for avoidance of conflict between the partners.  
 It contains —

- (a) Capital Contribution.
- (b) Profit sharing ratio
- (c) Interest on Capital
- (d) Interest on Loan
- (e) Partners Salary may be charged against profit or appropriation of profit.

9. The absence of partnership deed —

- (a) Profit equally
- (b) No Salary to partners.
- (c) No Interest on Capital
- (d) No Interest on drawings.
- (e) Interest on loan @ 6% P.A.

Profit & Loss Appropriation account —  
 Meaning: — It is prepared for the purpose of finding divisible profit payable to the partners.

Journal of P/L Appr. A/c

TO Int. on Cap	xxx	By P/L A/c	xxx
TO Int. on Loan	xxx	(of profit)	
TO Partners' Salary	xxx	By Int. on Drawings	xxx
TO Reserve	xxx		
TO P/L A/c (of loss)	xxx		
TO Partners' Cap. (div. profits)	xxx		
	xxx		xxx



