

Q No - 73. Describe the contents of partnership deed?

Ans

Partnership firm can be established with an agreement between the partners. This agreement may be written or oral. An oral agreement may be the cause of dispute in future. So, it is better to have a written agreement in order to avoid future conflicts. The written contract duly signed by the partners is known as partnership deed or agreement or articles of partnership. It is the written contract between partners. It contains the term and conditions of the partnership.

A partnership is a unique form of business in which partners work together to achieve common goals. Due to this feature of partnerships with each other. The documents which they do so are called partnership deed.

Partnership deed forms the basis of partnership. Partnership deed is a document containing all the matters according to which mutual rights, duties and liabilities of the partners in the conduct and management of the affairs of the firm are determined. Hence, it contains the term and conditions of the partnership. It is helpful in preventing and resolving disputes among the partners. A partnership deed can be altered to any time with the consent of all the partners.

## \* main contents of Partnership deed: —

- (i) Name of the firm and its address: The deed should contain of the firm and place of its business.
- (ii) Name of the address of Partner: The deed should also contain the names and address of all partners.
- (iii) Name of firm's Business: — The nature of business proposed to be carried and its limitation should be included in it.
- (iv) Duration of Partnership: — If the partnership is established for a fixed duration or for a fixed work, it should be stated in it.
- (v) Partner's capital: — The deed should contain the total amount of capital and contributions by each partner.
- (vi) Interest on capital: — The deed should contain the total amount of capital, decide the change interest on their capitals, the rate should be mentioned in the deed.
- (vii) Drawing and Interest of them: — The deed should contain the limit of drawings by every partner and the rate of interest to be charged.
- (viii) Division of Profit: — Profit and loss sharing ratio should be stated in the deed. If it is not mentioned partners are authorized to share equally according to partnership Act.

(ix) Partner's salary and commission: — If the partner has ~~some~~ ~~decide~~ decide to pay salary and commission to the partners, the deed should contain the amount of salary or commission payable to any partner for the services rendered to the business.

(x) Rights and duties of partners: — If any partner has some special rights and duties regarding to conduct of business or if the liability of any partner is limited to the capital invested by him, these facts should also be mentioned in it.

(xi) Death of Partner: — The procedure of calculating the amount due to a deceased partner and the method of its payment to his successors, should also be decided and stated in the deed.

(xii) Admission and Retirement of Partners

(xiii) Accounts and Audit

(xiv) Arbitration clause

(xv) Valuation of Goodwill

— 0 —