

## Partnership business

Business which is conducted legally by partners or one of them with a partnership agreement is called partnership business.

### Characteristics of partnership business:

**1. Voluntary association:**

Any person who has the right to enter into contracts may enter into a partnership with other persons.

**2. Mutual Agency:**

The mutual agency of partners means each partner has the power to bind the remaining partners to any contract within the apparent scope of the partnership's business.

**3. Limited life:**

The termination (dissolution) of a partnership may be caused by the withdrawal, retirement, insanity, death or bankruptcy of any one of the partners.

**4. Unlimited liability:**

Each partner may be held liable for all debts of the partnership. If the partnership can not pay its debts may satisfy their claims by attaching (seizing) the partners' personal assets.

### Division of partnership income or loss:

Common methods of dividing income are listed below.

**1. Net income or loss divided in a set ratio such as:**

- a. Equally
- b. Agreed ratio other than equal
- c. Ratio of partners' capital balances at the beginning of fiscal period.
- d. Ratio of average capital investment.

**A , capital**

Explanation	Taka	Explanation	taka
Loss on sales of non-cash assets	80000	Beginning balance	40000
		Balance C/D	40000
	<u>80000</u>		<u>80000</u>
Balance B/D	40000		

**B , capital**

Explanation	Taka	Explanation	taka
Loss on sales of non-cash assets	80000	Beginning balance	160000
Balance C/D	80000		
	<u>160000</u>		<u>160000</u>
		Balance B/D	80000

**C , capital**

Explanation	Taka	Explanation	taka
Loss on sales of non-cash assets	80000	Beginning balance	180000
Balance C/D	100000		
	<u>180000</u>		<u>180000</u>
		Balance B/D	100000

**Step:4:Distribution of A's loss among B and C partners.**

Date	Explanations	R .f	Debit taka	Credit tak
	B , capital	dr.	20000	
	C , capital	dr.	20000	
	Shared loss of A	cr.		40000
	To share A's loss among B and C partners			

**B , capital**

Explanation	Taka	Explanation	taka
Shared loss of A	20000	Ending balance	80000
Balance C/D	60000		
	<u>80000</u>		<u>80000</u>
		Balance B/D	60000

**C , capital**

Explanation	Taka	Explanation	taka
Shared loss of A	20000	Ending balance	100000
Balance C/D	80000		
	<u>100000</u>	Balance B/D	<u>100000</u>
			80000

**Step-5: Distribution of the remaining cash among partnership**

Date	Explanations	R .f	Debit taka	Credit tak
	B, capital dr.		60000	
	C , capital dr.		80000	
	Cash cr.			140000
	To record distribution of remaining cash among partners			