

Advantages/Benefits of Partnership deed

- (1) A written partnership deed plays important role in avoiding disputes and conflicts among the partners in future.
- (2) A written partnership deed can be used as an evidence in the court of law.
- (3) Facilitates smooth functioning of business by avoiding misunderstanding

Provisions Affecting Accounting Treatment

In the absence of a written partnership deed or if the deed is silent on certain matters, following provisions for the Indian Partnership Act, 1932 will be applicable:

Particulars	Treatment
1. Profit Sharing	In the absence of partnership deed or if deed is silent on profit sharing, in such a case profits will be shared equally by the partners.
2. Interest on capital	No Interest on capital is allowed to partners in the absence of partnership deed.

3. Interest on Loan	If any partner, apart from his share of capital, advances some amount to the partnership firm as a loan, he is entitled to interest on such amount at the rate of 6% p.a. Such interest will be paid to the partner whether there is profit or loss in the business. He is entitled for the full amount of interest on such loan.
4. Interest on Drawings	In the absence of partnership deed, no interest will be charged on the drawings made by the partners.
5. Salary/Remuneration to Partners	In the absence of partnership deed, no salary/remuneration will be paid to any partner whether his participation in the business is more than other partners.

Rights of partners

- Right to take part in management
- Right to inspect the books of accounts
- Right to share profits
- Right to be consulted about matters affecting the partnership business
- Right to retire

Duties of partners

- He should be faithful to other partners
- He should share the losses of the firm
- To attend his duties diligently
- He should not compete with the firm