

* Admission Of Partner

- Meaning of partnership

• partnership is one of important forms of business organisations. Partnership can be define as "A voluntary union or association of two or more persons who entre into an agreement, contribute centren capital, under take and manager, centrn law full business to earn profit."

- Meaning of admission of partner

• When a person is admitted as a partner into existing partnership firm such process is called as "admission of a partner." Admission of a new partner means reconstitution of the firm because with the admission of a partne the existing agreement come into end and a new agreement come into effect. the new partner or joining becomes labale for the liabilities of the firm and share the asset and Profit of the firm

• According to section 3 (1) of the indian partnership act 1932, a new partner can

be admitted as a partner in a firm with the consent of existing partner or in accordance with provision made in partnership deed.

- To manage and control large scale business additional capital or additional skill and labour are required. These all business needs are fulfilled and solved by admitting a new person as partner.
- On admission of a partner some important changes or adjustments are required to be made in the books of the firm. These changes or adjustments generally relate to the following items.

① Capital contribution by new partner

② Changes in profit sharing ratio of old partners.

Vine ③ Treatment of goodwill

④ Revaluation of assets and liabilities.

⑤ Transfer of general reserve and accumulated profit or loss to capital account of old partners.

⑥ Readjustment of capitals of a partner's if they.