

A partnership account refers to the financial record-keeping for a business owned by two or more individuals. There are two main types: general partnerships, where partners share equal responsibility and liability, and limited partnerships, where some partners have limited liability. Partnership deeds outline the terms of the partnership, including profit-sharing, decision-making, and responsibilities. They typically include details on capital contributions, profit distribution, and dispute resolution mechanisms. Account requirements for a partnership include a capital account for each partner, tracking investments and withdrawals. Profit and loss sharing accounts show how profits are distributed, while a drawing account records any money taken out by partners for personal use. Terminologies in partnership accounting include: Capital Account: Tracks each partner's investment. Drawings: Represents withdrawals made by partners. Profit and Loss Sharing Ratio: Specifies how profits are divided among partners. Current Account: Records temporary transactions like drawings and profit-sharing. Accurate partnership accounting ensures transparency and helps partners make informed financial decisions.