Deed of partnership	A written document that sets out the business relationship between members of a partnership.
Limited Partner	A member of a partnership who has unlimited liability. Such partners invest money and have a share of the profit, but play no part in running the firm.
Partnership	Where two or more people own a business together with a view to making a profit.
Sleeping partner	A member of a partnership who invests money in the firm but plays no part in its running.

What is a partnership?
A partnership exists when two or more people own a business together with a view to making a profit.
Most partners have unlimited liability, therefore if the business fails they can lose all their personal wealth.
A maximum of 20 partners is allowed in general partnership.
Each partner is a part owner in the business and has the right to take part in running it.
Sleeping partners of limited partners may invest in the business but take no part in its running.

Why form a partnership?
To finance expansion of a sole trader's business. A sole trader's own resources will be limited.
To obtain capital for a business
To get someone to share the work and responsibility of running a business
To add new skills to the business.

Deed of Partnership
This is a very important document and is the contract that sets out the terms of the relationship between the partners.

Benefits of working as partners
More start up capital
Shared costs
Shared decision making
Wider range of skills

More ideas.

Drawbacks of working as partners
Unlimited liability
Have to share profits
Limited capital
One partners actions can ruin the business
No continuity / stability
Hard to get money back

Activities

1. Unlimited liability is more of a risk to partners than it is to sole traders because if the business fails, the partners could lose all of their personal wealth, not just the money invested in the business, even if the problem was not to do with them. If someone was owed money by the business, the partnership can be sued or just one partner could be sued. If that partners had to pay the debt, he or she would have to get the other partner to pay their share of the money owed.

2. The reason that there is a legal limit on the number of partners in a partnership is because if there are to many partners it gets out of hand, and it becomes hard to keep track.

3. See separate sheet

4. We don't believe this statement to be very true at all because, we would assume that if you start a business with someone, you must have a fairly good relationship with them, but that doesn't mean to say that in the future the relationship will be as good, and it doesn't mean one of the partners will always want to work with the other.

CASE STUDY Needlecraft

1. It was important that Mary and Tracy knew each other well before they formed their partnership because they were already able to establish a good working relationship while they were at college, and knew each others work ethic and attitudes and specialised skills. If they had not known each other as well there would have been more of a risk.
2. Partners can often support each other by bringing in extra capital, 2 people can raise more money than just one. The

costs are shared. Problems, management and responsibility are all share, this reduces the strain on the partners and may allow them more time for leisure. It may be easier to make decisions, because 'Two heads are better than one'.

3. the different strengths that Tracy could bring to the business would be a new skill, this would allow the business to expand and possibly make more profit. Tracy could also bring in new ideas that incorporate both hers and Mary's skills
4. Tracy may have concerns about going into partnership with Mary because she would have unlimited liability and stand to lose all the wealth, her house her car, etc, going into a business is a big risk, and Tracy may not want to take it.

CASE STUDY John Lewis Partnership

1. John Lewis is different from other companies because it is the largest partnership in the world, and it gives every partner the opportunity to discuss any concerns he or she may have and is entitled to have any questions about how the company is run answered.
2. John Lewis a regular journal called 'The Gazette which gives partners details of how well the shops are doing each week.
3. The benefits of John Lewis having a loyal workforce are staff will feel safe in their jobs and feel no need to look for a new job, they will then become more knowledgeable about how the company is run.
4. This could be because they could feel pressurised into staying with the company even if they are unhappy working there, they may also find it hard to leave if they are involved directly within a partnership.
5. The traditional relationship is still more popular everywhere else because John Lewis is a very big risk and many company's may not feel safe allowing there employees partnership.