

Partnership

Assessment Task

How a partnership works (Individual activity) (LO4 AS3)

Study the advantages and disadvantages of a partnership below. Write a paragraph to explain how a partnership works. Your paragraph should contain at least five facts about a partnership.

[5 marks]

Advantages of a partnership	Disadvantages of a partnership
There are no formal requirements for the creation or running of a partnership.	There is no limited liability, so all partners are legally liable for the assets and debts of a partnership.
Between 2 and 20 partners share the contribution of time, work and skills to the business.	The partnership has a limited life: if one partner dies, the partnership is dissolved.
The ability to raise funds increases when more partners join.	A new agreement needs to be signed every time a new partner joins.
	Disagreements can occur because decisions are shared.

Self-assessment checklist

Criteria	Yes	No
I studied the advantages and disadvantages of a partnership.		
I wrote a paragraph containing at least five facts about a partnership.		
I understand how a partnership works.		
I appreciate that good teamwork is required to run a successful partnership.		
I understand that partners should believe in sound business principles and have respect for one another.		