

PARTNERSHIP

This is a form of business organization made up of two to twenty persons who contribute money to establish and own a business with the aim of making profit.

TYPES OF PARTNERSHIP BUSINESS

1. Unlimited or Ordinary partnership: partners are jointly responsible for the debt and profit of the business
2. Limited partnership : all partners do not take equal part in profit or loss of the business equally that is the liability is limited to the amount of capital contributed by each partner

SOURCE OF CAPITAL

1. Personal contribution from partners
2. Loans and overdraft
3. Trade credit undistributed profit
4. Admission of new partners

FORMATION OF PARTNERSHIP

Partnership is formed by partners who have agreed to establish a business. Usually this agreement is written to avoid misunderstanding in the future. The written document is called DEED of partnership

Deed of partnership is the agreement rules and regulations guiding the members in a partnership business. These agreement include

1. The names of the partners
2. The name of the firm the rights and duties of the partners
3. The signatories to the cheque the sharing of profit
4. The objectives of a firm
5. The circumstances which shall dissolve the business and so on

TYPES OF PARTNERS

1. Active partners: an active partner takes active part in the management and administration of a partnership business. He takes part in the day- to – day running of the business.
2. Sleeping or dominant partner: this partner does not take part in managing or organizing the business but takes part in contributing capital and take part in the profit and loss

3. Nominal or passive partner: this partner contributes his name to the formation of the business. He neither contributes capital nor take part in managing the firm but partake in the profit of the business
4. Limited partners : he contributes capital but does not take part in the running of the business
5. General partner: a general partner is one who has agreed to be responsible for the success or failure of the partnership business

ASSIGNMENT

Enumerate five (5) merits and five (5) demerits of a partnership business