

South Tuen Mun Government Secondary School
S3 Business, Accounting and Financial Studies (BAFS)
Partnership #4

A partnership is an enterprise owned by at least _____ partners. _____ partnerships such as legal firms and accounting firms often have many partners. Most partnerships provide professional services such as medical, _____ and legal services.

Types of partners

Partners are commonly classified into the following three types:

Limited partner

- Has _____ liability, i.e. his liability is limited to his _____ in the business.
- He invests _____ in the business.
- He does not take part in _____ the business.

General partner

- Has _____ liability.
- He invests money in the _____.
- He is involved in the _____ and _____ of the business.

Nominal partner

- Is not the _____ of the firm. He does not invest in the business.
- He is invited to _____ the partnership because he has a _____ or _____ that the business requires.
- He usually works as a _____ at the firm but does not take part in running the business.
- He does not share in the _____ of the partnership but may be paid a _____ by the partnership.
- He is held _____ to third parties for the acts of the partnership.

Fill in the blanks with the words provided below. Each word is used only ONCE.

unlimited	limited	consultant	reputation	money
owner	profits	investment	running	join
liable	management	expertise	planning	fee

Characteristics of a partnership

1. Number of partners

- There _____ be at least two partners.
- No _____ partner may be _____ into the partnership without the consent of all the _____ partners.
- _____ of all the partners is required before the firm can _____ a new partner.

2. Unlimited liability

- A partnership is not a _____ entity.
- This means the firm has no separate legal _____ apart from its _____.
- If the business _____, the general partners will be _____ liable for all the _____.

3. Small scale of business

- Since the sources of _____ available to a partnership are quite _____, the scale of the _____ is usually _____.

4. Bound by the decisions made by others

- All partners are legally _____ by the decisions made in the _____ of the firm by any one of the _____ partners and are responsible for the _____ of those decisions.

Fill in the blanks with the words provided below. Each word is used only ONCE.

legal	capital	name	new	business
debts	small	existence	limited	admitted
approval	fails	existing	bound	Partners
consequences	must	accept	personally	general

1. Easy to set up

- Partners can start the business after signing a partnership _____ and obtaining a Business _____ Certification.

2. More sources of capital

- When compared with a sole proprietorship, more _____ is available as there are more _____ in a partnership. This helps the business _____.

3. Division of labour

- Each partner can _____ specialized _____ and _____ to the business. Division of labour can help the business run more _____.

4. Easier to attract employees

- Given its small scale, a partnership can more easily attract _____ as they may have a better chance of _____, i.e. senior _____. Sometimes, _____ employees may become partners.

5. Lower profits tax rate

- The profits tax rate for a partnership was only 15%, compared with 16.5% for a _____ company.

6. Share business risk

- The business risk is _____ by several partners.

Fill in the blanks with the words provided below. Each word is used only ONCE.

knowledge	develop	employees	owners	efficiently
borne	partner	agreement	ability	capable
capital	promotion	limited	contribute	registration

Dictation:

1.

2.

3.

4.

5.

6.

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Disdvantages of partnership #6

1. Unlimited liability

- All _____ partners have unlimited liability.
- Only _____ partners have limited liability.
- However, there must be at least _____ general partner in a partnership.

2. No separate legal existence

- A partnership has no _____ legal existence apart from its _____.
- Its future may be _____ by their _____ or _____.
- A partnership would _____ if a general partner _____, dies or goes _____.

3. Lower operational efficiency

- Since _____ made by a partnership should be agreed to by _____ of the partners, there may be less _____ and _____ in decision-_____.
- This may adversely affect the _____ of the business.

4. Bound by the decisions of others

- All _____ are bound by the decisions made by any one of the general partners.
- Therefore, a _____ decision made by one general partner will affect the whole _____.

Fill in the blanks with the words provided below. Each word is used only ONCE.

threatened	operation	separate	withdraws	flexibility
decisions	general	poor	death	one
illness	partners	limited	business	owners
poor	dissolve	making	bankrupt	efficiency

Dictation:

1.

2.

3.

4.