





Techam INC: Managing Partnerships And Climate Protection

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Chapter 26 Section 2
Think of a partnership
like a roommate...you
sometimes are only as
good as your contract
is.

Partnership Agreement

The terms and conditions that the partners agree on to guide them in managing the partnership.

"Strong fences good neighbors make."

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Form and Content of the Partnership Agreement

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Need not be in writing unless required by the
Statute of Frauds

If partnership is to last longer than one
year, agreement must be in writing.

If partners do not agree on specific length,
their agreement need not be in writing.



Types of Partnerships

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Partnerships may be classified according to their purpose and according to the extent of the liability of their partners

Meaning...how much each partner wants to invest or risk in the business.

1) Classification by Purpose

1) Trading Partnership:

Buys and sells goods and services
commercially

2) Non-trading partnership provides
professional and noncommercial assistance,
such as legal, medical or accounting advice

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2) Classification by Extent of Liability

Classified by extent of the potential liability of partners...partnerships are either general or limited

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3) General Partners

General Partnership: All partners exercise MANAGERIAL control over the firm.

Silent Partner may be known to public as partner but takes no active part in MANAGEMENT

Secret Partner is not known to public yet participates in MANAGEMENT.

Dormant partner is neither known to public as a partner nor active in MANAGEMENT

Nominal Partners are not truly partners...for example, parents become nominal partners to assist children who have taken over family business

Limited Partners

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Limited partnership, at least one partner must be a general partner, with unlimited liability.

Limited partner's liability for firm debts and losses is limited to the amount of capital the partner invested

