**Business Organisations**

*Make sure you use the information in the blurb in your answer.*

Aurelie and Nadine set up the A and N Partnership ten years ago. It specializes in handmade shoes and boots. The business now employs around 20 people. Demand for these products is increasing rapidly. The partners need to invest much more capital in the business but they need to avoid a lot of risk as they both have families dependent on the income made from the business. Their main competitor is ShoeWorks plc, which has a much larger market share than A and N can can afford extensive advertising.

1. What is meant by ‘partnership’? (2 marks)
2. Identify two benefits to Aurelie and Nadine of the partnership legal structure. (2 marks)
3. Identify and explain two possible benefits to ShoeWorks plc of being a public limited company. (4 marks)
4. Identify and explain two drawbacks of the partnership form legal structure to Aurelie and Nadine. (6 marks)
5. If the A and N partnership business continues, recommend whether a private limited company is a suitable form of legal structure for this business. Justify your answer by considering the advantages and disadvantages of a private limited company. (6 marks)