

Meaning of LLP

The limited liability Partnership Act, 2008, is a combination of the Indian Partnership Act, 1932 and the Companies Act, 2013. It is a body corporate (association of two or more persons) brought into existence by fulfilling legal formalities given in the Act, for carrying on lawful business with a profit motive having separate legal existence and perpetual succession. Limited liability Partnership also includes the features of Partnership. But in an LLP one partner is not responsible or liable for another partner's misconduct, it is an important difference from that of a unlimited partnership.

Limited liability Partnership is managed as per the LLP Agreement, however in the absence of such agreement the LLP would be governed by the framework provided in Schedule 1 of limited liability Partnership Act 2008. So we can say that LLP combines the advantages of both the Company and Partnership into a single form of organisation.

Features of LLP →

1) Body corporate ⇒ Just like a company, LLP is also body corporate, which means it has its own existence as compared to partnership. LLP and its partners are distinct entity in the eyes of law.

2) Formation ⇒ Any two or more persons, associated for carrying on a lawful business with a view to profit, may be subscribing their names to an incorporation document & filing the same with the Registrar.

3) Separate legal entity ⇒ An LLP exists as a separate legal entity. Both LLP and person, who own it, are separate entities and both functions separately.

4) Perpetual Succession ⇒ An incorporated LLP has perpetual succession. If any change in the partners of the LLP, the LLP will be a same entity with the same privileges, possession.

Difference between Partnership, Company & LLP

	Partnership	Company	limited liability Partnership
Regulating Act	Indian Partnership Act, 1932	Indian Companies Act, 2013	limited liability Partnership Act, 2008.
Registration	Optional	Registration must with the Registrar of Companies	Registration must with the Registrar of LLP.
Creation	Creation through Contract	Creation by law	Creation by law.
Separate legal Entity	No separate legal Entity	Separate legal Entity	Separate legal Entity
Perpetual Succession	No perpetual Succession	Perpetual Succession. No Effect of Entry or Quitance of Shareholders on Succession	Perpetual Succession No Effect of Entry or Quitance of partners on Succession.

Common Seal	No Common Seal	Common Seal Showing Company's Signatures	Common Seal Showing LLP's Signatures
Main Document	Partnership deed	Memorandum of Association and Articles of Association	LLP Agreement
Number of Members	<p>General Business Minimum :- 02 Maximum :- 50</p> <p>Banking Business Minimum :- 02 Maximum :- 10</p>	<p>Private Company Minimum :- 02 Maximum :- 200</p> <p>Public Company Minimum :- 07 Maximum :- No limit</p>	<p>Minimum :- 02 Maximum :- No limit</p>
Liability	The partners have unlimited liability	Liability is limited to the value of shares	The liability of partners is limited to the investment in LLP made
Agency Relationship	Every partners is an agent of the firm and other partners.	Directors are the Company's agents, not of the members.	Every partners works like an agent of LLP, not of the other partners.