Academic year: 2020-21

EXTENSION LECTURER: M RAJVEER,

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Name of the Topic: -" LIMITED LIABILITY PARTNERSHIP

Conducted on15th Feb 2021 Number of Students attended: 30

Extension Lecture to B.Com I year Students.

He was explained the meaning, importance and merits & demerits in detail

An Introduction to Limited Liability Partnership

Any kind of business partnership form is prone to suffer from unlimited liability. The liabilities of the partners involved in the business tend to extend to their personal assets. And this, in turn, makes the partnerships undesirable for many entrepreneurs. However, there exists a solution for this kind of issue which is known as limited liability partnerships, which is referred to as the LLPS full form. Let us discuss LLP and Private Limited and how to change from LLP to Private Limited Company.

LLPs are actually very common, and it is not like one needs to be an accountant or a lawyer to actually grasp the meaning behind it. LLPs are very common due to the fact that it deals with limited liabilities. This means a sort of business partnership where all the liabilities a person has been restricted to the money he/she invests only. This means that in case the person is unable to get profitable returns, creditors cannot seize their personal assets.

Limited Liability Partnerships

Partners of the partnership firms possess unlimited liability for their total debts and legal consequences. In this, their assets are liable to get attached to meet the debts and liabilities of the firm. However, the LLP formation solved this issue.

LLPS have all the primary features of a partnership firm, except that of the unlimited liability of the partners involved and same legal entity status. Also, llps include legal existence and the identities are separate from their partners.

LLP Meaning

The Limited Liability Partnership Act was passed by the Parliament of India in the year 2008 for governing the LLP businesses in the country. The Section 2 of this law states that the LLP is a type of partnership which is registered under this act. Also, the LLP agreement refers to the written agreement between either the LLP partners or the LLP itself and its partners. This agreement tends to define the duties, liabilities, rights and powers of the partners in the LLP.

Since this Limited Liability Partnership Act typically governs the LLPs in India, the Indian Partnership Act, 1932 provisions are not applicable to the Limited Liability Partnerships. They are only applicable to the traditional partnership businesses.

Nature of Limited Liability Partnership

The Limited Liability Partnership consists of the features mentioned below:

1. Distinct Legal Entity

The Limited Liability Partnerships, unlike the traditional partnership firms, are considered as separate legal entities. LLPs may own assets and incur the liabilities in their names. Also, they can enter into the contracts and can sue and be sued in their names.

2. Limited Liability of the Partners Involved

The liabilities of the partners in an LLP are limited and separate. Their personal assets are not liable to the attachment if the LLP is suffering or winding up legal consequences of debt or repayments.

However, the liability of the partners could become unlimited in certain offensive cases like frauds, illegal and wrongful acts, or commission of offences.

3. Profit Sharing

All the partners of the Limited Liability Partnership would share business profit similar to the partners of the traditional firms. However, they are free to decide the profit ratios amongst themselves.

4.Partners of Limited Liability Partnerships

The partners of the LLPs can be either body corporations or individuals. Also, an individual cannot be a partner in an LLP in case he or she is insolvent or does not have a sound mind.

The LLPs should have at least two partners during all the times. Furthermore, the number of the partners that can be involved is unlimited, whereas in the regular partnership firms the partners are restricted to a number of 50 people. If, in case, the number of LLP partners get less than two and if the sole partner carries the business for over six months, then under these circumstances, their liability towards the business's firm would be unlimited.


EXTENSION
Lecture on
"Limited Liabilities"
By J.RAJVEER
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