

# A comparison of the key features of Partnerships and Limited Liability Partnerships

Corporate & Commercial

	<b>Partnership</b>	<b>Limited Liability Partnership ("LLP")</b>
<b>Legal personality</b>	A general partnership <b>does not</b> have a legal personality separate from its partners. It cannot own assets in its own right, nor can it grant security over them.	An LLP is considered separate from its owners (otherwise known as members). It can hold assets in its own right and grant charges over them. It can also enter into contracts in its own right, and can sue and be sued in relation to those contracts.
<b>Liability</b>	Partners are jointly liable for the debts and obligations of the business. This means that they are jointly and severally liable for the wrongful acts or omissions of their fellow partners.	In an LLP, the liabilities and debts belong to the LLP, not to the individual members. The members of the LLP have financial exposure only to the extent of their interest in the LLP.
<b>Separation between management and ownership</b>	The default position is that every partner has a right to participate in the management of a partnership and participate equally in the partnership assets and profits.	In an LLP, the default position is the same as in a general partnership.
<b>Formation formalities and filing requirements</b>	No legal formalities are required to set up a partnership and it is not necessary to register a partnership with Companies House. Partners will however usually regulate their affairs by entering into a formal partnership agreement.	A specific statutory procedure must be followed into to incorporate an LLP. This includes registering certain documents with Companies House.

<p><b>Constitutional documents</b></p>	<p>There is no need for a partnership to adopt constitutional documents. It is advisable however to set out each partner's obligations and responsibilities in a formal partnership agreement.</p>	<p>There is no need for an LLP to adopt constitutional documents. The members are not required to enter into a formal agreement to regulate the conduct of the business and their relationship as members. Although in practice most LLPs will do so in order that the position between members is clear.</p>
<p><b>Ongoing administration and filing requirements</b></p>	<p>A partnership is not required to file accounts or other documents with Companies House.</p>	<p>LLPs are subject to ongoing filing and disclosure obligations. This includes but is not limited to filing accounts and notifying Companies House of any change of members.</p>

*Please note that the information contained in this fact sheet does not constitute legal advice. This fact sheet is not intended to be a full summary of the law and advice should be sought on individual situations. All statements of law are applicable to the laws of England and Wales only.*