Garba Jafiyada Tolulope

16/SMS02/025

ACC 301.

Benefits of converting a limited liability company to a partnership.

1. Members of a partnership have more say in managing it's affairs unlike a limited liability company.

2. Decision making is faster.

3.It is easier to change the legal structure later should circumstances change.

4.It is less formal and has fewer obligations as well as publicity formalities:

 The accounting process is generally simpler for partnerships than for limited companies. The partnership business does not need to complete a Corporation Tax Return, but you’ll still need to keep records of income and expenses. A partnership tax return must be submitted to HMRC and each partner will need to file their own self assessment tax return including details of their profits from the partnership (as well as any other income).

Unlike a limited company, you don’t need to complete a confirmation statement and the plethora of other possible Companies House forms that a limited company may need to submit will never be required for the partnership. There are also fewer records to maintain: in particular, a business partnership does not need to maintain a set of statutory books like a limited company has to.

Unless a formal partnership agreement has been drawn up, a partnership business can easily be dissolved at any time: this gives each partner the freedom to choose to leave if they wish to.

5.Ownership and control are combined:

 In a limited company, ownership and day to day management of the business is split between shareholders and directors (although they’re often the same people). That can mean that directors are constrained by shareholder preferences in pursuing what they see as the best interests of the business.

By contrast, in a business partnership, the partners both own and control the business. As long as the partners can agree how to operate and drive forward the partnership, they’re free to pursue that without interference from any shareholders. This can make a partnership business potentially more flexible than a limited company, with the ability to adapt more quickly to changing circumstances.