



Historical Analysis of the Legal Framework on Partnership Organizations in Nigeria and Innovations Introduced by Companies and Allied Matters Act 2020

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Abstract

The Companies and Allied Matters Act (CAMA) 2020 introduced two new forms of partnerships to the entire territory of the Federal Republic of Nigeria to wit: The Limited Liability Partnership (LLP) and the Limited Partnership (LP). Previously, there was only one mode of Partnership business in Nigeria, that is, the General Partnership registrable as a Business Name which was regulated by the Partnership Act of 1890 and the Companies and Allied Matters Act 1990. The Partnership Law 2003 (as amended) (Lagos) however had taken steps to introduce Limited Partnerships and Limited Liability Partnerships within its jurisdiction. This was not applicable to every part of the country. However, this innovation of the CAMA 2020, combines the organizational flexibility and tax status of a partnership with the limited liability available for members of a company. This mixture is what results in the novel Limited Partnerships as well as the Limited Liability Partnership. This has led to a lot of flexibility and protection for investors. This paper attempted a comparative examination of Partnership organizations under the CAMA 1990, Partnership Law of Lagos State and CAMA 2020. The paper did so by tracing the historical development of the partnership organisation by showing its structure under the CAMA 1990 and comparing same with CAMA 2020. This paper posited that the innovations of the CAMA on Partnership Businesses in Nigeria has led to a more structured and attractive business environment, especially for small and medium-sized enterprises (SMEs). It is the aim of this paper to show that the CAMA 2020 has brought about organisational flexibility, separate juristic personality and limited liability among other advantages in partnership business organisations. In achieving this aim, this paper adopted a doctrinal approach by using both Primary Sources of Laws (that is, legislations and case laws) as well as Secondary Sources of Laws (that is Articles). This paper finds that although the Partnership Law 2003 (As Amended) (Lagos) had introduced Limited Partnerships and Limited Liability Partnerships to the Nigerian legal jurisprudence, this had a limited impact and territorial application. The paper further finds that the CAMA 2020, being a federal legislation has introduced Limited Partnerships and Limited Liability Partnerships to the whole territory of Nigeria. More so, the partnership organisations introduced under the CAMA 2020 is far more expansive than what is obtainable under the Partnership Law 2003 (As Amended) (Lagos)

Keywords: Partnership, Historical Developments, Limited Liability, Innovation

INTRODUCTION

Partnership is the relationship which subsists between persons carrying on a business in common with the aim of making profit.¹ A partnership is a formal arrangement by two or more parties to manage and operate a business and share its profits. Any relationship that must qualify as a partnership must carry on its business with the intention of making profit. In any case where profit making is not intended such business will not be regarded as a partnership. In the case of *Ugorji v Uzoukwu*² a partnership established for charitable purposes was disregarded as a partnership because it lacked the element of profit making.³ In a general partnership business, often registered as a business name, all partners share liabilities and profits equally. Whereas, in corporate organisations, that is, companies, partners⁴ may have limited liability.⁵ In *Alade v Alic (Nig.) Ltd*⁶ the Supreme Court held that a “partnership business is a voluntary association of two or more persons who jointly own or carry the business”.

Prior to the enactment of the CAMA 2020, partnerships in Nigeria were regulated by the Partnership Act of 1890 (P.A 1890) Companies and Allied Matters Act 1990. The Companies and Allied Matters Act (CAMA 2020) was promulgated by the National Assembly and has been described as ‘innovative’, ‘dynamic’ among others. CAMA 2020 introduced new and radical modes of Business Organizations in Nigeria. The existence of a company with a single membership⁷ and single directorship⁸, although previously unheard of in the Nigerian corporate sphere has now been made possible by the CAMA 2020. The radical wind blew over and also affected Partnerships as a mode of Business Organization. The CAMA 2020 has introduced distinct forms of Partnership: Limited Partnerships and Limited Liability Partnerships.

The scope and nature of business enterprise in Nigeria is now set to experience new dynamism with the creation of Limited Partnerships (LPs) and Limited Liability Partnerships (LLPs) under the Companies and Allied Matters Act 2020. The innovative provisions about LPs and LLPs are that the liability of a partner in a partnership organisation can now be limited. Under CAMA 1990, the liability of partners was unlimited but the status quo has now changed to be limited. The CAMA 2020 has also made provisions for a designated partners as well as foreign limited liability partnerships which may be exempted from the process of registrations.

The need for a more dynamic form of partnerships in Nigeria to address the increase in litigation resulting in personal liability by partners and the consequent threat to partnership entities and their partners has necessitated the introduction of a form of partnership that would provide a limitation of liability analogous to that enjoyed by directors of a limited liability company.⁹

This is timely and important especially for individuals and groups providing professional services. In the same vein, the desire to protect investors and keep the trend of Limited Liability Partnerships in growing economies around Nigeria encouraged the federal government to push for the creation of limited liability partnerships as a business entity.¹⁰

¹ Partnership Act, 1890, Section 1.

²(1972) JELR 37933 (SC).

³ O.B Akinola, *Corporate Law Practice* (3rd Edition, Malthouse Law Books, 2017).

⁴ Partners in corporate organisations are known as Directors.

⁵ O Adebayo, ‘Registration of Business Partnerships in Nigeria under CAMA 2020’ (*MondaqArticles*, 20 December, 2021) <<https://www.mondaq.com/nigeria/corporate-and-company-law/1142692/registration-of-limited-partnerships-in-nigeria-under-cama-2020>> accessed on 6 June, 2025.

⁶(2010) 19 NWLR (Pt.126) 111 at pg.143.

⁷ Companies and Allied Matters Act 2020, Section 18(2); 105(3).

⁸ *Ibid*, Section 271.

⁹ Chaman Law Firm Team, “Compelling Reasons to confidently register a Limited Liability Partnership under the new CAMA 2020” (*ChamanLawFirm*, September 28, 2024) <<https://chamanlawfirm.com/why-you-need-to-register-a-limited-liability/>> accessed June 10 2025.

¹⁰ *Ibid*.

HISTORICAL DEVELOPMENT OF PARTNERSHIP REGISTRATION UNDER THE NIGERIAN LEGAL FRAMEWORK

The Companies and Allied Matters Act 1990¹¹ provided for Business Name Registrations¹² under Part B of its provisions. However, neither Limited Partnerships (LPs) nor Limited Liability Partnerships (LLPs) were provided for under the CAMA 1990. These were regulated by the Partnership Act 1890 as well as the Partnership Law 2003 (as amended) (Lagos)¹³.

The CAMA 1990 provided only for a general partnership which could be registered as a Business Name. The Partnership Law 2003 (as amended) (Lagos), however under Part 2¹⁴ and Part 3¹⁵ provided for: Limited Partnerships and Limited Liability Partnerships respectively¹⁶.

The Partnership Law 2003 (as amended) (Lagos) was enacted by the House of Assembly, Lagos State and as such, had a limited territorial jurisdiction to Lagos. As such, the existence of LPs and LLPs was not applicable nationwide but was restricted only to Lagos State.

Limited Liability Partnerships (LLPS) under the Partnership Law 2003 (as amended) (Lagos)

This was also provided for under Part 3 of the Partnership Law 2003 (as amended) (Lagos)¹⁷. To register an LLP, a statement of compliance must be submitted by the solicitor involved in the formation of the LLP. The registrar of Limited Partnership is also responsible for the registration, supervision and dissolution of LLP¹⁸. The Registrar may refuse to register an LLP¹⁹ if:

- i. The Partnership is identical with the name or nearly resembles any name of a partnership already registered under this Law as to mislead the public.
- ii. In the opinion of the Registrar is capable of misleading as to the nature or extent of its activities or is undesirable, offensive or otherwise contrary to public policy or
- iii. Violates any other provisions contained in any statute

Under the Partnership Law 2003 (as amended) (Lagos), a Limited Partnership may with the consent of the majority of partners be converted to a Limited Liability Partnership. LLPs had an implied juristic personality under the Partnership Law 2003 (as amended) (Lagos) in that the Law stated that LLPs could sue and be sued in its name²⁰. The Partnership Law further stipulates that only legal practitioners and chartered secretaries can register an LLP²¹.

¹¹ Cap C20 LFN 2004.

¹² Business Name refers to the name and style under which a business is carried on whether in Partnership or Sole Proprietorship or otherwise. Section 868(1) CAMA 2020.

¹³ Ifeoluwa Oderinde, "An overview of limited partnerships and limited liability partnerships under the CAMA 2020" (*DentonsACAS*, 14 December, 2021) <<https://www.dentonsacaslaw.com/en/insights/articles/2021/december/14/an-overview-of-limited-partnerships-and-limited-liability-partnerships-under-the-cama-2020>> accessed 29 July, 2025; Hussaini Hussaini, "Limited Partnership: How Lagos crossed its boundaries and an advice to CAC and NASS" (*BarristerNg.Com*, 5 April, 2020) <<https://barristerng.com/limited-partnership-how-lagos-crossed-its-boundaries-and-an-advice-to-cac-and-nass-by-hussaini-hussaini/>> accessed 29 July, 2025

¹⁴ Partnership Law 2003 (as amended) (Lagos), Sections 44-55.

¹⁵ *Ibid*, Sections 56-81.

¹⁶ Nkem Amadike, "The Introduction Of Limited Liability Partnership Law In Lagos State Of Nigeria As An Alternative To The Existing Forms Of Business Organization: Echoes Of A New Dawn?" *Global Journal of Politics and Law Research*, 8 (1), pp.68-89, January 2020 <https://ejournals.org/wp-content/uploads/THEINT_11.pdf> accessed 29 July, 2025

¹⁷ *Ibid*.

¹⁸ *Ibid*, Section 57(1).

¹⁹ The grounds for refusal of registration under the CAMA are wider. Unlike the CAMA where an LLP would not be registered if in the opinion of the Commission, the name is identical or too nearly resembles that of any partnership, business name, limited liability partnership, body corporate or a registered trademark.

²⁰ Section 56(4) Partnership Law 2003 (as amended) (Lagos). However, the Law did not state that an LLP had perpetual succession or that an LLP could have a common seal or that the LLP has the power to acquire, hold, dispose of any property in its own name.

²¹ *Ibid*, Section 60.

Section 67 of the Partnership Law provides that a partner becomes an ex-partner of an LLP where such partner has:

- a. Died or
- b. Become bankrupt or had the estate levied or has been wound up or
- c. Granted a trust deed for the benefit of his creditors or
- d. Assigned the whole or any part of his share in the limited liability partnership (absolutely or by way or charge or security).

Under the Partnership Law 2003 (as amended) (Lagos), it was compulsory²² for an LLP to provide and maintain a bond to be issued by a registered insurance company against stealing, fraud or dishonesty covering each partner for the partnership. Further, evidence of a professional or business liability insurance policy with a registered insurance firm was a precondition to the registration of the LLP²³.

Every mortgage/charge created by an LLP is void against the creditor of the LLP unless this instrument is registered at the Registry of Limited Partnerships (Lagos State), within sixty (60) days after the date of the creation of the charge²⁴. The money secured becomes immediately payable by reason of non-registration²⁵. The registration of the Limited Liability Partnership does not preclude the Limited Liability Partnership from registering as a Business Name²⁶.

Under the Partnership Law 2003 (as amended) (Lagos), the High Court of Lagos State has the jurisdiction to interpret any matters arising under LLPs²⁷.

Limited Liability Partnerships (LLPS) under the Companies and Allied Matters Act 2020

This is provided for under Part C of the Companies and Allied Matters Act. It is a novel provision as Limited Liability Partnerships was previously unknown in the federal legislative sphere. As the Companies and Allied Matters Act is a federal enactment, the geographical jurisdiction extends across the thirty-six states of Nigeria as well as the Federal Capital Territory.

The CAMA 2020 expressly provides that an LLP is a body corporate with a separate legal personality distinct from the partners²⁸. Further, an LLP has perpetual succession and any change in the partners of an LLP does not affect the existence, rights or liabilities of an LLP²⁹. A Limited Liability Partnership under the CAMA 2020 bears a lot of similarity with a Limited Liability Partnership under the Partnership Law 2003 (as amended) (Lagos) in that an LLP under both legislations must³⁰:

- i. Have at least two partners³¹
- ii. Have at least two designated partners³²
- iii. A person ceases to be a designated partner if such person ceases to be a partner³³

²² *Ibid*, Section 75(1).

²³ *Ibid*, Section 75(2).

²⁴ *Ibid*, Section 77.

²⁵ *Ibid*, Section 77(2).

²⁶ *Ibid*, Section 80.

²⁷ *Ibid*, Section 81.

²⁸ Section 746(1) Companies and Allied Matters Act 2020; Matthew Ekundayo, “Benefits of Limited Liability Partnership (LLP) Registration” (*SplashDict*, 9 November, 2024) <<https://splashdict.com/blog/cac/limited-liability-partnership/benefits-of-limited-liability-partnership/#:~:text=Limited%20Liability%20Protection:,personal%20finances%20from%20business%20liabilities.>> accessed 30 July, 2025

²⁹ *Ibid*, Section 746(2) & (3).

³⁰ Chineye Ajayi and John Anjola, “Overview Of Limited Liability Partnerships Under The Companies And Allied Matters Act, 2020” (*LinkedIn*, October 26, 2021) <<https://www.linkedin.com/pulse/overview-limited-liability-partnerships-under-companies-ajayi/>> accessed 30 July, 2025

³¹ Section 58(1)(a), Partnership Law 2003 (as amended) (Lagos); Section 748(1), CAMA 2020.

³² *Ibid*, Section 68(2) and Section 749(1); Oyetola Muiyiwa Atoyebi, SAN, “An Overview Of Limited Liability Partnerships Under CAMA 2020” (*Law Pavilion*, April 11, 2023) <<https://lawpavilion.com/blog/an-overview-of-limited-liability-partnerships-under-cama-2020/>> accessed 30 July, 2025

³³ *Ibid*, Section 68(5); Section 749(5).

- iv. If no designated person is appointed or if at any time there is only one designated partner, every partner is deemed to be a designated partner³⁴.
- v. Every Limited Liability Partnership shall have the words, ‘limited liability partnership’ or the acronym “LLP” as the last words of its name.
- vi. The grounds for refusing to register the name of an LLP are similar under the two legislations³⁵.
- vii. An LLP can sue and be sued in its own name³⁶.
- viii. The initial subscribers to the incorporation documents are the partners to the LLP. Subsequently, persons may become partners in accordance with the Partnership Agreement³⁷.
- ix. The grounds under which a person ceases to be a Partner in an LLP are similar under both legislations³⁸.
- x. Every partner of the LLP is an agent of the LLP and not the agent of the other partners³⁹.
- xi. A Designated Partner is liable for all the penalties imposed on the LLP⁴⁰.
- xii. A person ceases to be a designated partner of an LLP if the person ceases to be a partner⁴¹.
- xiii. An LLP is not bound by act of a partner if the partner is acting *ultravires* and the person with whom the partner deals know or reasonably knows that this act is *ultra vires*⁴².
- xiv. A partner may decide to assign part or all his rights in the LLP to an assignee. However, this does not confer the management or participatory rights or conduct of the LLP to the assignee⁴³.

Impact of CAMA 2020 on Partnerships in Nigeria

However, the Companies & Allied Matters Act 2020 has impacted on Partnerships in Nigeria by expanding the concept of Partnerships under the Partnership Law 2003 (as amended) (Lagos) in the following ways:

- i. REQUIREMENT FOR ONE DESIGNATED PARTNER TO BE RESIDENT IN NIGERIA: The CAMA 2020 stipulates that at least one designated partner must be resident in Nigeria.
- ii. A BODY CORPORATE CAN BE A PARTNER IN AN LLP: Under Part B of the CAMA, a body corporate could be a member of a company or even be a member of the Board of Directors through a Nominee Director⁴⁴. The CAMA 2020 has extended this provision such that a body corporate could now be a partner of an LLP. However, the body corporate cannot be designated partner except through the appointment of a nominee of the body corporate⁴⁵.
- iii. WRITTEN CONSENT REQUIRED TO BECOME THE DESIGNATED PARTNER OF AN LLP: This requirement was absent under the Partnership Law 2003 (as amended) (Lagos). The CAMA 2020 however provides that for a partner to become the designated partner of an LLP, the written consent of that partner is required⁴⁶.
- iv. EXPLICITLY CONFERS JURISTIC PERSONALITY ON LIMITED LIABILITY PARTNERSHIPS: Partnership Law 2003 (as amended) (Lagos) provides that an LLP can sue and be sued in its own name. The Companies and Allied Matters Act goes a step further and states that a Limited Liability Partnership is a body corporate with perpetual succession. The Act also states that an LLP may acquire, own, hold and develop or dispose of property, whether movable or immovable, tangible or intangible. Further, the Act states that an LLP may have a common seal

³⁴ *Ibid*, Section 68(2); Section 751.

³⁵ *Ibid*, Section 63; Section 757(2)(a). However, the restrictions for reservation and change of name are wider under the CAMA.

³⁶ *Ibid*, Section 56(4); Section 765(a).

³⁷ *Ibid*, Section 64(1) & (2); Section 761.

³⁸ *Ibid*, Section 64(3), 67; Section 763(2).

³⁹ *Ibid*, Section 66(1); Section 765.

⁴⁰ *Ibid*, Section 68(7); Section 750(b).

⁴¹ *Ibid*, Section 68(5); Section 749(5).

⁴² *Ibid*, Section 66(2); Section 766.

⁴³ Section 67(1)(d), (2)(d), Partnership Law 2003 (as amended) (Lagos); Section 774(1)(3), CAMA 2020 further adds that the assignment does not grant access to information concerning the transactions of the LLP.

⁴⁴ Section 283(e), CAMA 2020.

⁴⁵ *Ibid*, Section 749(1).

⁴⁶ *Ibid*, Section 749(3).

and may be and suffer such other acts and things as body corporate and may lawfully do and suffer.⁴⁷ An effect of this juristic personality shows itself in that the CAMA expressly states that an obligation⁴⁸ or a liability⁴⁹ of an LLP is not an obligation or liability of its partners⁵⁰.

- v. **RATIFICATION OF PRE-INCOPORATION CONTRACTS:** As is obtainable under Part B of the Companies and Allied Matters Act⁵¹, an agreement in writing made before the incorporation of an LLP may impose obligations on the limited liability partnership if that agreement is ratified by all the partners after the incorporation of the limited liability partnership⁵².
- vi. **REQUIREMENT OF PUBLICATION OF CESSATION OF A PARTNER :** The Companies & Allied Matters Act provides that even though a partner of a Limited Liability Partnership ceases to be a partner of an LLP, the former partner is still regarded as a partner in relation to any person dealing with the LLP unless the person has notice that the former partner has ceased to be a partner of the LLP or notice that the former partner has ceased to be a partner has been delivered to the Corporate Affairs Commission.⁵³
- vii. **RIGHTS AND DUTIES OF FORMER PARTNERS:** The Partnership Law 2003 (as amended) (Lagos) does not explicitly list out the rights and duties of former partners to a Limited Liability Partnership. The Law however states that an ex-partner may not interfere or participate in the management or administration of any business affairs or members of the public that he is still a partner⁵⁴. This is also repeated in the Companies and Allied Matters Act.⁵⁵
The Companies and Allied Matters Act on the other hand, states that the cessation of a partner from the limited liability partnership does not by itself discharge the partner from any obligation to the LLP, the other partners or any other person which he incurred while being a partner⁵⁶.
Further, subject to the LLP Agreement, the former partner or a person entitled to his share as a result of the death or insolvency of the former partner is entitled to receive from the LLP:
 - a. An amount equal to the capital contribution the former partner actually made to the LLP.
 - b. His right to share in the accumulated profits of the LLP, after the deduction of accumulated losses of the LLP determined as at the date the former partner ceases to be a partner⁵⁷.
- viii. **A FORMER PARTNER MAY INFORM THE CORPORATE AFFAIRS COMMISSION OF THE CESSATION OF A PARTNER FROM THE PARTNERSHIP:** Under the two legislations⁵⁸, the Limited Liability Partnership had the duty to inform the Registry⁵⁹ of such cessation. The Companies and Allied Matters Act further provides that where a person ceases to be a partner of an LLP, such partner may decide to file the required notice with the CAC where such former partner reasonably believes that the LLP would not file the required notice.⁶⁰
- ix. **INVESTIGATION OF THE LIMITED LIABILITY PARTNERSHIP:** Similar to the provisions of the CAMA relating to the powers of the Corporate Affairs Commission to investigate companies,⁶¹ the Corporate Affairs Commission is empowered to investigate LLPs.

⁴⁷ *Ibid*, Section 756(d).

⁴⁸ *Ibid*, Section 766(3).

⁴⁹ *Ibid*, Section 766(4).

⁵⁰ *Ibid*, Section 767(1). This does not however affect the personal liability of a partner for his own wrongful act or omission.

⁵¹ *Ibid*, Section 96(1).

⁵² *Ibid*, Section 762(3).

⁵³ *Ibid*, Section 763(3).

⁵⁴ (n14) Section 67(2).

⁵⁵ (n7) Section 764(6).

⁵⁶ *Ibid*, Section 763(4).

⁵⁷ *Ibid*, Section 763(5).

⁵⁸ Partnership Law 2003 (as amended) (Lagos) and Companies and Allied Matters Act

⁵⁹ Under the Partnership Law 2003 (as amended) (Lagos), the Registry involved was the Registry of Limited Partnerships (Lagos State), while the Registry under the Companies and Allied Matters is the Registry of the Corporate Affairs Commission.

⁶⁰ *Ibid*.

⁶⁰ Section 764(6) of the Companies and Allied Matters Act 2020.

⁶¹ *Ibid*, Section 355(2)(g), 357.

The Court may declare that the affairs of an LLP ought to be investigated⁶². The CAC may appoint Inspectors to investigate an LLP if an application that the LLP be investigated is made by:

- a. At least 1/5th of the total number of partners of the LLP
- b. The LLP itself⁶³

The Corporate Affairs Commission may *suo moto* decide to investigate an LLP if in the opinion of the CAC⁶⁴:

- a. That the business of the LLP is being or has been conducted with the intent to defraud or for a fraudulent or unlawful purpose.
- b. That the business of the LLP is being or has been conducted in a manner oppressive or unfairly prejudicial to its partners or that the LLP was formed for any fraudulent or unlawful purpose.
- c. The affairs of the LLP was not being conducted in line with the provisions of the CAMA
- d. The report of the CAC or any other investigating or regulatory agency shows that there are sufficient reasons to show that the affairs of the LLP ought to be investigated⁶⁵.

As is obtainable with Companies under Part B of the CAMA, the Inspector would also have the powers to investigate the affairs of an entity.

- x. FOREIGN LIMITED LIABILITY PARTNERSHIPS: By virtue of section 788 of the Companies and Allied Matters Act, a foreign limited liability partnership which was incorporated outside Nigeria can carry on business in Nigeria if it takes all steps necessary to be incorporated as a separate entity in Nigeria. This was unavailable under the Partnership Law 2003 (as amended) (Lagos).
- xi. WINDING UP OF LIMITED LIABILITY PARTNERSHIPS: The Partnership Law 2003 (as amended) (Lagos) provides for the dissolution of LLPs⁶⁶. However, the Law does not state the grounds for the dissolution of LLPs. On the other hand, the Companies & Allied Matters Act states that an LLP may be wound up voluntarily or by an order of the Court⁶⁷. These grounds are⁶⁸:
 - a. All the partners decided that the limited liability partnership be so wound up by the Court.
 - b. For a period of more than six months, the partners of the LLP fall below two.
 - c. The limited liability partnership is unable to pay its debts.
 - d. The limited liability partnership has acted against the interests of the sovereignty and integrity of Nigeria or against her security or public order.
 - e. The limited liability partnership has made a default in filing with the CAC, the Statement of Account and Solvency or Annual Returns for any consecutive financial years, or
 - f. The Court is of the opinion that it is just and equitable that the LLP be wound up.
- xii. DISCLOSURE OF SIGNIFICANT CONTROL: The Companies and Allied Matters Act requires that the persons with significant control under Part B should be disclosed to the Corporate Affairs Commission⁶⁹. This is also the situation with LLPs. Section 791(1) of the Companies and Allied Matters Act mandates a person with significant control over an LLP to indicate same to the LLP within seven (7) days of becoming such a person. The LLP in turn must then notify the Corporate Affairs Commission⁷⁰ within one (1) month of the receipt of the notice.

⁶² *Ibid*, Section 775(1).

⁶³ *Ibid*, Section 775(3)(a) & (b).

⁶⁴ Section 358 of the CAMA is the equivalent provision for companies.

⁶⁵ Section 775(3)(c) of CAMA 2020.

⁶⁶ Section 78 of the Partnership Law 2003 (as amended) (Lagos).

⁶⁷ Section 789 and 790 of CAMA. Section 790(d) and (e) of the grounds for the winding up of LLPs are not included in the grounds for the winding up of companies.

⁶⁸ *Ibid*, Section 790.

⁶⁹ *Ibid*, Section 119.

⁷⁰ *Ibid*, Section 791(2).

- xiii. **LOANS TO THE LIMITED LIABILITY PARTNERSHIP:** A Partner to the Limited Liability Partnership may lend money to the LLP and has the same rights as a person who is not a partner to the LLP⁷¹.
- xiv. **JURISDICTION OF COURT:** The Court with jurisdiction in a Limited Liability Partnership under the Companies and Allied Matters Act is the Federal High Court as stipulated by section 251 of the Companies and Allied Matters Act.

Limited Partnerships (LPs)

A Limited Partnership is a business entity that consists of a minimum of two (2) persons and maximum of two persons and maximum of twenty persons. In a limited partnership, at least one of the partners must be a limited partner⁷². Further, the provisions applicable to the Change of Name as well as Name Reservation under Part B of the Companies and Allied Matters Act also apply to Change of Name as well as Name Reservation of Limited Partnership⁷³.

Limited Partnerships under the Partnership Law 2003 (as amended) (Lagos) as well as the Companies and Allied Matters Act

Limited Partnerships is a hybrid between General Partnerships and Limited Liability Partnership. This is because in a Limited Partnership, there must be a general partner with unlimited liability for the debts and obligations of the Partnership⁷⁴. Also, a Limited Partner is only liable to the extent of the sums that was agreed to be contributed. However, there may be an express agreement between the partners that the Limited Partner need not make any contribution⁷⁵. Limited Partnership is provided for under Part 2 of the Partnership Law 2003 (as amended) (Lagos). It is also provided for under Part D of the Companies and Allied Matters Act, 2020. There are a lot of similarities between Limited Partnership provided for under the Lagos Law as well as Limited Partnership under the Companies and Allied Matters Act. For example, under both legislations, a Limited Partnership should not have more than 20 persons⁷⁶. In a Limited Partnership, there must be at least one General Partner and at least one Limited Partner⁷⁷. Again, the Limited Partner is prohibited from withdrawing the sums contributed to the Limited Partnership. If a Limited Partner withdraws the sum, such Partner is liable to the sums of money withdrawn⁷⁸.

Every Limited Partnership must be registered⁷⁹. Failure to register the Limited Partnership means that every partner (including Limited Partners) is deemed to be General Partners⁸⁰. The name of a Limited Partnership must end with the words, 'LP' or 'Limited Partnership'⁸¹. Limited Partners cannot take part in the management of the Partnership and cannot take actions to bind the firm⁸². In fact, in dissolving a Limited Partnership, it is only the General Partners that would wind up the affairs of the Limited Partnership⁸³. However, if a limited partner decides to take part in the management of the LP, the limited partner would also be liable for the debts of the Partnership during that period he decides to take part in the management as though he was a General Partner⁸⁴.

⁷¹ *Ibid*, Section 792.

⁷² *Ibid*, Section 795(3).

⁷³ *Ibid*, Section 803.

⁷⁴ Section 44(2) of the Partnership Law 2003 (as amended) (Lagos); Section 795(3).

⁷⁵ Section 795(4) of CAMA 2020.

⁷⁶ (n14) Section 44(2) of the Partnership Law 2003 (as amended) (Lagos); Section 795(2) of CAMA 2020.

⁷⁷ *Ibid*, Section 44(2); *Ibid* Section 795(3).

⁷⁸ *Ibid*, Section 44(3); *Ibid*, Section 795(5).

⁷⁹ *Ibid*, Section 45; *Ibid*, Section 797.

⁸⁰ The Partnership Law of Lagos State states that registration shall be effected by either sending a post to the Registrar of Limited Partnerships or by delivering a Statement signed by the Partners to the Registry of Limited Partnerships. (Section 47). Under the Companies and Allied Matters Act, registration is done through the Corporate Affairs Commission Portal.

⁸¹ Section 62 of the Partnership Law 2003 (as amended) (Lagos); Section 802 of CAMA 2020.

⁸² Section 806(1) of CAMA 2020.

⁸³ Section 52(5) of the Partnership Law 2003 (as amended) (Lagos); Section 806(3), 806(4)(e) of CAMA 2020.

⁸⁴ *Ibid*, Section 52(1); *Ibid* Section 806(1)(b).

If there is any change in the firm, general nature of the business, principal place of business, partners or the name of partners, terms or character of the partnership, sums contributed or to be contributed or liability of a partner by reason of change in the status of that partner, the Limited Partnership must notify the Corporate Affairs Commission within seven (7) days⁸⁵. A default in compliance would incur fines.

Where a partnership is dissolved, the properties of the partnership including its goodwill will be sold and the proceeds will be applied to the payment of any debt or liability of the firm, any surplus assets will be used to pay each partner what may be due to them respectively. If the assets of the partnership is insufficient to discharge its debts and liabilities then the individual partners will be responsible to bear the deficiency in the proportion in which they are entitled to share profits.⁸⁶

Further, the two legislations provide that subject to any agreement between the Partners:

- i. The death, bankruptcy or lunacy of a Limited Partner is not a ground for the dissolution of a Limited Partnership except where the shares of such limited partner cannot be ascertained⁸⁷.
- ii. A simple majority vote of the General Partners is sufficient to decide where there is a difference in opinions between the General Partners⁸⁸.
- iii. A Limited Partner may assign his share in the Partnership to another⁸⁹.
- iv. The consent of a Limited Partner is not required to introduce a new partner⁹⁰.
- v. The Notice of dissolution by a Limited Partner does not dissolve a Limited Partnership⁹¹.

However, the Companies and Allied Matters Act, in addition, provides that the rules applicable to Limited Liability Partnerships⁹² as well as the Partnership Act⁹³ also applies to Limited Partnerships except the Limited Liability Partnerships rules and Partnership Act are inconsistent with the express rules of the CAMA applicable to Limited Partnerships. A false statement under the Limited Partnership could lead to a conviction⁹⁴. Unlike an LP under the Partnership Law 2003 (as amended) (Lagos), a body corporate can be a partner of a Limited Partnership under the Companies and Allied Matters Act⁹⁵. Further, the Companies and Allied Matters Act specifically states that where a person or persons carry on business and the name of that business ends with the words, ‘LP’ or ‘Limited Partnership’ even where such business is not registered as an LP, the business shall be liable to a penalty⁹⁶. This provision is not available under the Lagos Law.

Distinction between Limited Partnership and Limited Liability Partnership⁹⁷

- i. Juristic Personality: Unlike a Limited Liability Partnership, a Limited Partnership does not have a separate juristic personality.
- ii. Types of Partners: Further, while an LLP has Designated Partners, an LP has General Partners.
- iii. Written Consent: Written Consent is not required to become a General Partner of a Limited Partnership⁹⁸.

⁸⁵ *Ibid* Section 48; *Ibid* Section 800.

⁸⁶ Y.H Bhadmus, *Bhadmus on Corporate Law Practice*” (5th edition, Chenglo Limited, 2021).

⁸⁷ Section 52(4) Partnership Law 2003 (as amended) (Lagos); Section 806(2) of CAMA 2020.

⁸⁸ *Ibid*, Section 52(6)(a); *Ibid*, Section 806(4).

⁸⁹ *Ibid*, Section 52(6)(b); *Ibid*, Section 806(4)(b).

⁹⁰ *Ibid*, Section 52(6)(d); *Ibid*, Section 806(4)(d).

⁹¹ *Ibid*, Section 52(6)(e); *Ibid*, Section 806(4)(e).

⁹² Section 807 of CAMA 2020.

⁹³ Section 808 of CAMA 2020; Section 53 of the Partnership Law 2003 (as amended) (Lagos).

⁹⁴ Section 55 of the Partnership Law 2003 (as amended) (Lagos); Section 810 of CAMA 2020.

⁹⁵ Section 796 of CAMA 2020.

⁹⁶ *Ibid* Section 804.

⁹⁷ Tabitha Onyinye Uwakeme, “Limited Liability Partnership LLPs vs Limited Partnership LPs In Nigeria Similarities and Differences in Registration requirement” (*TCorporate Legal Advisory*, 28 July, 2025) <<https://tcorporatelegaladvisory.com/lps-vs-lps-in-nigeria/#:~:text=LLPs%20require%20more%20stringent%20compliance,the%20full%20weight%20of%20responsibility.>> accessed 30 July, 2025

⁹⁸ Section 44(2) of the Partnership Law 2003 (as amended) (Lagos); Section 749(3) of CAMA 2020.

- iv. Number of Partners: Again, while an LLP must have at least two (2) Designated Partners⁹⁹, an LP may have one General Partner¹⁰⁰
- v. Written Agreement: A Limited Partnership Agreement is not expressly stated to be mandatory for a Limited Partnership as compared to a Limited Liability Partnership¹⁰¹.
- vi. Powers of Management: In an LLP, every partner (designated or limited liability partners) has the right to take part in the management of an LLP¹⁰². In an LP, limited partners cannot take part in the management of the LP¹⁰³.

Business Names

Business Names Registration was available under the repealed Companies and Allied Matters Act under Part B of its provisions. Under the existing Companies and Allied Matters Act, Business Name Registration is provided for under Part E of the Act. Further unlike Limited Partnerships or Limited Liability Partnerships, a business carried on as a business name does not need to be registered before it starts operation. However, registration should be done within 28 days of operation of the business¹⁰⁴.

Again, a business name operating as a business name may evade the necessity of registration where:

- i. in the case of a firm, the name consists of the true surname of all partners without any addition other than the true forenames of the individual partners or the initials of such forenames;
- ii. in the case of an individual, the name consists of his true surname without any addition other than his true forenames or the initials thereof; or
- iii. in the case of a company, whether or not registered under this Act, the name consists of its corporate name without any addition
- iv. carried on in succession to a former owner of the business, that addition shall not of itself render registration necessary;
- v. two or more individual partners have the same surname, the addition of an "s" at the end of that surname shall not of itself render registration necessary; and
- vi. the business is carried on by a receiver or manager appointed by any court.

Under the Partnership Law 2003 (as amended) (Lagos), Business Name Registration was provided for; however, it was very scanty¹⁰⁵. The provisions regulating the registration of Business Names under the Companies and Allied Matters Act 1990 as well as under the Companies and Allied Matters Act, 2020 are substantially the same except in a few aspects.

- 1. For example, both legislations provides that every individual, firms or corporations shall publish in all trade catalogues, circulars etc must have written in legible characters¹⁰⁶:
 - a. in the case of an individual, his present forenames or the initials thereof and present surname and any former forenames or surname and his nationality; and
 - b. in the case of a firm, the present forenames or the initials thereof and present surname, and any former forenames or surnames and the nationality of all the partners in the firm or in the case of a company being a partner, the corporate name; and
 - c. the registration number of the business name.

However, Section 820(2), CAMA 2020 states that the above-mentioned provisions do not apply to a document issued by a firm with more than 20 partners if the following conditions are met -

- a. the partnership maintains at its principal place of business a list of names of all the partners;

⁹⁹ *Ibid*, Section 68(2); *Ibid*, Section 749(1).

¹⁰⁰ *Ibid*, Section 44(2); *Ibid*, Section 795(3).

¹⁰¹ *Ibid*, Section 47; *Ibid*, Section 762.

¹⁰² Paragraph 5 of the Fifteen Schedule to CAMA pursuant to Section 762(4), CAMA 2020.

¹⁰³ *Ibid*, Section 806(1).

¹⁰⁴ *Ibid*, Section 574, Section 815.

¹⁰⁵ Section 80 of the Partnership Law 2003 (as amended) (Lagos).

¹⁰⁶ Section 582, Section 820 of CAMA 2020.

- b. no partners' name appears in the document, except in text or as a signatory; and publication of true name.
 - c. the document states in legible characters the address of the firm's principal place of business and that the list of the partner's names is open to inspection there.
2. Fines: CAMA 1990 in Section 584, CAMA prescribes some fines for defaulting the prescriptions of the CAMA. The fines range from ₦50 to ₦520. However, under the CAMA 2020, the amount of the fines is not expressly stated¹⁰⁷. Rather, the fines are subject to such amount as the Commission may specify in its Regulations.
3. RESERVATION OF BUSINESS NAMES: Section 579 of CAMA 1990 states the prohibited and restricted names for Business Names. This provision is absent in the CAMA 2020.

CONCLUSION AND RECOMMENDATIONS

From the foregoing, it is obvious that the partnership business organisational model has gone through a legal evolution with the introduction of the Companies and Allied Matters Act 2020 in comparison with the Companies and Allied Matters Act 1990 and the Partnership Law (2003) (Lagos State). Further, the CAMA 2020 has more provisions for Limited Partnerships and Limited Liability Partnerships than the Partnership Law 2003 (as amended) (Lagos). Moreover, the CAMA 2020 has more expansive federal territorial jurisdiction than the Partnership Law of Lagos State. The enactment of the Companies and Allied Matters Act 2020 is a wonderful introduction to the corporate sphere. The CAMA 2020 introduced Limited Partnerships as well as Limited Liability Partnerships, which are innovative provisions. These inclusions have enabled ease of doing businesses in Nigeria, lowered the cost of doing business while increasing the Partnerships capacity for growth. The registration of Foreign Limited Liability Partnerships would attract investors into the country.

Nonetheless, there is a need to carry out enlightenment and awareness campaigns to the business community, investors, and society at large about the existence and advantages of limited liability partnerships and limited partnerships as new business vehicles in Nigeria. This is because many people in society are still ignorant of the existence of these forms of business. In addition, individuals should seek the advice of Legal Practitioners on the appropriate form of partnerships for their businesses. This is necessary because the legal framework governing partnerships in Nigeria can be complex and requires professional guidance.

¹⁰⁷ *Ibid*, Section 817(5), 818(3), 819(5).