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LIMITED LIABILITY PARTNERSHIP AGREEMENT - CONVERSION

(For use when converting from a partnership to a limited liability partnership)

THIS AGREEMENT is made on the *[insert day]* day of *[insert month]* *[insert year]*

WHEREBY IT IS AGREED as follows:

The parties whose names and addresses are set out in Schedule 1 of this Agreement (hereinafter referred to as the "Members") wish convert their previous Partnership (*[Insert previous partnership name]*), (hereinafter known as the Previous Partnership), into a new Limited Liability Partnership (LLP) in accordance with the Limited Liability Partnership Act 2000 and the Companies Act 2006.

1. Definitions

1.1 In this Agreement and the Schedules to it the following terms shall have the following meanings unless the context otherwise requires.

"Accounting Period"

In the case of the first Accounting Period this shall be the period between the commencement of the LLP business and the first Accounting Date. In respect of subsequent Accounting Periods this shall be a period commencing on the day following an Accounting Date and ending on the next Accounting Date.

"The Acts"

Means the Limited Liability Partnership Act 2000 and the Companies Act 2006;

"Auditors"

[Insert name and address of LLP's auditors] or such other Auditors as the Members may elect from time to time.

"Current Account"

The account for each Member into which profits will be paid and conversely debits made in the case of losses. Furthermore all Drawings made by a Member will be paid to their Current Account.

"Bankers"

[Insert name and address of LLP's bank] or such other Bank as the Members may elect from time to time.

"Designated Members"

Those Members designated in accordance with the terms of this Agreement and listed at Schedule 1A of this Agreement. Such Designated Members to have extra responsibilities as defined under the Limited Liability Partnership Act 2000 and the Companies Act 2006.

"Drawings"

Sums drawn by a Member on account of any anticipated profits made by the LLP.

"The LLP"

The Limited Liability Partnership incorporated or to be incorporated at Companies House.

"Members"

The parties to this Agreement and any other persons admitted to the LLP from time to time.

"Outgoing Member"

A Member who ceases to be a member of the LLP as a result of death, retirement, expulsion, and bankruptcy in accordance with the terms of this Agreement.

"Premises"

The property at *[Insert LLP address]* and / or such other property as the Members shall agree.

"Previous Partnership"

The partnership existing before the conversion of the said partnership into a Limited Liability Partnership.

"Profits"

The distributable profits of the LLP firm in any financial year as shown in the audited accounts.

2. Incorporation of the LLP

2.1 The Members shall complete and deliver such forms as may be required to Companies House and pay all required fees to incorporate the Limited Liability Partnership in accordance with the Limited Liability Partnership Act 2000 and the Companies Act 2006.

2.2 The LLP certificate of registration shall be kept at the Registered Office.

2.3 On incorporation of the LLP the Previous Partnership will be dissolved on the same date in accordance with the terms of the partnership agreement of the Previous Partnership.

2.4 All the assets and liabilities of the Previous Partnership shall be transferred to the LLP. The LLP will assume and perform all outstanding obligations incurred by the Previous Partnership and fully indemnify the previous partners for all liabilities incurred when acting as partners.

2.5 Where legal title to an asset is held by the partners of the Previous Partnership it will be transferred to those same partners once they become Members of the LLP.

3. Nature and Duration of the Business

The Members shall from the date of this Agreement carry on the business of *[Insert nature of LLP business]*. The LLP shall continue until terminated under the terms of this Agreement and the Acts.

4. LLP Name

4.1 The LLP name shall be *[Insert LLP name]* and the LLP shall be known by that name and conduct its business and enter into contracts using only the LLP name. The Members acknowledge that all proprietary and other rights in the LLP name are vested exclusively in the LLP.

4.2 The Members may change the name of the LLP at any time. Such change must be notified to Companies House by the Members in accordance with the Acts.

5. Registered Office

5.1 The registered office address of the LLP is *[Insert office address]* or such other address as the Designated Members may decide from time to time.

5.2 It shall be the responsibility of the Designated Members to notify Companies House of any change in accordance with the Acts.

6. Place of Business / LLP Property

6.1 The LLP business shall be carried out at the Premises referred to in this Agreement, which shall remain the property of the LLP at all times. The costs of all rent, rates, repairs, insurance and other outgoings and expenses relating to the Premises and any other premises acquired for the purpose of the LLP business shall be borne by the LLP.

6.2 The legal estate in all freehold or leasehold properties acquired for the purpose of the LLP shall be vested in the Members upon trust for sale, or in some of the Members as trustees for all the remaining Members. The net proceeds of sale and the rents and profits until sale shall form part of the assets of the LLP. The trustees shall be indemnified by the LLP against the rent and other outgoings in respect of the properties and the costs and expenses of observing the covenants relating to them.

7. Intellectual Property Assets and Goodwill

7.1 The following intellectual property or assets shall be included as the property of and shall belong to the LLP; all domain names, website data and coding, all images (whether graphics or photographs), customer data, existing and future commercial agreements with outside third parties and all goodwill associated with the above.

7.2 Furthermore all office equipment, materials and any other property shall also belong to the LLP.

7.3 All other relevant goodwill built-up in the LLP shall also belong to the LLP.

8. Accounts

8.1 It is the responsibility of the Members to ensure that proper accounts are kept and that the accounts accurately reflect the financial state of the LLP.

8.2 The accounts will be kept at the registered office or at such other place as the Members may decide from time to time.

8.3 Furthermore the accounts shall be open to inspection by the Members wherever they are kept.

8.4 The Members may from time to time amend the Accounting Period end date.

8.5 The Designated Members have the following additional powers and responsibilities:

8.5.1 To retain any existing Auditors for the following Accounting Period;

8.5.2 The ability to appoint new Auditors;

8.5.3 The ability to remove any existing Auditors from their office;

8.5.4 The power to agree the rate of remuneration for any Auditors.

8.6 At the end of each Accounting Period a profit and loss and balance sheet shall be prepared and audited in accordance with all relevant financial reporting standards, including the disclosure of Member's interests in the LLP and further notes or information and in a format as required by the Companies Act 2006.

8.7 The Members shall meet and approve the accounts, (where no error is found) in accordance with the Companies Act 2006.

8.8 After approval the accounts will be signed by a Designated Member and shall become binding upon all Members.

8.9 After approval each Member will receive a copy of the accounts in accordance with the Companies Act 2006.

8.10 The LLP will file accounts with Companies House in accordance with the Companies Act 2006.

8.11 The accounts will also be filed with other regulatory bodies, including HMRC as required.

9. Banking

9.1 All monies (not required for current expenses) and securities belonging solely to the LLP shall be paid into or deposited at the LLP bank account for safe custody.

9.2 All cheques drawn on any LLP account shall be drawn in the name of the LLP and shall require the signature of any [*Insert number of Members*] Designated Members.

9.3 All instructions for the electronic transfer of funds from any LLP account shall be in writing and signed by any [*Insert number of Members*] Designated Members.

9.4 The writing and signing of cheques or instructions for electronic transfers will only be done for the business purposes of the LLP, any personal use is strictly prohibited and would breach any Member's duties and responsibilities to the LLP.

9.5 Where in the normal course of LLP business client or third party monies are received all such money will be immediately deposited in a separate client account or accounts.

9.6 Any securities received by the LLP from either clients or third parties shall be promptly deposited with the Bank in the name of the clients or third parties.

9.10 All client monies, securities and accounts will be managed strictly in accordance with any relevant professional or regulatory guidance.

10. Shares and Capital Contributions

10.1 Each Member shall acquire a share in the LLP equal to their capital contribution on the date that the LLP is formed.

10.2 Any Member making any subsequent additional capital contribution will increase their share by an amount equal to the capital contribution made at the time.

10.3 The Designated Members may request additional capital contributions from all the Members where required for the financing of the LLP. Any such request will specify the date by which any such capital contributions should be made.

10.4 No Member shall be entitled to interest on the capital contributions that form their Member's Share.

11. Profits and Losses

11.1 Unless otherwise agreed by all the Members, the Members will share all profits of an income nature for each financial year according to their capital contributions as set out in Schedule 2 to this Agreement.

11.2 All losses and liabilities of an income nature of the LLP shall, unless otherwise agreed by all Members, be borne by the Members in the same proportions as those in which they would be entitled to share in the profits for the financial year during which such losses or liabilities are incurred.

11.3 Prior to distribution the Designated Members will decide the amount of profits to be retained (if any) for use as working capital in the LLP.

11.4 All payments made to Members will be made to their respective Current Accounts likewise all debits shall be taken from same the Current Accounts.

11.5 In the event that a Member has insufficient funds in their Current Account on which to draw the outstanding amount shall be taken from their Member's Share so reducing their capital contribution accordingly.

11.6 In the event that a Member has insufficient funds in either their Current Account or Member's Share any outstanding amount shall be set-off against any other monies owing to the Member from the LLP, or monies which will be owed to the Member by the LLP in the future.

11.7 It shall be for the Designated Members to decide when any credits or debits shall be made in any given Accounting Period.

11.8 All debits or credits shall be deemed to be made automatically as soon as the accounts at the end of any given Accounting Period are approved.

11.9 Prior to the distribution of any profit made in an Accounting Period the Members will be entitled to interest on their respective Member's Share on the date interest is to be paid at the rate of *[Insert interest rate in words and numbers]*.

11.10 Where the amount of interest owed exceeds the actual profits for the Accounting Period the interest payments will be reduced to each partner according to their respective Shares.

**Sample document – the remaining are clause headings only
Full document contains all clauses**

12. Drawings

13. Members Duties

14. Restrictions on Member's Authority

15. Holidays

16. Management of LLP

17. Indemnity

18. Insurance

19. Retirement

20. Expulsion

21. Financial Provisions on Death, Expulsion or Retirement

22. Further Provisions Following Retirement or Expulsion

23. Winding Up

24. Arbitration

25. Notices

26 General

IN WITNESS of which the parties have signed this Agreement the day, month and year first above written.

SCHEDULE 1

A – DESIGNATED MEMBERS

[Insert Member's names and home address]

B - OTHER MEMBERS

[Insert Member's names and home address]

SCHEDULE 2 – PROFITS AND LOSSES PERCENTAGES

[Insert Member's names and percentage share in profits and losses]

SIGNED BY *[Member signs here]*

In the presence of *[Witness signs here]*

Name of witness:

Address of witness:

SIGNED BY *[Member signs here]*

In the presence of *[Witness signs here]*

Name of witness:

Address of witness:

SIGNED BY *[Member signs here]*

In the presence of *[Witness signs here]*

Name of witness:

Address of witness:

SIGNED BY *[Member signs here]*

In the presence of *[Witness signs here]*

Name of witness:

Address of witness:

SIGNED BY *[Member signs here]*

In the presence of *[Witness signs here]*

Name of witness:

Address of witness:

SIGNED BY *[Member signs here]*

In the presence of *[Witness signs here]*

Name of witness:

Address of witness:

[Add or remove spaces for Member details as appropriate]