

# LIMITED LIABILITY PARTNERSHIP AGREEMENT

between

\_\_\_\_\_ [Full legal name of the first Member, including company number if a corporate member]

("Member 1")

and

\_\_\_\_\_ [Full legal name of the second Member, including company number if a corporate member]

("Member 2")

\_\_\_\_\_ [Add further members as required, following the same format, or delete if only two members]

in respect of

\_\_\_\_\_ [Full registered name of the LLP as registered at Companies House]

(the "LLP")

\_\_\_\_\_ [Insert the date of this Agreement]

## 1. Definitions and Interpretation

1.1 In this Agreement, unless the context otherwise requires, the following expressions shall have the following meanings:

"Act" means the Limited Liability Partnerships Act 2000, as amended or re-enacted from time to time, together with all regulations made thereunder.

"Agreement" means this limited liability partnership agreement, including all schedules attached hereto, as amended from time to time in accordance with Clause 27.

"Accounts" means the annual accounts of the LLP prepared in accordance with Clause 17.

"Business" means the business carried on by the LLP as described in Clause 4.

"Capital Account" means the account maintained for each Member recording that Member's capital contribution and any adjustments thereto in accordance with this Agreement.

"Capital Contribution" means the amount of capital contributed or agreed to be contributed by a Member to the LLP, as set out in Schedule 1.

"Current Account" means the account maintained for each Member recording that Member's share of profits and losses, drawings, and other amounts due to or from that Member.

"Designated Member" means a Member designated as such in accordance with the Act and this Agreement.

"Dissolution Date" means the date on which the LLP is dissolved or wound up.

"LLP Property" means all property, assets, and rights held by or on behalf of the LLP.

"Member" means any person admitted as a member of the LLP from time to time in accordance with this Agreement.

"Members' Decision" means a decision of the Members taken in accordance with Clause 12.

"Profit Share" means each Member's entitlement to a share of the profits of the LLP, as set out in Schedule 2.

"Resignation Notice" means a written notice served by a Member in accordance with Clause 21.

"Unanimous Decision" means a decision approved in writing by all Members.

1.2 In this Agreement, unless the context otherwise requires:

- (a) references to a person include a natural person, corporate or unincorporated body, government, state or agency, and that person's successors and permitted assigns;
- (b) a reference to a statute or statutory provision includes any subordinate legislation made under it, and any amendment, re-enactment, or replacement of it;
- (c) any phrase introduced by the terms including, include, or in particular shall be construed as illustrative and shall not limit the general words preceding it;

(d) headings are included for convenience only and shall not affect the interpretation of this Agreement.

## **2. Formation and Registration**

2.1 The LLP was incorporated in England and Wales under the Act on \_\_\_\_\_ [Insert the date of incorporation of the LLP] with registered number \_\_\_\_\_ [Insert the Companies House registered number of the LLP].

2.2 The registered office of the LLP is situated at \_\_\_\_\_ [Insert the full address of the LLP's registered office as registered at Companies House].

2.3 The Members shall procure that all filings, notifications, and registrations required under the Act, the Companies Act 2006 (as applied to LLPs), and all other applicable legislation are made promptly and accurately.

## **3. Name**

3.1 The LLP shall carry on business under the name \_\_\_\_\_ [State the registered name of the LLP, which must end in 'Limited Liability Partnership' or 'LLP'] or such other name as the Members may agree by Unanimous Decision from time to time.

3.2 Any change of name shall be notified to Companies House in accordance with the Act and applicable regulations.

## **4. Nature of Business**

4.1 The principal business of the LLP shall be \_\_\_\_\_ [Describe the principal business activities of the LLP in clear and specific terms].

4.2 The LLP may engage in such other activities as the Members may agree from time to time by Members' Decision, provided that such activities are lawful and consistent with the purposes of the LLP.

4.3 The LLP shall operate primarily from \_\_\_\_\_ [Insert the principal place of business of the LLP, if different from the registered office].

## **5. Duration**

5.1 The LLP shall commence business on \_\_\_\_\_ [Insert the date from which the LLP commenced or is to commence trading] and shall continue until dissolved in accordance with this Agreement or by operation of law.

5.2 The LLP shall not be dissolved solely by reason of the death, incapacity, bankruptcy, or resignation of any Member, subject to the provisions of this Agreement.

## **6. Capital Contributions**

6.1 Each Member shall contribute to the capital of the LLP the amount set out against that Member's name in Schedule 1 to this Agreement (that Member's "Capital Contribution").

6.2 Capital Contributions shall be paid in \_\_\_\_\_ [Describe the form of capital contribution, e.g. cash, transfer of assets, or services, and specify payment dates or instalments if applicable].

6.3 No Member shall be entitled to withdraw any part of their Capital Contribution without the prior written consent of all other Members.

6.4 The Members may agree by \_\_\_\_\_ [Specify whether additional capital calls require a Unanimous Decision or a Members' Decision, and describe the process] to require further capital contributions from some or all Members at any time.

6.5 Unless otherwise agreed in writing, no interest shall be paid on Capital Contributions.

## **7. Capital and Current Accounts**

7.1 The LLP shall maintain a Capital Account and a Current Account for each Member.

7.2 The Capital Account of each Member shall record:

- (a) that Member's Capital Contribution;
- (b) any additional capital introduced by that Member; and
- (c) any repayment of capital to that Member.

7.3 The Current Account of each Member shall record:

- (a) that Member's share of profits and losses allocated in accordance with Clause 8;

(b) drawings made by that Member in accordance with Clause 9;

(c) any other amounts agreed to be credited or debited to that Member's Current Account.

## **8. Allocation of Profits and Losses**

8.1 The profits and losses of the LLP for each financial year shall be allocated among the Members in the proportions set out in Schedule 2 to this Agreement, unless otherwise agreed in writing by all Members.

8.2 Profits and losses shall be allocated as at the end of each financial year of the LLP, or at such other times as the Members may agree.

8.3 The Members may agree by \_\_\_\_\_ [Specify whether a change to profit sharing ratios requires a Unanimous Decision or a Members' Decision] to vary the profit sharing ratios set out in Schedule 2 at any time.

8.4 Each Member's allocated share of profits or losses shall be credited or debited to that Member's Current Account.

## **9. Drawings**

9.1 Each Member shall be entitled to make drawings from the LLP in such amounts and at such times as set out in Schedule 2, or as the Members may otherwise agree by \_\_\_\_\_ [Specify the decision threshold required for agreeing drawings, e.g. Members' Decision or Unanimous Decision].

9.2 No Member shall make drawings in excess of the credit balance on that Member's Current Account without the prior written consent of all other Members.

9.3 If any Member's Current Account is in debit, that Member shall repay the debit balance to the LLP within such period as the Members may agree, and shall pay interest on the outstanding debit balance at a rate to be agreed by the Members.

## **10. Designated Members**

10.1 The Designated Members of the LLP shall be \_\_\_\_\_ [List the full names of all Members who are to be Designated Members at the date of this Agreement].

10.2 The Designated Members shall be responsible for the statutory and administrative obligations imposed on Designated Members under the Act and applicable regulations, including the filing of annual confirmation statements, accounts, and notifications of changes to the LLP's registered details.

10.3 \_\_\_\_\_ [Specify whether changes to Designated Member appointments require a Unanimous Decision or a Members' Decision, and describe the notification process to Companies House].

## **11. Management and Authority of Members**

11.1 Subject to this Agreement, the business and affairs of the LLP shall be managed by the Members acting collectively.

11.2 Each Member shall have authority to act on behalf of the LLP in the ordinary course of its Business, provided that no Member shall, without the prior approval of \_\_\_\_\_ [Specify the required approval threshold, e.g. all Members or a majority of Members]:

- (a) enter into any contract or commitment on behalf of the LLP with a value exceeding \_\_\_\_\_ [Insert the monetary threshold above which prior approval is required, e.g. £10,000];
- (b) borrow money or incur any financial liability on behalf of the LLP;
- (c) grant any security, mortgage, charge, or encumbrance over LLP Property;
- (d) dispose of, or acquire, any material asset of the LLP;
- (e) appoint or dismiss any employee or consultant of the LLP;
- (f) commence, settle, or abandon any legal proceedings on behalf of the LLP;
- (g) admit a new Member or vary the terms of an existing Member's membership; or
- (h) enter into any transaction that is not in the ordinary course of the LLP's Business.

## **12. Members' Decisions**

12.1 Except where this Agreement expressly requires a Unanimous Decision or a different threshold, decisions of the Members shall be taken by \_\_\_\_\_ [Specify the default

decision-making threshold, e.g. simple majority by number, majority by profit share, or two thirds majority].

12.2 The following matters shall require a Unanimous Decision:

- (a) any amendment to this Agreement;
- (b) the admission of a new Member;
- (c) any change to the profit sharing ratios;
- (d) any change to the Capital Contributions of any Member;
- (e) dissolution of the LLP (other than by court order);
- (f) any change to the registered office or principal place of business;
- (g) any material change to the nature of the Business; and
- (h) any other matter specified in this Agreement as requiring a Unanimous Decision.

12.3 Members' decisions may be taken at a meeting or by written resolution. A written resolution signed by the requisite majority of Members shall be as effective as a resolution passed at a meeting.

12.4 Meetings of Members shall be convened by not less than \_\_\_\_\_ [Insert the minimum notice period for Members' meetings, e.g. 5 or 10 business days] written notice, unless all Members agree to shorter notice. Meetings shall be held at such times and places as the Members may agree.

12.5 Minutes of all Members' meetings shall be kept and shall be made available to all Members.

### **13. Admission of New Members**

13.1 A person may be admitted as a new Member of the LLP only with the prior Unanimous Decision of the existing Members.

13.2 Any new Member shall, prior to admission, execute a deed of adherence in a form approved by the existing Members, confirming that the new Member agrees to be bound by the terms of this Agreement.

13.3 The Capital Contribution, profit share, and other terms applicable to a new Member shall be agreed by Unanimous Decision of the existing Members prior to admission.

13.4 The admission of a new Member shall be notified to Companies House in accordance with the Act.

## **14. Duties and Obligations of Members**

14.1 Each Member shall:

- (a) devote such time, attention, and skill to the Business of the LLP as may be agreed between the Members from time to time;
- (b) act in good faith towards the other Members and in the best interests of the LLP;
- (c) promptly disclose to the other Members any actual or potential conflict of interest;
- (d) comply with all applicable laws and regulations in the conduct of the LLP's Business;
- (e) account to the LLP for any personal benefit obtained from any transaction carried out in connection with the LLP's Business or using the LLP's Property or confidential information; and
- (f) not, without the prior written consent of all other Members, engage in or have any interest in any business that competes with or is similar to the Business of the LLP.

14.2 Each Member shall keep confidential all information relating to the LLP's Business, its Members, clients, and affairs, and shall not disclose such information to any third party without the prior written consent of all other Members, save as required by law.

## **15. Expenses**

15.1 The LLP shall reimburse each Member for all reasonable and properly documented expenses incurred by that Member in the performance of their duties on behalf of the LLP, in accordance with any expense policy agreed by the Members from time to time.

15.2 Any expense in excess of \_\_\_\_\_ [Insert the threshold above which advance approval is required before incurring an expense on behalf of the LLP, e.g. £500] shall require prior written approval from \_\_\_\_\_ [Specify who must approve expenses above the threshold].

## **16. Banking and Financial Matters**

16.1 The LLP shall maintain a bank account in its name at \_\_\_\_\_ [Insert the name of the bank or banks at which the LLP's accounts are to be held], or at such other bank as the Members may agree.

16.2 Payments from the LLP's bank accounts shall require the signature or authorisation of \_\_\_\_\_ [Specify the number of Members whose authorisation is required for payments, and any threshold above which additional authorisation is needed].

16.3 The LLP shall maintain proper books of account and financial records, which shall be kept at the registered office or principal place of business and shall be open to inspection by any Member at any reasonable time.

## **17. Accounts and Financial Year**

17.1 The financial year of the LLP shall end on \_\_\_\_\_ [Insert the date on which the LLP's financial year ends, e.g. 31 March or 31 December] in each year, or such other date as the Members may agree.

17.2 The Designated Members shall procure that annual accounts are prepared in respect of each financial year of the LLP in accordance with applicable law and generally accepted accounting principles, and that such accounts are approved by the Members and filed with Companies House within the periods prescribed by law.

17.3 The accounts of the LLP shall be \_\_\_\_\_ [Specify whether the LLP's accounts are to be audited, and if so, identify the auditors or the process for appointing them].

## **18. Taxation**

18.1 The Members acknowledge that an LLP is transparent for UK income tax and capital gains tax purposes. Each Member shall be individually responsible for their own tax affairs in respect of their share of the LLP's profits and other income, and shall pay their own taxes as required by law.

18.2 The LLP shall prepare and file all tax returns required of it under applicable law. Each Member shall provide such information and co-operation as may be required to enable the LLP's tax returns to be prepared accurately and filed on time.

18.3 The Members shall appoint a nominated Member to act as the LLP's nominated partner for tax purposes and to liaise with HM Revenue and Customs on behalf of the LLP.

## **19. LLP Property**

19.1 All property, assets, and rights acquired by or contributed to the LLP shall be held in the name of the LLP or otherwise treated as LLP Property, and no Member shall have any individual interest in any specific asset of the LLP.

19.2 No Member shall use LLP Property for any purpose other than the Business of the LLP without the prior written consent of all other Members.

19.3 Any intellectual property created or developed by a Member in the course of performing their duties for the LLP shall vest in the LLP unless otherwise agreed in writing by all Members.

## **20. Indemnity and Limitation of Liability**

20.1 The LLP shall indemnify each Member against all claims, costs, damages, losses, and liabilities reasonably and properly incurred by that Member in the performance of their duties on behalf of the LLP in the ordinary course of Business, save to the extent arising from that Member's own negligence, wilful default, fraud, or breach of this Agreement.

20.2 Each Member acknowledges that the liability of a Member of an LLP to third parties is generally limited to that Member's Capital Contribution and any personal guarantees given, in accordance with the Act. Nothing in this Agreement shall be construed as altering the liability of any Member to third parties as provided by law.

20.3 No Member shall be personally liable for the acts or defaults of any other Member, save as expressly provided by the Act or other applicable legislation.

## **21. Resignation of a Member**

21.1 A Member may resign from the LLP by giving not less than \_\_\_\_\_ [Insert the minimum notice period required for resignation, e.g. three months or six months] written notice to all other Members (a "Resignation Notice"), unless the other Members agree in writing to accept a shorter notice period.

21.2 A resigning Member shall continue to be bound by their obligations under this Agreement and shall remain liable for any obligations incurred prior to the effective date of resignation.

21.3 Upon resignation, the resigning Member shall be entitled to receive the credit balance (if any) of their Capital Account and Current Account, in accordance with the valuation and payment provisions set out in Clause 23.

21.4 The resignation of a Member shall be notified to Companies House in accordance with the Act.

## **22. Expulsion of a Member**

22.1 A Member may be expelled from the LLP by Unanimous Decision of the other Members if that Member:

- (a) commits a material or persistent breach of this Agreement which is incapable of remedy, or which the Member fails to remedy within 30 days of written notice requiring remedy;
- (b) is guilty of fraud, wilful default, or gross misconduct in connection with the LLP's Business;
- (c) becomes bankrupt, has a bankruptcy order made against them, makes a voluntary arrangement with creditors, or (in the case of a corporate Member) enters into administration, receivership, liquidation, or a company voluntary arrangement;
- (d) is convicted of a criminal offence which, in the reasonable opinion of the other Members, brings the LLP into disrepute; or
- (e) \_\_\_\_\_ [Insert any further grounds for expulsion agreed by the Members, or delete this sub-clause if not required].

22.2 The expelled Member shall be entitled to receive the credit balance (if any) of their Capital Account and Current Account in accordance with Clause 23. No compensation shall be payable to the expelled Member beyond such entitlement.

## **23. Valuation and Payment on Exit**

23.1 Upon the resignation, expulsion, death, or incapacity of a Member (an "Exiting Member"), the value of that Member's interest in the LLP shall be determined as at the effective date of exit.

23.2 The value of the Exiting Member's interest shall be calculated by \_\_\_\_\_ [Describe the agreed method of valuing a departing Member's interest, e.g. by reference to the net asset value of the LLP as at the exit date, an independent valuation, or such other method as the Members agree].

23.3 The amount due to the Exiting Member shall be paid by the LLP within \_\_\_\_\_ [Insert the period within which the LLP must pay the Exiting Member following determination of the exit value, e.g. 90 days] of the determination of the exit value, unless otherwise agreed in writing.

23.4 The remaining Members shall have the right to acquire the Exiting Member's interest before any transfer to a third party, on the same terms as any proposed third-party transfer.

## **24. Death or Incapacity of a Member**

24.1 In the event of the death of an individual Member, that Member's personal representatives shall not automatically become a Member of the LLP but shall be entitled to receive the deceased Member's share of the LLP's assets as determined in accordance with Clause 23.

24.2 In the event of the prolonged incapacity of a Member, the remaining Members may, by \_\_\_\_\_ [Specify the decision threshold required to apply this clause, e.g. Unanimous Decision of the other Members], treat the incapacitated Member as having given a Resignation Notice.

## **25. Dissolution of the LLP**

25.1 The LLP shall be dissolved:

- (a) by Unanimous Decision of all Members;
- (b) upon the passing of a resolution by the Members to wind up the LLP voluntarily in accordance with the Insolvency Act 1986 (as applied to LLPs);
- (c) upon the making of a winding-up order by the court; or
- (d) upon such other event as may be specified by applicable law.

25.2 On dissolution, the assets of the LLP shall be applied in the following order:

- (a) in payment of the LLP's debts and liabilities to third parties;
- (b) in payment of the costs and expenses of the winding up;

- (c) in repayment of the credit balances on each Member's Current Account;
- (d) in repayment of the credit balances on each Member's Capital Account; and
- (e) any surplus remaining thereafter shall be distributed among the Members in accordance with their profit sharing ratios as set out in Schedule 2.

## **26. Dispute Resolution**

26.1 In the event of any dispute between the Members arising out of or in connection with this Agreement, the Members shall in the first instance attempt to resolve the dispute by good-faith negotiation between themselves.

26.2 If the dispute is not resolved by negotiation within \_\_\_\_\_ [Insert the period within which the parties must attempt to resolve disputes by negotiation before escalating, e.g. 20 business days] of one party notifying the other of the dispute in writing, the parties shall attempt to resolve the matter by mediation administered by \_\_\_\_\_ [Insert the name of the agreed mediation body or mediator appointment procedure, e.g. the Centre for Effective Dispute Resolution (CEDR)] before commencing legal proceedings.

26.3 Nothing in this Clause shall prevent a party from seeking urgent interim or injunctive relief from the courts where necessary to protect its interests.

## **27. Amendments to this Agreement**

27.1 This Agreement may only be amended, varied, or supplemented by a written document signed by all Members.

27.2 Any purported amendment that does not comply with this Clause shall be of no effect.

## **28. Entire Agreement**

28.1 This Agreement, together with its Schedules, constitutes the entire agreement between the Members with respect to its subject matter and supersedes all prior agreements, representations, and understandings, whether written or oral, relating to that subject matter.

28.2 Each Member acknowledges that it has not entered into this Agreement in reliance on any representation or warranty not set out herein. Nothing in this Clause shall operate to limit liability for fraud.

## **29. Severability**

If any provision of this Agreement is or becomes invalid, illegal, or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal, and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any such modification or deletion shall not affect the validity and enforceability of the rest of this Agreement.

## **30. Governing Law and Jurisdiction**

30.1 This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

30.2 Each Member irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation.

30.3 This Agreement has been prepared in accordance with the Limited Liability Partnerships Act 2000 and the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009. Members operating in Scotland or Northern Ireland should seek appropriate legal advice as to any differences in applicable law or formalities.

## **Schedule 1. Capital Contributions**

The following Capital Contributions are agreed as at the date of this Agreement:

Member 1: \_\_\_\_\_ [Full legal name of Member 1]    Capital Contribution: £ \_\_\_\_\_  
[Amount contributed by Member 1]

Member 2: \_\_\_\_\_ [Full legal name of Member 2]    Capital Contribution: £ \_\_\_\_\_  
[Amount contributed by Member 2]

\_\_\_\_\_ [Add further rows for additional Members as required, following the same format]

Total Capital Contributions: £\_\_\_\_\_ [Total amount of all Members' capital contributions]

## **Schedule 2. Profit Sharing Ratios and Drawings**

The following profit sharing ratios and agreed drawings are set as at the date of this Agreement:

Member 1: \_\_\_\_\_ [Full legal name of Member 1]      Profit Share: \_\_\_\_\_  
[Percentage or fraction of profits allocated to Member 1]      Drawings: £\_\_\_\_\_ [Agreed  
drawing entitlement for Member 1 per month or per year]

Member 2: \_\_\_\_\_ [Full legal name of Member 2]      Profit Share: \_\_\_\_\_  
[Percentage or fraction of profits allocated to Member 2]      Drawings: £\_\_\_\_\_ [Agreed  
drawing entitlement for Member 2 per month or per year]

\_\_\_\_\_ [Add further rows for additional Members as required, following the same format]

**IN WITNESS WHEREOF, the Members have executed this Agreement as of the date first written above.**

SIGNED by \_\_\_\_\_ [Full legal name of Member 1]:

\_\_\_\_\_

Signature

Name: \_\_\_\_\_ [Print full name of signatory for Member 1]

Title: \_\_\_\_\_ [Title or position, if signing on behalf of a corporate member]

Date: \_\_\_\_\_ [Date of signing by Member 1]

In the presence of:

\_\_\_\_\_

Witness signature

Witness name: \_\_\_\_\_ [Print full name of witness]

Witness address: \_\_\_\_\_ [Full address of witness]

SIGNED by \_\_\_\_\_ [Full legal name of Member 2]:

\_\_\_\_\_

Signature

Name: \_\_\_\_\_ [Print full name of signatory for Member 2]

Title: \_\_\_\_\_ [Title or position, if signing on behalf of a corporate member]

Date: \_\_\_\_\_ [Date of signing by Member 2]

In the presence of:

\_\_\_\_\_

Witness signature

Witness name: \_\_\_\_\_ [Print full name of witness]

Witness address: \_\_\_\_\_ [Full address of witness]

\_\_\_\_\_ [Repeat the above signature block for each additional Member, following the same format]

*This document does not constitute legal advice and is provided for general informational purposes only. Limited liability partnerships are governed by the Limited Liability Partnerships Act 2000, the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009, and other applicable legislation. The requirements for registration, management, and dissolution of an LLP may vary depending on the nature of the members and the business carried on. Tax treatment of LLPs and their members is subject to applicable HM Revenue and Customs rules and may change over time. A qualified legal professional and, where appropriate, a tax adviser should be consulted before entering into or relying upon any limited liability partnership agreement.*