

Accounting for Limited Liability Partnership

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Introduction & Key features

- Governed by LLP Act 2008 introduced by notification dated 31.3.2009
- LLP agreement
- Minimum 2 members , maximum NO LIMIT
- Limited liability for members
- Separate legal entity – legal suits possible
- Natural person or artificial person can be a partner
- Foreign nationals can also be partners s.t. FEMA
- Partner as an agent of LLP but not of other partners

- Partners' right to participate in management
- Partners' remuneration s.t. LLP agreement
- Share of profits as per LLP agreement
- Partners bound by LLP agreement and LLP Act
- **Partner's liability limited to the extent of his contribution**
- **Partners not personally liable for obligation of LLP**
- **Partner solely liable for acts done without authority**
- **Unlimited liability of partner for fraudulent transactions**

- Requirement of a Designated partners – at least 2 DPs (individuals) and one of them IR
- If no partner is designated or only one partner is designated – all partners deemed to be DPs
- DP's role similar to company directors
- Responsibilities and duties of DP
- Registration of LLP – DPIN for DPs, DSC, LLP name , LLP agreement
- Annual filing with ROC – Statement of accounts & solvency within 6 months and Annual return within 60 days from end of FY

LLP Agreement

- Written agreement between partners
- If no agreement then Sch I of LLP Act will apply
- Name , registered office address and nature of business
- Share of partners in capital and profit/loss
- Remuneration and interest on capital or loan accounts
- Rights & liabilities of partners
- Admission & cessation of partners
- Bank account operations
- Maintenance of books of accounts
- Procedure for obtaining loans , acquiring or disposing of assets, authority to sign documents etc
- Dispute resolution

Accounts & Audit of LLP

- Statement of solvency signed by DP
- Audit if contribution exceeds Rs.25 lakhs or turnover exceeds Rs.40 lakhs
- Statement of Assets & Liabilities
- Statement of Income & Expenditure [LLP formats.pdf](#)