



Aspen Group Limited

A GUIDE TO THE USE OF UNITED KINGDOM (U.K.) LIMITED PARTNERSHIPS

HONG KONG

PANAMA

PRAGUE

Introduction to U.K. Limited Liability Partnerships

A limited liability partnership is a form of legal business entity with limited liability. The main features of limited liability partnerships are that they have organizational flexibility but are taxed as partnerships. In many other respects they are very similar to companies.

The Limited Liability Partnership Act 2000 generally allows two or more persons carrying on a lawful business with a view to profit to form a limited liability partnership. However, limited liability partnerships are not available for all activities such as non-profit making activities.

Every limited liability partnership must at all times have at least two, formally appointed designated members. Designated members are equivalent to the executive directors and the company secretary of a company. If there are less than 2 members, then each is deemed a designated member.

IMPORTANT INFORMATION

UK LLPs should be established with the intention of making profit and for the purpose of international trade of goods or services either as principal or agent or for the provision of consultancy or related services. UK resident members are precluded from undertaking business in the UK, ownership of property or shares and the sale of membership interests within the UK.

All members must agree that one member shall become a designated member at any time. Designated members enjoy the same rights and owe the same duties towards the limited liability partnership as any other member. These mutual rights and duties are governed by the limited liability partnership agreement and the general law. However, the law also places additional responsibilities on designated members. In particular, designated members are responsible for:

- Appointing an auditor, if necessary;
- Signing the accounts on behalf of the members;
- Delivering the accounts to the Registrar;
- Notifying the Registrar of any amendments to the membership, changes to registered office address; or changes to the name of the limited liability partnership;
- Preparing, signing, and delivering to the Registrar an annual return (Form LLP363); and
- Upon wind-up or dissolution, acting on behalf of the limited liability partnership.
- Designated members are personally liable failing to carry out these responsibilities.

Type of law

Common Law. Based on English Company Law

Time to incorporate

1 - 8 Days

Name Restrictions

Names which is identical or too similar to an existing LLP or company; any name which would be considered offensive or suggests criminal activity; or any name that suggests the patronage of the Royal Family or the Government of the United Kingdom.

Names shall not include following words:- assurance, bank, benevolent, building society, Chamber of Commerce, fund management, insurance, investment fund, loans, municipal, reinsurance, reinsurance, savings, trust, trustees, university or their foreign language equivalents for which the approval of the Secretary of State is first required.

The name of company can be in any language but the operating agreement, partnership agreement and other corporate documents must be in English. Names in other languages must be submitted with a certified translation.

Suffixes to Denote Limited Liability

Limited Liability Partnership or LLP.

Capital

The minimum capital contribution is £ 2.

Taxation

Members of a UK LLP are exempt from UK tax provided that no business or trade is carried out with or within the United Kingdom.

Financial Statement Requirements

All UK LLPs are required to file accounts with the Registrar of Companies. Audited accounts must be delivered to Companies House if the limited liability partnership falls into any of the following categories:

1. **Category One**

A parent limited liability partnership or subsidiary undertaking (unless dormant for the period during which it was a subsidiary) except where the group:

- a. Qualifies as a small group or would qualify if all bodies corporate in the group were companies; and
- b. The turnover for the whole group is not more than £ 1 million net or £ 1.2 million gross; and
- c. The group's combined balance sheet total is not more than £ 1.4 million net (£ 1.68 million gross).

2. **Category Two**

A member of a group in which any member is:

- a. A banking or insurance company;
- b. A public company or body corporate which (not being a company) has power under its constitution to offer shares or debentures to the public;
- c. An authorized person under the Financial Services Act 1986.

3. **Category Three**

An authorized person or appointed representative under the Financial Services Act 1986.

4. **Category Four**

A special registered body or employers association under the Trade Union and Labour Relations (Consolidation) Act 1992. The annual accounts must include:

- a. Turnover; balance sheet signed by the designated members: an auditors' report signed by the auditor (if appropriate); notes to the accounts; and group accounts (if appropriate).
- b. Where the profit figure exceeds £ 200,000, the amount attributable to the member with the largest profit share.
- c. The profit and loss for the year before members' remuneration/profit shares.
- d. Aggregate capital or loans put in by members and aggregate amounts withdrawn during the year by members.

All UK companies are required to file accounts prepared in statutory form with the Registrar of Companies and the Inland Revenue. Companies whose annual turnover does not exceed £ 5,600,000 are not required to file independently audited accounts and in such cases the

directors must self-certify the accounts. Accounts must be filed and are available for inspection by the public. Aspen can assist in the preparation of these accounts.

General

<i>Type of Company</i>	LLP
<i>Political Stability</i>	Excellent
<i>Standard Authorized Capital</i>	No
<i>Tax on Offshore Profits</i>	No

Corporate Requirements

<i>Local Registered Office and Registered Agent Required</i>	Yes
<i>Minimum Number of Directors/Managers</i>	2
<i>Local Directors Required</i>	No
<i>Corporate Directors Permitted</i>	Yes
<i>Minimum Number of Shareholders/Members</i>	2
<i>Local Shareholders Required</i>	No
<i>Corporate Shareholders Permitted</i>	No
<i>Company Secretary Required</i>	No
<i>Bearer Shares Allowed</i>	N/A

Annual Requirements

<i>Filing of Annual Return</i>	Yes
<i>Submit Audited Accounts</i>	Yes, but small company

The foregoing does not constitute legal advice and it is merely Aspen Global Incorporations opinion based on use and experience. If you are not a professional service provider, please consult a tax attorney, solicitor, and/or accountant before you pursue any venture in a tax free environment. Aspen Global Group will be glad to meet with you and assess your requirements. Legal evaluations in each jurisdiction are available at a time cost fee.

If you would like additional information on this jurisdiction, please contact us at enquiries@aspenoffshore.com; or contact any of our offices.

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