

Conversion of Firm to LLP

Eligibility for Conversion

Section 26 of The Limited Liability Partnerships (Guernsey) Law, 2013 permits a firm to be converted into an LLP.

'Firm' means persons who enter into partnership with one another with a view to carrying on a business to make a profit.

'Conversion' means the transfer of the property, interests, rights, privileges and debts, and the undertaking of the firm to the LLP.

A firm can only convert to an LLP if all the members of the proposed LLP will comprise all the partners of the firm and no-one else.

Application for Conversion

A firm may apply to the Registrar to convert to an LLP by filing an application to convert, using the LLP - Application for Conversion submission form. However the application will need to be made, on behalf of the firm, by a corporate Service provider (CSP).

The application must be accompanied by a statement signed by all the partners of the firm confirming their consent to the conversion of the firm to an LLP, and the relevant filing fee.

Upon receipt of the duly completed submission the Registrar will publish the fact that an application has been made, on the Guernsey Registry website, for a period 28 days.

Effect of Incorporation

At the expiration of the 28 day notice period the Registrar will register the LLP and issue a certificate of incorporation.

An LLP that has converted from a firm shall ensure that for a period of 12 months from the date of the conversion and incorporation that all correspondence and the LLP and every invoice issued bears:

- A statement that on the date of registration of the LLP it converted from a firm to an LLP, and
- The name of the firm from which it converted

A failure to comply with this may result in a civil penalty.

Upon incorporation of the LLP all property, interests, rights, privileges and debts relating to the firm shall be transferred to the LLP and the firm shall be dissolved.

Any proceedings by or against the firm, which are pending immediately before the date of conversion and incorporation of the LLP, may be continued, completed and enforced by or against the LLP and any conviction, ruling, order or judgement in favour or against the firm by be enforced by or against the LLP.

All agreements, contracts, bonds, schemes, instruments, arrangements, security, guarantees, indemnities, approvals and licences subsisting before the date of conversion and incorporation of the LLP , which relate to the firm, shall continue in force as if they related to the LLP and shall be enforceable by or against the LLP. Any contract for employment that relates to foregoing list shall continue in force as if the LLP were the employer.

Every appointment of the firm or the partners of the firm in any role or capacity, which is in force immediately before the conversion and incorporation shall have effect from the date of the conversion as if the LLP we so appointed. Any authority or power conferred on the firm or partners shall also have effect as it were conferred on the LLP.

Every partner of a firm that has converted to an LLP shall continue to be personally liable, jointly and severally with the LLP, for the debts of the firm which were incurred before the conversion or which arise from any contract entered into before the conversion. Where any partner discharges such a debt, subject to any provision in the member's agreement, the partner shall be fully indemnified by the LLP in respect of that debt.

The purpose of this guidance is to provide information that should be considered with regard to the conversion of a firm to an LLP.

It is NOT intended to be definitive legal advice and should not be relied upon as such.

The interpretation of the Limited Liability Partnerships (Guernsey) Law, 2013 is a matter on which the Guernsey Registry cannot advice and LLPs are advised to form their own view on compliance with the legislation.

Independent legal advice is advised where there is any uncertainty.