

llp Act part 1 story line with full concept created by rebel. saiyed

✅ 1. Section 2(1)(n) – Limited Liability Partnership

📘 ICAI Original Definition:

> “Limited Liability Partnership” means a partnership formed and registered under this Act.

📖 Storyline:

👑 The Ministry of Business gave birth to a new warrior in 2008 — his name: LLP.
He wasn't like old school partnerships that died when a partner left or failed when one partner did fraud.

LLP stood proud and said:

> “I am registered under LLP Act, 2008.
I live forever (Perpetual Succession),
I take responsibility for my own actions (Separate Legal Entity),
But my partners are safe — their risk is limited to what they invest!”

So the world called him:

> “A partnership... but smarter — an LLP!”

🎯 Memory Trick:

> LLP = Law-based + Liability-limited + Partnership-registered under LLP Act

✅ 2. Section 2(1)(o) – LLP Agreement

📘 ICAI Original Definition:

> “LLP Agreement” means any written agreement between the partners of the LLP or between the LLP and its partners which determines the mutual rights and duties of the partners and their rights and duties in relation to that LLP.

📖 Storyline:

📝 Just like a marriage needs vows, LLP needs a written agreement.

All partners sit down, like in a peaceful business mandap, and create a special book called the LLP Agreement.

It decides:

Who will do what,

Who brings what capital,

What if someone leaves,

How profits will be shared.

This document rules the LLP – more than any spoken promise.

🎯 Memory Trick:

> LLP Agreement = LLP's Life Line Paper (Rules of the partnership in writing!)

✅ 3. Section 2(1)(q) – Partner

📘 ICAI Original Definition:

> "Partner", in relation to a LLP, means any person who becomes a partner in the LLP in accordance with the LLP agreement.

📖 Storyline:

👥 In the world of LLP, you don't become a partner by just saying "let's do business". You must be named in the LLP Agreement or officially added as per the agreement.

A "Partner" is someone who has signed up with full knowledge, and enjoys rights & duties in the LLP – but only as per the rules written.

Memory Trick:

> A Partner in LLP = A person Accepted through Agreement


✓ 4. Section 2(1)(ta) – Small LLP

ICAI Original Definition:

> “Small LLP” means a limited liability partnership—

1. Whose contribution does not exceed ₹25 lakh (can be raised up to ₹5 crore), and
2. Whose turnover does not exceed ₹40 lakh (can be raised to ₹50 crore), or
3. Which meets other prescribed conditions.

Storyline:

 Think of Small LLPs as the baby Avengers of business. They do real work, but at a smaller scale. They get relaxation in rules, less compliance pressure, and easy filing systems.

The government says:

> “Hey, you’re small — so we won’t treat you like big LLPs. Chill and grow!”

Memory Trick:

> Small LLP = ₹25L Capital + ₹40L Turnover
(Easy rule: 25 ka paisa, 40 ka business)

✓ 5. Section 2(1)(d) – Body Corporate

ICAI Original Definition:

> “Body Corporate” means a company as defined in Section 2(20) of the Companies Act, 2013 and includes:

- (i) LLP registered under this Act
- (ii) LLP incorporated outside India

(iii) Company incorporated outside India

But does not include:

- (i) Corporation sole
- (ii) Co-operative society
- (iii) Any other body corporate notified by the Central Government.

📖 Storyline:

🤖 In Business World, some entities are considered "Body Corporate" – they have legal identity, can own property, sue, and be sued.

King Biz asked, "Who can sit at my corporate table?"

- ✅ LLP? – Yes!
- ✅ LLP from abroad? – Yes!
- ✅ Foreign company? – Yes!

But ❌ he rejected:

A "Corporation Sole" (a person wearing a corporate robe alone – like President or Bishop),

A Co-operative Society (village team player),

Or any other body notified by the King (Govt).

🎯 Memory Trick:


- > 🧠 Body Corporate = Company, LLP, Foreign ones
- ❌ Not: Sole, Society, Special CG-notified ones.

✅ 6. Section 2(1)(j) – Designated Partner


📖 ICAI Original Definition:


> "Designated Partner" means any partner designated as such pursuant to Section 7.

📖 Storyline:

 LLPs have many partners, but someone must sign documents, file returns, and take legal responsibility.


Enter the Designated Partner — the “Captain” of the LLP ship.

 They are named in official documents and ensure compliance with law.

 Must be at least 2 in every LLP, and at least one resident in India (stays ≥ 120 days in financial year).


 Memory Trick:


> Designated Partner = D.P. = Duty Person
They sign, file, and follow the law!

 7. Section 2(1)(l) – Financial Year

 ICAI Original Definition:

> “Financial Year” in relation to LLP means 1st April to 31st March of the following year.
But, if LLP is incorporated after 30th September, the financial year may extend to next March year-end.

 Storyline:

 In LLP Land, every year’s account closes on 31st March — just like school exams.

But if a new LLP is born after 30th September, it gets extra time to grow — its first financial year can go till next March.

 Example:

LLP formed on 15 Oct 2024 → Financial year = 15 Oct 2024 to 31 Mar 2026 (if desired)

 Memory Trick:

> Normal: Apr–Mar,
Late born (after Sep): Apr next year

✅ 8. Section 2(1)(m) – Foreign LLP

📘 ICAI Original Definition:

> “Foreign LLP” means a LLP formed, incorporated or registered outside India which establishes a place of business in India.

📖 Storyline:

🌍 One day, a smart LLP from London knocked on India’s door.

He said: “I am born abroad, but I want to do business here too!”

India welcomed him, saying:

> “If you register a place of business here, you become a Foreign LLP under our law.”

He can invest, work, and even become a partner in Indian LLPs.

🎯 Memory Trick:

> 🌍 Foreign LLP = LLP + Born Abroad + Business in India

✅ 9. Section 2(1)(e) – Business

📘 ICAI Original Definition:

> “Business” includes every trade, profession, service, and occupation, except any activity which the Central Government may, by notification, exclude.

📖 Storyline:

🏠 In LLP Kingdom, business means more than just selling goods.

Whether you’re a:

📦 Trader,

👨‍⚕️ Doctor,

👤 IT Service provider,

🎨 Artist,

👩 Teacher,

Or even 👨 Lawyer...

All these are businesses under LLP law — unless the Central Government says, “this activity is banned from LLP structure.”

🎯 Memory Trick:

> Business = T.P.S.O.
(Trade, Profession, Service, Occupation)

✅ 10. Section 2(1)(k) – Entity

📖 ICAI Original Definition:

> “Entity” means any body corporate and includes, for purposes of sections 18, 46, 47, 48, 49, 50, 52 and 53, a firm setup under the Indian Partnership Act, 1932.

📖 Storyline:

👤 In legal land, “Entity” is anyone who’s officially recognized as a body — like:

A company,

LLP,

Foreign LLP,

And in some special cases — even a Partnership firm (but only in certain sections).

So, Entity = Legally existing organization, but not necessarily an LLP or company — context matters!

🎯 Memory Trick:

> Entity = Existing Legal Body

(In some sections, even Partnership Firm is included)

✅ 11. Section 5 – Partners

📖 ICAI Original Definition:

> Any individual or body corporate may be a partner in an LLP.

❌ But an individual shall not be capable of becoming a partner if:

- (a) He has been found to be of unsound mind by a court
- (b) He is an undischarged insolvent
- (c) He has applied for insolvency and the application is pending

📖 Storyline:

👥 LLP was forming a powerful squad. But not everyone could join.

💡 Rule: “If you want to be a partner, be mentally fit and financially stable!”

So the Gatekeeper of LLP checks:

Are you of sound mind?

Are you not bankrupt?

No ongoing insolvency case?

Only then can you join the LLP Avengers!

🎯 Memory Trick:

> ❌ No LLP Partner if:

U = Unsound Mind

I = Insolvent (undischarged)

A = Applied for Insolvency

✅ So: Only U.I.A-Free people can be partners!

✅ 12. Section 6 – Minimum Number of Partners


📖 ICAI Original Definition:


> (1) Every LLP shall have at least 2 partners.

(2) If the number falls below 2 and it continues for 6 months,

the sole partner becomes personally liable for all LLP obligations during that time if he knew he was the only one.

Storyline:

 LLP is like a tandem bike — it must be driven by at least two riders (partners). If one jumps off and the other continues alone for 6 months, then that rider becomes fully liable for any accident or loss!

 Lesson: Don't be a solo LLP rider for more than 6 months — or you pay the price.

Memory Trick:

> LLP = 2 Partners Min.

If <2 for 6+ months ➡ remaining guy = Personally Liable

So remember: 2 partners or you're due for personal dues!

13. Section 7 – Designated Partners


ICAI Original Definition:

> (i) Every LLP shall have at least two designated partners, who are individuals, and at least one shall be a resident in India.

(ii) If partners are body corporates, then two individuals (or their nominees) must act as designated partners.

(iii) Resident in India means a person who has stayed in India ≥ 120 days during the financial year.

Storyline:

 In the LLP Army, the Designated Partners (DPs) are like Commanders.

They sign documents, file forms, follow rules — they face the law if anything goes wrong!

So, every LLP must have:

2 DPs,

1 DP must be Indian Resident (stayed 120+ days),

If companies are partners, their nominees must become DPs.

🧠 Example: LLP has 5 partners:

Mr. A (USA), Ms. B (India), Mr. C (India), Co. X, Co. Y

➡ At least 2 individuals among them must be DPs

➡ At least 1 must be resident

🎯 Memory Trick:

> DP = Duty People

Must have:

2 Individuals

1 Resident (120 days)

1 Resident (120 days)
