



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
12, SUDDER STREET, KOLKATA – 700 016.

**GUIDELINES FOR CONVERSION OF COST ACCOUNTANTS' FIRMS**  
**(PARTNERSHIP/PROPRIETARY) INTO LIMITED LIABILITY PARTNERSHIPS (LLPS)**

In terms of Council decision dated 22<sup>nd</sup> January, 2012, the following guidelines for conversion of Cost Accountants firms into LLPs and constitution of separate LLPs by the practising Cost Accountants have been finalized. They are applicable for conversion of Cost Accountants' firms into LLPs or formation of new LLPs, by the members in practice of the Institute of Cost Accountants of India (ICAI) upon coming into force the provisions of the Cost and Works Accountants (Amendment) Act, 2011 (i.e. 1<sup>st</sup> February, 2012), subject to the provisions of the Limited Liability Partnership (LLP) Act, 2008 and Rules & Regulations framed thereunder:

**(A) Conversion of Cost Accountant firms into LLPs**

1. All the existing Cost Accountants' firms who want to convert themselves into LLPs are required to follow the provisions of Chapter-X of the LLP Act, 2008 read with Second Schedule to the said Act containing provisions of conversion from existing firms into LLP.
2. In terms of Rule 18(2) (xvi) of LLP Rules- 2009, if the proposed name of LLP includes the words 'Cost Accountant' or 'Cost Accountants', as the case may be, as part of the proposed name, the same shall be referred to ICAI by the Registrar of LLP and it shall be allowed by the Registrar only if the Secretary/Authorized Official of ICAI \* approves it.
3. If the proposed name of LLP of Cost Accountant firm resembles with any other non- Cost Accountant entity, as per the naming Guidelines under LLP Act and its Rules, the proposed name of LLP of Cost Accountant firm may include the word 'Cost Accountant' or 'Cost Accountants', as the case may be in the name of the LLP itself and the Registrar LLP may allow the same name, subject to compliance to Rule 18(2) (xvi) of LLP Rules as referred above.
4. For the purpose of registration of LLP with ICAI under Regulation 108 of the Institute of Cost and Works Accountants Regulations, 1959, the partners of the firm shall apply, in ICAI Form of Application for Particulars of Offices and Firms, along with the copy of name registration, received from the Registrar of LLP and submit the same with the concerned Office of ICAI. The Form shall contain all the details of the offices and other particulars as called for, together with the signatures of all partners or authorized partner of the proposed LLP.
5. The names of the Cost Accountant firms registered with ICAI shall remain reserved for the partners, as one of the options for LLP names, subject to the provisions of LLP Act & Rules and Regulations framed there under.



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
12, SUDDER STREET, KOLKATA – 700 016.

6. The following guidelines relating to seniority and other criteria shall be followed for registration of LLP with ICAI:

(i) Where two similar or identical or nearly similar firm names (whether the partners of such firms are same or not) have applied for registration to ICAI, under the proposed LLP, only one such firm name who applied first shall be approved and remaining firm who has applied with ICAI, whether desires to convert into LLP or not, will have to change the firm name.

(ii) The name of the LLP may be like 'X & Co. LLP' or 'X & Associates LLP' or 'XYZ LLP' and no other suffix shall be approved and registered by ICAI.

(iii) The newly converted Cost Accountant LLP registered with ICAI shall be allowed to work only in terms of Section 2(2) of the Institute of Cost and Works Accountants Act, 1959 and for the objects of LLP to be incorporated as per Form-2 and Form 17 of the LLP Rules, 2009 or as per the LLP agreement and same shall be in the nature of Professional Services allowed under Section 2(2) of Cost and Works Accountants Act, 1959. LLP shall be subject to the same regulations, as if they were a partnership firm. Mere conversion into LLP does not give any privileges, which were not earlier with the Cost Accountant firms.

(iv) Inter se seniority among the firms shall be given to LLP as per the existing policy of ICAI. In other words, LLPs shall carry the same seniority, as the firm shall otherwise have under the existing policy of ICAI. In case of merger of 2 LLPs, same rules are applicable as to firms merging shall apply.

(v) The non converted firms shall also remain on the same position of seniority in relation to converted LLPs, as the converted LLPs shall have the same inter-se seniority, as the firms had earlier to conversion.

7. These guidelines of conversion of Cost Accountant firms into LLP shall also be applicable to the conversion of proprietary firm into LLP, subject to the provisions of LLP Act & Rules and Regulations framed there under. The conversion of proprietary firm shall be by way of incorporation of new LLPs.

8. The registration number (with minimum 6 numbers) of LLP with ICAI, shall be the same Firm Registration Number (FRN) allotted to the firm before the conversion by ICAI, with the Regional Code like 'W' for Western, 'E' for Eastern, 'S' for Southern, 'N' for Northern.

9. Introduction of LLP, shall not affect the existing regulations in force as regards the name allotment to Cost Accountant firms.



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
12, SUDDER STREET, KOLKATA – 700 016.

10. The provisions of the Cost and Works Accountants Act, 1959, the Cost and Works Accountants Regulations, 1959 and Code of Ethics issued by ICAI shall be applicable to all partners jointly & severally, of the converted Cost Accountant firms into LLP.

11. The following Guidelines are subject to the clarification from Ministry of Corporate Affairs (MCA), Government of India, New Delhi:

(i) Wherever the existing partnership firm has been appointed as statutory auditor of any company, after following the due procedure under the Companies Act, 1956 and the said firm with the same partners is converted into / has formed LLP, then the same FRN will continue and the Board of Directors of the Company shall take on record the conversion/formation of the Cost Accountant firms into LLP and the new LLP shall be deemed to be the Auditor of the said company, for the said financial year, in terms of Section 58(4) of the LLP Act, 2008.

(ii) Wherever more than one partnership firm, with all the partners, desire to convert/form only one LLP, then in that case the name and FRN may be selected of only one of such firms, for the purpose of registration with ICAI and;

(a) The other such firms shall stand dissolved.

(b) Seniority shall be decided as per applicable rules of ICAI.

(c) The Board of Directors of all the Companies, who have appointed all the erstwhile firms as Cost auditors, may take a declaration from the said LLP, with all the partners of all the erstwhile firms on record and the appointment as Cost auditors of all the erstwhile firms made under the Companies Act, 1956, shall be deemed to be in the name of the said LLP.

**(B) Constitution of separate LLPs**

12. All the members of ICAI in practice who want to constitute a separate LLP are required to follow the provisions of the LLP Act, 2008 read with the Rules framed there under.

13. In terms of Rule 18(2) (xvi) of LLP Rules- 2009, if the proposed name of LLP includes the words 'Cost Accountant' or 'Cost Accountants', as the case may be, as part of the proposed name, the same shall be referred to ICAI by Registrar of LLP and it shall be allowed by the Registrar only if the Secretary/Authorized Official of ICAI \* approves it.

14. If the proposed name of LLP of Cost Accountant firm resembles with any other non- Cost Accountant entity, as per the naming Guidelines under LLP Act and its Rules, the proposed name of LLP of Cost Accountant firm may include the word 'Cost Accountant' or 'Cost Accountants', as the case may be in the name of the LLP itself and the Registrar LLP may



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
12, SUDDER STREET, KOLKATA – 700 016.

allow the same name, subject to compliance to Rule 18(2) (xvi) of LLP Rules as referred above.

15. For the purpose of registration of LLP with ICAI under regulation 108 of the Cost and Works Accountants Regulations, 1959, the partners of the firm shall apply in the ICAI Form of Application for Particulars of Offices and Firms along with the copy of name registration, received from the Registrar of LLP and submit the same with the concerned Office of the ICAI. This Form shall contain all details of the offices and other particulars as called for together with the signatures of all partners or authorized partner of the proposed LLP.

16. The following guidelines relating to seniority and other criteria shall be followed for registration of LLP with ICAI:

(i) Where two similar or identical or nearly similar firm names (whether the partners of such firms are same or not) have applied for registration to ICAI, under the proposed LLP, only one such firm name who applied first shall be approved and remaining firm who has applied with ICAI, whether desires to convert into LLP or not, will have to change the firm name.

(ii) The name of the LLP may be like 'X & Co. LLP' or 'X & Associates LLP' or 'XYZ LLP' and no other suffix shall be approved and registered by ICAI.

(iii) The newly converted Cost Accountant LLP registered with ICAI shall be allowed to work only in terms of Section 2(2) of the Institute of Cost and Works Accountants Act, 1959 and for the objects of LLP to be incorporated as per Form-2 and Form 17 of the LLP Rules, 2009 or as per the LLP agreement and same shall be in the nature of Professional Services allowed under Section 2(2) of Cost and Works Accountants Act, 1959. LLP shall be subject to the same regulations, as if they were a partnership firm. Mere conversion into LLP does not give any privileges, which were not earlier with the Cost Accountant firms.

(iv) Inter se seniority among the firms shall be given to LLP as per the existing policy of ICAI. In other words, LLPs shall carry the same seniority, as the firm shall otherwise have under the existing policy of ICAI. In case of merger of 2 LLPs, same rules are applicable as to firms merging shall apply.

(v) The non converted firms shall also remain on the same position of seniority in relation to converted LLPs, as the converted LLPs shall have the same inter-se seniority, as the firms had earlier to conversion.

17. These guidelines of conversion of Cost Accountant firms into LLP shall also be applicable to the conversion of proprietary firm into LLP subject to the provisions of LLP Act, Rules and Regulations framed there under. The conversion of proprietary firm shall be by way of incorporation of new LLPs.



**THE INSTITUTE OF COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
12, SUDDER STREET, KOLKATA – 700 016.

18. The registration number (with minimum 6 numbers) of LLP with ICAI, shall be like the Firm Registration Number being allotted to the firms by ICAI with the Regional Code like 'W' for Western, 'E' for Eastern, 'S' for Southern, 'N' for Northern.

19. Introduction of LLP, shall not affect the existing regulations in force as regards Name allotment to Cost Accountant firms.

20. The provisions of the Cost and Works Accountants Act, 1959, the Cost and Works Accountants Regulations, 1959 and Code of Ethics issued by ICAI shall be applicable to all partners jointly and severally, of the LLP.

21. In case of any dispute in respect of these guidelines, the same shall be referred to the Council of ICAI and the decision of the Council shall be final and binding on the members of the Institute.

22. For the purpose of any clarification regarding the approval and registration of proposed LLP with ICAI, the requests can be sent at the following address:

Shri Kaushik Banerjee  
Director & Joint Secretary  
The Institute of Cost Accountants of India  
12, Sudder Street,  
Kolkata – 700 016.

(\*Shri Kaushik Banerjee, Director & Joint Secretary is the Authorized Official of ICAI)

23. These Guidelines shall come into force w.e.f. 1<sup>st</sup> February, 2012.

\*\*\*\*\*