LEGAL STRUCTURE	KEY FEATURES	PROS	CONS
Unincorporated Association (Voluntary / Community Organisations)	• Most voluntary and community organisations are unincorporated associations • The governing method for unincorporated associations is usually the constitution or association rules. • The term 'unincorporated' means that, in law, the association has no existence apart from its members as individuals.	• Governed by a simple constitution. • No regulation (eg. through Companies House) • Easy to set up and administer • Can hold property	• No legal identity separate from the individual members; can only enter into contracts through its members. • Management committee and/or members are responsible for any debts the association incurs • Despite lack of legal personality may still have to pay corporation tax and file a tax return
Registered Charity (unincorporated association)	• To become a registered charity, an organisation needs to register with the Charity Commission. • The activities of a registered charity must fall into one or more of 12 pre-defined charitable objects which are of benefit to the community. • A central feature of a registered charity is a board of trustees, ie a group of people who volunteer to run the charity. • Charities may qualify for a number of tax exemptions and tax reliefs on income and capital gains and sometimes on profits.	• Can make it easier to raise funds from trust funds and companies • Directors cannot be paid • Tax exemptions and reliefs.	• More active regulation in return for the tax benefits • More responsibility for people involved - become charity trustees. Charitable law does not allow trustees to be paid for being trustees although they may be reimbursed for out of pocket expenses. • Charitable rules as enforced by the trustees may impact on entrepreneurial aims. • Significant restrictions on trading.

Company Limited by Guarantee	• Company Limited by Guarantee is the most popular form of incorporation for organisations in the social sector. The governing body in this model is called a 'Board of Directors'.
	• 'Limited by guarantee' means that each member's liability for the company's debts is limited to an amount written into the governing instrument: often as little as £1 each.
	• The organisation has separate legal identity and can be liable separately from its members and directors, reducing the risk for members and directors. However, directors can still be liable for negligence and / or fraud.
	• In return for limited liability the company must register its incorporation with Companies House and regularly provide them with certain information:
	  • Annual accounts; annual return
	  • Notice of change of directors or secretaries and their particulars
	  • Notice of change of registered office
	• Companies can be incorporated with a single member
		• Possesses legal personality separate from members
		• Can own property and hold contracts
		• Directors can be paid
			• Regulation (from the Companies Act)
			• More responsibility for people involved - become company directors
			• May be difficult to raise philanthropic donations / grant aid
			• Unlike with a CIC, assets are not protected with an asset lock

Registered Charity (company limited by guarantee)	• To become a registered charity, an organisation needs to register with the Charity Commission. • The activities of a registered charity must fall into one or more of 12 pre-defined charitable objects which are of benefit to the community. • A central feature of a registered charity is a board of trustees, ie a group of people who volunteer to run the charity. • Charities may qualify for a number of tax exemptions and tax reliefs on income and capital gains and sometimes on profits.	• Can make it easier to raise funds from trust funds and companies • Possesses legal personality from members and directors • Can own property and hold contracts • Combines advantages of registered charity and Company Limited by Guarantee • Tax exemptions and reliefs	• More active regulation in return for the tax benefits • Must also continue to comply with company regulation (e.g. Companies House filings) • More responsibility for people involved - become charity trustees. Charitable law does not allow trustees to be paid for being trustees although they may be reimbursed for out of pocket expenses. • Charitable rules as enforced by the trustees may impact on entrepreneurial aims • Significant restrictions on trading.

Company Limited by Shares	• Most frequently adopted corporate legal structure.
	• The governing body in this model is called a 'Board of Directors'.
	• There is no limit on dividends that can be paid to shareholders.
	• Member/shareholders' liability for the company's debts is limited to the amount of their contribution: this can be as little as £1 each.
	• Organisation has separate legal personality and liability from that of its members and directors, reducing the risk for members and directors. However, directors can still be liable for negligence and/or fraud.
	• In return for limited liability the company must register its incorporation with Companies House and regularly provide them with certain information:
	  • Annual accounts; annual return
	  • Notice of change of directors or secretaries and their particulars
	  • Notice of change of registered office
	• Companies can be incorporated with a single member
		• Not subject to the additional regulatory requirements of a CIC.
		• Good investment model - ability to pay dividends may make it easier to attract private investors
		• Embeds entrepreneurial drive; shareholders benefit from Company's success.
		• Directors can be paid.
		• Has a separate legal identity from its members.
		• Can own property or enter into contracts in its own right.
			• Regulation (from the Companies Act)
			• Potential conflicts of interest between individual social entrepreneur and broader shareholder constituency
			• More responsibility for people involved - become company directors.
			• Cannot generally raise philanthropic donations/grant aid, therefore need to be entirely self-financing or financed through private investment
			• Unlike with a CIC, assets are not protected by an asset lock.

Industrial & Provident Society	• Essentially these are co-operatives, run and owned by their members, but which may operate for the benefit of the community in addition to benefiting the members. • An IPS can own property, enter into contracts, issues shares and take out loans. • It has to be registered with and regulated by the Financial Services Authority ("FSA"). The aims of the society and the way it is run must comply with certain conditions in order for the FSA to accept and maintain the registration. • An IPS must have at least three members.	• Good for promoting democratic ownership and control through co- operative structures. • Has a separate legal identity from its members. • Can own property or enter into contracts in its own right.	• Less fit for purpose for organisations with hierarchical structures. • Not as well recognised as some of the other legal structures such as Company Limited by Guarantee or Registered Charity. • FSA registration entails formalities (eg. keeping and filing of accounts)
Community Interest Company (CIC)	• CICs can be private companies limited by guarantee or by shares, or a public limited company. • They can adopt the co-operative, not for profit or general commercial company model. • There are number of obligations that a CIC has to meet and continue to meet in addition to those imposed on an ordinary company: • Must satisfy a community interest test (looks at the underlying motivation of the company in terms of what it will do, who it will help and how, if it makes a profit, or surplus, what the company will do with it) • Must adopt certain statutory clauses in its constitution (asset lock and preventing the CIC falling under control of non members) • Must deliver an annual community interest company report with its accounts. • A CIC limited by shares may pay dividend, if agreed by a resolution of its members but dividends payable to private shareholders (non-asset locked bodies) will be subject to a dividend cap.	• Distinct brand for social enterprises • Embraces democratic ownership, not for profit and commercial models • Combines freedom of entrepreneurial activity with protection of 'asset lock' • Directors can be paid. • Light touch CIC regulator • Has a separate legal identity from its members. • Can own property or enter into contracts in its own right.	• Dual regulation from Companies Act and the CIC Regulator, but work seamlessly together. • More responsibility for people involved - become company directors. • Not relevant for non social enterprises • May be difficult to raise philanthropic donations/grant aid • Cap on dividends ("asset lock") could depress demand from Investors