

Comparison of Legal Structures

Legal structure	Summary: most typical features	Ownership, governance and constitution	Is it a legal person distinct from those who own and/or run it?	Can its activities benefit those who own and/or run it?	Assets “locked in” for community benefit?	Can it be a charity and get charitable status tax benefits?	Differences in the law as it applies in Scotland or Northern Ireland?
Unincorporated association Appendix 2A	Informal; no general regulation of this structure; need to make own rules.	Nobody owns: governed according to own rules.	No: can create problems for contracts, holding property and liability of members.	Depends on own rules.	Would need bespoke drafting to achieve this.	Yes if it meets the criteria for being a charity.	No specific differences.
Trust Appendix 2B	A way of holding assets so as to separate legal ownership from economic interest.	Assets owned by trustees and managed in interests of beneficiaries on the terms of the trust.	No: trustees personally liable.	Trustees/ directors no, unless trust, court or Charity Commission permit.	Yes (if trust established for community benefit).	Yes if it meets the criteria for being a charity.	No, subject to differences between English and Scots trust law.
Limited company (other than Community Interest Company) Appendix 2C www.companieshouse.gov.uk	Most frequently adopted corporate legal structure; can be adapted to suit most purposes.	Directors manage business on behalf of members. Considerable flexibility over internal rules.	Yes; members' liability limited to amount unpaid on shares or by guarantee.	Yes (but no dividends etc to members if it is a company limited by guarantee).	Would need bespoke drafting in articles (which could be amended by members).	Yes if it meets the criteria for being a charity.	Scotland: no. Northern Ireland: separate but similar legislation.
Community interest company (CIC) Appendix 2D www.cicregulator.gov.uk	New “off-the-peg” limited company structure for social enterprise with secure “asset lock” and focus on	As for other limited companies, but subject to additional regulation to ensure community	Yes; members' liability limited to amount unpaid on shares or by guarantee.	Yes, but must benefit wider community as well. Can pay limited dividends to private	Yes, through standard provisions which all CICs must include in their constitutions.	No, but can become a charity if it ceases to be a CIC.	Scotland: no. Northern Ireland: legislation not yet in place.

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	community benefit.	benefits.		investors.			
Industrial & Provident Society (IPS) (Co-operative) www.fsa.gov.uk/Pages/Doing/Info/MSR/	For bona fide co-operatives that serve members' interests by trading with them or otherwise supplying them with goods or services.	Committee / officers manage on behalf of members. One member, one vote (regardless of e.g. sizes of respective shareholdings).	Yes; members liability limited to amount unpaid on shares.	Yes, but should do so mostly by members trading with society, using its facilities etc, not as a result of e.g. shareholdings.	Would need bespoke drafting in articles (which could be amended by members).	No – would have to be constituted as community benefit type of IPS.	Scotland: no. Northern Ireland: separate (but similar) legislation.

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