**Factsheet Two**

**Governance at a glance**

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| **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?** |
| **Unincorporated association** | 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. |
| **Trust** | 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. |
| **Limited company**  (other than Community Interest Company) | 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. |
| **Community interest company (CIC)** | New “off-the-peg” limited company structure for social enterprise with secure “asset lock” and focus on community benefit. | As for other limited companies, but subject to additional regulation to ensure community benefits. | 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 investors. | 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. |
| **Industrial & Provident Society (IPS)**  **(Co-operative)** | 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. |
| **Industrial & Provident Society (IPS)**  **(Community Benefit Society (BenComm))** | Benefit community other than just own members and have special reason not to be companies. | Like Co-op type, but new legislation provides option of more secure form of asset lock. | Yes; members liability limited to amount unpaid on shares. | Must primarily benefit non-members; asset lock applies. | Yes (asset lock only survives dissolution if new statutory form of asset lock adopted). | Yes if it meets the criteria for being a charity. |
| **Charitable Incorporated Organization (CIO)** | First ready-made corporate structure specifically designed for charities. | Similar to company but with different terminology (e.g. for “directors” read “charity trustees”). | Yes; members either have no liability or limited liability. | Members: no.  Charity trustees: only if constitution, court or Charity Commission permit. | Yes. | Cannot be anything but a charity, and must meet the criteria for being a charity. |