Appendix 2

	Legislative Framework	Corporate Structure	Regulators	Investment Structure	Other Relevant Factors
Company Limited by Shares (CLS)	• Companies Act 2006 plus associated regulations. • Limited liability.	• Shareholders (each with an economic stake in the company. Return on shares depends on the performance of the company) • Directors (appointed by shareholders) manage the company and its day to day operation. • Constitutional document is Articles of Association	• Registrar of Companies (a largely passive regulator, provided returns are made on time).	• Equity (shares) – can create different "classes" of shares carrying different rights (e.g. voting / non-voting, participating (in profits) / non-participating, repayable / redeemable etc) • Loan funding, with or without security and in the form of loan or loan notes.	• "Ownership" is a relatively straightforward concept linked to economic interest and control (at shareholder and Board level).
Company Limited by Guarantee **(CLG)**	• Companies Act 2006 plus associated regulations. • Limited liability.	• Members (each of whom guarantees the liabilities of the company to an agreed limit – typically £5 per Member); • Directors (appointed by shareholders) manage the company and its day to day operation. • Constitutional document is Articles of Association •	• Registrar of Companies (a largely passive regulator, provided returns are made on time). •	• Loan funding, with or without security and in the form of loan or loan notes.	• Members have no economic interest in the company beyond the amount of their guarantee and therefore exist as an (unsophisticated) accountability mechanism. • Common structure for a not-for-profit or charitable vehicle. It is not possible to distribute profits to members as a CLS would be able to do. On that basis, not the recommended form for a profit-making JV, but would be appropriate for a Teckal vehicle.
Co-operative and Community Benefit Society **(CBS)**	• Co-operative and Community Benefit Societies Act 2014 (legislation which is not as comprehensive or prescriptive as company law). • Limited liability.	• Shareholders typically have one share apiece, however they can invest up to £100k each in the CBS. A CBS must have at least 3 shareholders, and it is typical for new CBSs that are JVs to have a "closed" membership whereby the shareholders are the Board (plus Parent). • Board Members (appointed either by the shareholders or by the Board itself) manage the company day-to-day and its operations. • Constitutional document is the Rules, which typically follows an established "model". For housing associations, this is the NHF's Model Rules, which you must pay to use.	• Financial Conduct Authority (FCA). Largely passive as a regulator provided returns are filed on time. • CBSs are required to be for the benefit of the community (which is policed by the FCA at the point of formation). • Charitable CBSs have no formal regulator for compliance with charity law and regulation, although HMRC will review this from a tax perspective.	• Equity (shares), up to a limit of £100k per shareholder) • Loan funding, with or without security.	• Currently, the most popular structure for non-profit CBSs because of the lack of active charity regulation and a less onerous disposals process for charity property. • Not recommended for a for-profit JV, as it is not possible to distribute profits to members as a CLS would be able to do.
Limited Liability Partnership **(LLP)**	• LLPs are regulated by the Registrar of Companies in a very similar way to a company.	• LLP needs a minimum of 2 partners / members. • Where in a company there is a separation between the	• LLPs are regulated by the Registrar of Companies in a very similar way to a company	• LLPs can be more tax advantageous than a CLS / CLG. The latter are directly liable to tax. However an LLP is usually treated as	• LLPs provide some of the benefits of a company in respect of limited liability but provide more management and operational flexibility than a company. Unlike a normal partnership an LLP is

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	Legislative Framework	Corporate Structure	Regulators	Investment Structure	Other Relevant Factors
	• An LLP is set up under the Limited Liability Partnerships Act 2000 with additional provisions contained in the Limited Liability Partnership regulations 2001.	shareholders / members and the directors, the same is not automatically the case for an LLP – the partners in an LLP are both the owners and the managers of the enterprise. It is possible to structure the LLP so that some members (the designated members) have enhanced duties to comply with certain administrative obligations, e.g. appointment of auditors. Alternatively all of the LLP's members can be designated members. This is common in an LLP with a small number of members.	limited by shares or by guarantee. •	tax transparent - i.e. the activities are carried on by the members rather than the LLP legal entity.	a legal person that is able to hold assets and contracts. • • This is a common structure for a joint venture vehicle.
		• No obligation to have a constitutional document (e.g. a members agreement) but there are default provisions on how an LLP will operate in the Limited Liability Partnerships Regulations 2001 ("LLPR") • Any members agreement is private and not available at Companies House.			