

Company Limited by Guarantee

- Useful and common in social enterprises – easy to adapt
- No shares – small sum paid by members as a guarantee (£1)
- No financial benefit - profit reinvested back into company
- Separate legal identity
- Control with directors appointed (single tier) or elected by members (two tier)
- Start-up costs/annual costs to meet legal responsibilities
- Memorandum and Articles of Association necessary – registered with Companies House
- Must contain certain info - ways to become members, directors' appointment, duration of board membership, decision making, details of directors' meetings, administration of the company
- Must keep records and report changes to Companies House
- Annual confirmation statement
- Must pay tax on profits

Advantages:

- Limited liability
- Flexibility to trade
- Stable form of structure
- Democratic input for members
- Can apply for charitable status
- Can be converted to a CIC
- Viewed favourably, trusted legal form

Disadvantages:

- Administrative & regulatory duties (annual accounts etc.)
- Members cannot benefit from profit
- If charitable, dual regulation with CH & OSCR