

## **Structure Analysis**

This paper outlines the structures which could be adopted by the provider entity.

### **Company limited by shares**

This is a separate legal entity. Capital is raised through the issue of shares. The liability of each shareholder is limited to the amount, if any, unpaid on the shares held by them. The company's constitution is made up of the memorandum and articles of association. The management of the company is performed by the board of directors.

### **Company limited by guarantee**

A company limited by guarantee has no share capital. The members of the company guarantee that if the company is ever in financial difficulties and is wound up they will contribute a certain amount to the funds to be distributed to the creditors. This is a common vehicle for charities or non-trading purposes.

Although there are many disclosure and regulatory requirements which must be followed, the limited liability status is the attractive feature of these entities.

### **Limited Liability Partnership ("LLP")**

A LLP has separate legal personality. In the circumstances of a LLP being wound up the partners guarantee to contribute to the assets of the LLP.

The advantages of a company as opposed to an LLP are:

- Greater flexibility in power-sharing (between directors and shareholders)
- Raising capital is likely to be easier for a company
- Profits can be left in the company without being subject to tax
- LLP regulation is less established and less certain
- The complexity of LLP documents may require more external advice

### **Unlimited Company**

Although an unlimited company is not obliged to submit accounts, the liability of the members is similar to that of partners.

### **Partnership**

A partnership consists of persons who carry on a business in common with a view of profit. Partnerships do not have separate legal personality. If the partnership becomes insolvent, then the creditors are entitled to satisfy debts by enforcement against the personal assets of each of the partners.

### **Limited Partnership**

This is a partnership which consists of a general partner with unlimited liability, who is responsible for the management of the partnership, and limited partners, whose

liability is limited to the amount of their capital contribution. Limited partners are not permitted to participate in the management of the company. Furthermore the limited liability status can be lost unless the strict legislative requirements are followed.