

A GUIDE TO LEGAL STRUCTURES

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What are legal structures?

How an organisation is set up is known as its legal structure. There are many different legal structures to choose from, and choosing the right one is important. It will affect how your organisation works, for example, who will run it, whether it can enter into contracts or employ staff in its own name.



Why bother?

- You can get access to different types of cash
- Balance of flexibility vs the need to protect things that should be 'set in stone' as future circumstances change in the future
- Protects personal liability of people involved who are investing a lot personally



Why might you be feeling confused?

- There are 16 options!
- Blurring of identities with legal forms (e.g. co-op can be both a distinct legal form, and type of company)
- Other people's agendas and interests



Common slip-ups

- You copied the choice of someone else which doesn't apply to you
- You did what someone else told you without looking into it

But unfortunately, you're liable and accountable for your choice of legal form...



Using the CHAMP framework to help you decide

Credibility: Who is the audience that you rely on the most?
History: The stories that other people will tell about you
Accountability: Who validates you as a social business?
Money: What types of money do you need to access?
Power: Who are the people in your business who should have decision making authorities?



Can I change my mind in the future?

Don't panic - you can always change your mind in the future, but different starting points mean different levels of difficulty in how you change what you registered into what you now want to be. Get in touch with BCVS if you need help.