

Business legal structures cheat sheet

Liability refers to the legal responsibility for something, particularly in terms of financial obligations. In a business context, it means being accountable for the company's debts, losses, or legal actions.

- **Limited Liability:** Owners are only responsible for the amount they've invested in the business, and their personal assets are protected.
- **Unlimited Liability:** Owners are personally responsible for all business debts and liabilities, meaning their personal assets (like their home or savings) can be used to pay off the business's debts.

1. Sole Trader

- One person owns and runs the business.
- Simple setup, but unlimited liability for debts.

2. Partnership

- Two or more people share the business.
- Shared responsibility, but partners have unlimited liability.

3. Limited Company (Ltd)

- Separate legal entity from owners.
- Limited liability for owners, more complex setup.

4. Limited Liability Partnership (LLP)

- Combines partnership and limited company.
- Limited liability, flexible structure, suitable for professionals.

5. Public Limited Company (PLC)

- Shares listed on the stock market.
- Limited liability, but high regulatory requirements.

6. Community Interest Company (CIC)

- Non-profit business benefiting the community.

- Limited liability, profits reinvested in the community.