



## Trading Form

There are essentially two types of trading forms incorporated and unincorporated, an individual or group of people can in theory trade as any of these forms or operate in different forms. These are some of the key advantages and disadvantages.

### Unincorporated

This would typically be a sole trader or partnership although it may well be a community group that has chosen not to incorporate.

#### Sole trader

Advantages	Disadvantages
Total control of the business	Responsible for all debts
Retains all profits	Earnings restricted
Flexible working conditions	Limited start-up capital
	Low value on selling the business

#### Partnership or Group

Advantages	Disadvantages
More experience available	Shared profits
More capital can be raised	Partners are liable for each other's losses
Duties equally shared	A formal, legal agreement essential
Shared liability	Need a shared vision for the business

### Incorporated

Any of the following: Limited Liability Partnerships, Companies limited by guarantee, Companies limited by shares, Community Interest Companies (CIC), Industrial & Provident Societies (Bencom), Charitable Incorporated Organisations (CIO)

Advantages	Disadvantages
More experience available	Directors or Trustees may be asked for personal guarantees
More capital can be raised	Must be registered before trading
The company a separate entity in law	Accountancy Fees are higher
Liability to debts may be limited	Higher set-up costs
Managed according to agreed procedures and the companies act	Accounts submitted to Companies House Both employer and employee pay NIC