

## Company Types & Liability of Members

### What types of company can be incorporated in Guernsey?

Guernsey companies can be cell companies (protected cell company (PCC), incorporated cell company (ICC)) or non-cellular companies (NCC).

The financial liability of the members is either limited by shares or guarantee, unlimited or mixed.

### What is a non-cellular company?

A non-cellular company has no protected cells or incorporated cells. Most companies in Guernsey are non-cellular, this includes most holding companies, trading companies etc.

### What is a cellular company?

#### Protected Cell Company (PCC):

A Protected Cell Company is a separate legal entity in the same way as a non-cellular company but differs in that it can have separate and distinct “cells”. Each cell is not a separate legal entity but the assets and liabilities of each cell are legally segregated from each other. This means that the assets of one cell are not available to the creditors of another cell in the case of insolvency of a cell.

Written consent from the Guernsey Financial Services Commission must be obtained before the incorporation of a PCC or the conversion of a company into a PCC.

#### Incorporated Cell Company (ICC):

An Incorporated Cell Company is similar to a PCC but each cell can have a separate legal entity which is known as an Incorporated Cell (IC).

Written consent from the Guernsey Financial Services Commission must be obtained before the incorporation of an ICC or the conversion of a company into an ICC.

#### Incorporated Cell (IC):

An Incorporated Cell is a separate legal entity from its ICC but must share the same officers and registered office of its ICC. An IC is essentially a company within a company. In order for an IC to be incorporated, its ICC must pass a special resolution authorising an application for an IC incorporation.

## What is the liability of the members of a company?

This depends upon the form of company. There are 4 forms:

### Company Limited by Shares (company name usually ends with Ltd./Limited):

In a company of this form the liability of the members is limited to the amount unpaid on their shares. This means that once the shares are paid for, the members have no further liability for the company's debts in the event it is wound up.

### Company Limited by Guarantee (company name ends with LBG/Limited by guarantee):

In a company limited by guarantee the liability of the members is limited to the amount that the member agrees to contribute in the event it is wound up while he/she is a member (or within a period of one year after he/she ceases to be a member). A limited by guarantee company may have a share capital.

### Unlimited Liability Company:

In an unlimited liability company the members' liability for the company's debts is unlimited while he/she is a member (or within a period of one year after he/she ceases to be a member).

### Mixed Liability Company (company name ends with Mixed Liability/ML):

A mixed liability company may have guarantee members, unlimited members and shareholders (if the company has a share capital). A member may (if the Memorandum and articles permit) be a member of more than one type.

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The purpose of this guidance note is to provide guidance with regards to company types/members' liability.

**It is not intended to be definitive legal advice and should not be relied upon as such.**

The interpretation of the Companies (Guernsey) Law, 2008 is a matter on which the Guernsey Registry cannot advise and companies need to form their own view on compliance with the legislation.

Independent legal advice is advised where there is any uncertainty.