

<b>Title</b>	<b>Demonstrate knowledge of legal structures for business entities</b>		
<b>Level</b>	<b>4</b>	<b>Credits</b>	<b>4</b>

<b>Purpose</b>	People credited with this unit standard are able to describe legal structures for business entities and select a legal structure for a business entity for given fact situations.
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<b>Classification</b>	Business Operations and Development > Small Business
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<b>Available grade</b>	Achieved
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### Guidance Information

- 1 Unit standards in the Small Business domain are about the development and operation of a business, which could be owner-operated or could employ a small team.
- 2 Definition  
A *given fact situation* refers to a situation giving rise to no more than three legal issues, where the facts, either hypothetical or actual, are provided in the form of case studies for assessment purposes.
- 3 Legislation applicable to this unit standard includes but is not limited to:  
Companies Act 1993  
Income Tax Act 2007  
Partnership Act 1908  
Limited Partnerships Act 2008  
Financial Reporting Act 2013.
- 4 Range  
Legal structures include three of - sole trader, partnership, company, Māori trading trust.

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### Outcomes and performance criteria

#### Outcome 1

Describe legal structures for business entities.

**Performance criteria**

- 1.1 The description outlines the features of each type of legal structure.  
 Range characteristics, liability and two of – formation, capital, continuity/closure, transferability of ownership, control, tax implications, profit.
- 1.2 The description outlines the advantages and disadvantages of each type of legal structure for trading purposes.  
 Range three advantages, three disadvantages of each.

**Outcome 2**

Select a legal structure for a business entity for given fact situations.

Range three given fact situations.

**Performance criteria**

- 2.1 The legal structure is selected by determining whether the features of each type of entity match the issues arising from a given fact situation.

**This unit standard is expiring. Assessment against the standard must take place by the last date for assessment set out below.**

**Status information and last date for assessment for superseded versions**

Process	Version	Date	Last Date for Assessment
Registration	1	30 September 1997	31 December 2018
Revision	2	16 January 2001	31 December 2018
Review	3	17 July 2009	31 December 2022
Rollover	4	24 October 2014	31 December 2022
Review	5	19 May 2016	31 December 2022
Review	6	29 April 2021	31 December 2022

<b>Consent and Moderation Requirements (CMR) reference</b>	0113
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This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.