

COMPARATIVE TABLE OF COMMON JOINT VENTURE STRUCTURES

CORPORATE JOINT VENTURES (COMPANIES)	CONTRACTUAL JOINT VENTURES	PARTNERSHIPS	TRUSTS
FUNDING			
Essentially self-funding. All revenue is received by the company and dividends are distributed to shareholders if revenue exceeds outgoings.	Not self-funding. All revenue is received directly by participants who must continually provide funds to the joint venture to meet operating costs and further capital.	Essentially self-funding. All revenue is received by the partnership and income is distributed to partners if revenue exceeds outgoings.	Essentially self-funding. All revenue is received by the trustee and income distributed to beneficiaries if revenue exceeds outgoings.
INCOME			
Received by the company, which operates as a legal entity distinct from its members. The company pays dividends which are distributed to the shareholders.	Received separately by the individual participants. No income or profit is earned by the venture itself.	Received jointly by all the partners. Profits are shared equally or in the shares specified in the partnership agreement.	Received by the trustee on trust for the participants and distributed to them.
ACCOUNTS			
Produces accounts as required by the company law. These include a profit and loss account and a balance sheet showing assets and liabilities.	Produces accounts which show net costs of production or output and costs of the assets acquired for the joint venture.	Produces accounts which show profit or loss and the assets and liabilities of the partnership.	Produces accounts which show profit and loss and the assets and liabilities of the trust.
INCOME TAX			
Lodges an income tax return and pays company tax. Each shareholder who receives a dividend lodges his own return in which he includes the amount of the dividend. Losses are carried forward by the company and are not "distributed" to the shareholders.	Does not lodge an income tax return. Each participant lodges his own return in which he includes his trading profit minus his share of the operating costs of the joint venture.	Lodges an income tax return but does not pay tax. Each partner lodges his own return in which he includes his share of the partnership profit or loss.	Lodges an income tax return but does not usually pay tax. Each beneficiary who becomes entitled to a share of income lodges his own return in which he includes such entitlement. Any income not distributed to which beneficiaries are not "presently" entitled results in a liability to taxation in the trustee. Losses are carried forward by the trust indefinitely and are not "distributed" to the beneficiaries.
OWNERSHIP OF ASSETS			
Has full title to all assets. Shareholders have no right to assets except on a winding up (when the shareholder receives his proportion of the surplus after payment of liabilities).	Owns no assets. The participants share legal ownership (as tenants in common) of the specific assets that are acquired by or contributed to the joint venture.	Owns all assets. Each partner has a beneficial interest in all partnership assets, which does not give title to specific assets prior to dissolution of the partnership (when the partner receives his proportion of the surplus after payment of liabilities).	Assets are vested in the trustee for the benefit of beneficiaries in accordance with the terms of the trust. Beneficiaries have a beneficial interest in the entirety of trust assets but no rights in respect of specific assets unless the trustee distributes them to the beneficiaries, usually upon termination of the trust.

CORPORATE JOINT VENTURES (COMPANIES)	CONTRACTUAL JOINT VENTURES	PARTNERSHIPS	TRUSTS
CHARGING OF ASSETS			
Only the company entity may charge the assets of the company. Shareholders may only charge their shares in the company.	Participants may charge their respective interest in the assets of the joint venture (if not prohibited by the joint venture agreement).	Only the partnership may charge partnership assets. Partners may charge their respective interest in the partnership, but no title to the assets is available until dissolution.	Only the trustee may charge the trust assets, and then only if authorised by the trust deed. Beneficiaries may charge their future entitlements.
MANAGEMENT			
Company law requires the directors to act as a centralised management authority on behalf of the company. The shareholders have no power to interfere with day to day management unless there is special provision in the articles of association.	The appointment of a separate manager or operator (who may be one of the participants) must be made by all of the participants, often by a separate management agreement. The manager will have day to day control.	Each partner is an agent of all the others for the purpose of partnership business; any agreement for management by one of the partners must be agreed to by all partners.	Governed by the trust deed. Usually carried out by the trustee or by a manager (if any). Beneficiaries normally reserve the power to remove the manager or trustee and may restrain any breaches of the trust deed.
INVESTORS' LIABILITY TO THIRD PARTIES			
Under company law, members are liable for obligations of the company only to the extent of the amount remaining unpaid on their shares.	Each participant is liable for all acts within the ostensible authority of the other participants or the manager. Such liability is joint and several. The participants may agree between themselves to share liabilities in specified proportions but this does not bind third parties.	Under partnership law, the general rule is that each partner is jointly and severally liable for all partnership debts. The main exception is where one partner incurs a liability without the authority of the partnership and this absence of authority is known to the third party.	Beneficiaries are not liable to third parties but must indemnify the manager (if any) and trustee if their actions are within the terms of the trust. Trusts normally provide however for the limitation of such liability to the extent of the trust assets.
TERMINATION			
A company is a continuing legal entity but may be wound up by the court in various events, eg. Inability to pay debts, or may be wound up voluntarily by its members.	If for no fixed term, a joint venture is terminable by a participant when his obligations under the joint venture agreement have been performed. If for a fixed term, a joint venture is not terminable before its expiry. A joint venture cannot be dissolved by the court.	If for no fixed term, a partnership is terminable by any partner at will. If for a fixed term, a partnership may be dissolved by the Court before expiration of the term in the event of breach by a partner or if the Court considers it just and equitable to do so.	A maximum term must be specified. The trust deed should also provide for earlier termination if specific events occur. Termination may also be effected by the direction of the beneficiaries in accordance with the trust deed or by the court.

The characteristics and legal implications of joint ventures vary from jurisdiction to jurisdiction and legal advice should be obtained on a case-by-case basis. This table was prepared to accompany a comprehensive paper on International Joint Ventures written by Robert Pritchard of ResourcesLaw International. The full paper is available on request to our office administrator Rowena Cruz at rowena@resourceslaw.net.