

Understanding Legal Structures

A Contact webinar in partnership with Advising Communities
Presented by Helen Rice

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Welcome!

Welcome to this Contact webinar.

If there is a technical hitch, please do bear with us.

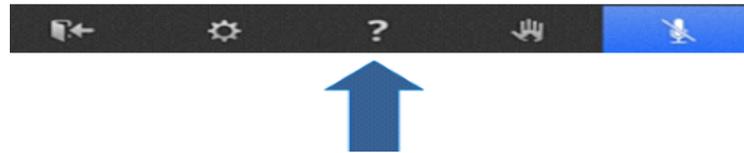
Those of you joining by pc, laptop, tablet or smart phone should now be able to see this introduction slide.



Timing & Questions

As there are so many attendees, it is not practical for verbal questions to be taken, therefore you will all remain 'muted' throughout

If at any point you have questions, please use the question icon on your GoToWebinar tool bar on your screen



This will allow you to type your question in to the text box and submit this to the Webinar administrator

I will select as many relevant questions to answer as time allows, if similar questions are received I will condense these where possible



Advising Communities

Webinar
Understanding Legal
Structures in the Voluntary
and Community Sectors



Agenda today:

- Common types of legal Structures that Register as Charities with a focus on the Charitable Incorporated Organisation
- Charity Trusteeship and the basic responsibilities
- The Social Enterprise / Community Interest Company model
- The different Registrars and eligibility criteria
- The advantages and disadvantages of Registered Charity status
- The advantages and disadvantages of Community Interest Companies
- Q & A



The Thirteen Heads of Charity

1. the prevention or relief of poverty;
2. the advancement of education;
3. the advancement of religion;
4. the advancement of health or the saving of lives;
5. the advancement of citizenship or community development;
6. the advancement of the arts, culture, heritage or science;
7. the advancement of amateur sport;
8. the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity;
9. the advancement of environmental protection or improvement;
10. the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;
11. the advancement of animal welfare;
12. the promotion of the efficiency of the armed forces of the Crown, or of the efficiency of the police, fire and rescue services or ambulance services;
13. a mop-up purpose: any purposes not above but recognised as charitable purposes under existing charity law or by the Recreational Charities Act 1958; any purposes that may reasonably be regarded as analogous to, or within the spirit of, any of the above purposes.



Basic Eligibility Criteria to Register as a Charity

- The Aims and Activities of the organisation must be charitable under Law
- Must have a governing document in place that sets out aims, objectives, management and administrative provisions
- Must be able to satisfy the public benefit test
- Minimum of three people to act as Charity Trustees
- Income has to exceed £5,000 per annum (unless registering as a CIO)

Common Types of Legal Structures that Register as Charities

- The Unincorporated Association
- Charitable Trust
- Charitable Company
- The Charitable Incorporated Organisation

The Charitable Incorporated Organisation

- Introduced by the 2006 Charities Act
- A simpler form of incorporated Charity designed to reduce regulatory burdens
- Two different types of CIO
 - The Association model
 - The Foundation model

Charity Trusteeship

- Duty to act in the best interests of the Charity and in accordance with the Governing Document
- Responsible for all management and administrative decisions
- The different titles and roles of Trusteeship
- Disqualifications from acting as a Trustee
- Further reading: CC3 The Essential Guide to Trusteeship (produced by the Charity Commission)

Social Enterprises: The Community Interest Company

- A Community Interest Company (CIC) is a type of company introduced in 2005 under the Companies Act 2004, designed for social enterprises that want to use their profits and assets for the public good.
- A CIC may be limited by shares or by guarantee
- Benefitting the Community
- The Asset Lock
- The Dividend Cap

The different Registrars and Regulators

- The Charity Commission for England and Wales
- OSCR (Scottish Charity Regulator)
- Companies House
- The CIC Regulator
- HMRC Charities

The advantages and the disadvantages of registered Charity status

- Charities are widely recognised as existing for social good
- Exemption from corporation tax on profits from trading undertaken in the course of charitable activities
- 80 per cent mandatory and 20 per cent discretionary rate relief from business rates
- Gift Aid relief on donations from individuals
- Stamp duty land tax relief on freehold property and leases used for charitable purposes.
- As a charity you will not pay VAT on some goods and services.
- Certain sources of grant funding are open only to organisations with charitable status

The advantages and the disadvantages of registered Charity status

- Charities may face restrictions on work that can be carried out or funded
- Certain political activities and types of trading are subject to restrictions
- Organisations with charitable status must comply with regulatory requirements, including those relating to the preparation of annual accounts and returns.

The advantages and disadvantages of the Community Interest Company

- Directors can be paid a salary unlike Charity Trustees
- More flexibility on Trading and enterprising activities
- Opportunities for external investment
- A more straight forward registration process, however there are fees involved

The advantages and disadvantages of the Community Interest Company

- May be restricted on funding opportunities available only to the Charity Sector
- Profits subject to corporation tax
- No mandatory rate relief

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Q & A



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Thank you!

Thank you for attending with us today.

A short questionnaire will launch at the end of this webinar.

Please take the time to complete this as it will help us plan future events.

The recording of this webinar and presentation will be available on Contact's website in the next two weeks.

Look out for news about this on our Participation homepage and social media networks.

