



buddle.

Exploring Legal Structures



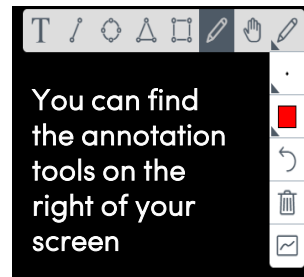
Welcome.

Your session will

begin shortly.

If you are using social media, please tag:
#Buddle, @SportEngland @SportStructures

Use this doodle box to try the annotation tools whilst you wait.



Before we start, please ensure that:

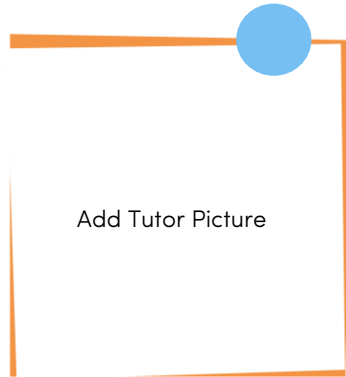


Your microphone is muted



You can see and use the chat box

A little about me...



- Insert name
- Insert Experience
- My favourite ...

... and you!

Add some info about you in the chat box:

- Your Organisation Name
- Where you are based
- What you would like to gain from this workshop?

Learning Agreement

- Respect everybody
- Participate actively
- Use technology responsibly
- Be engaged
- Challenge each other positively
- Put phones on silent and return calls at an appropriate time
- Avoid sharing any personal/sensitive information outside of the session



What we'll cover:

By the end of this workshop, you will be able to:

- Understand the importance of legal structures
- Identify the different types of legal structures and which structure is right for your organisation
- Identify top tips on how to effectively govern your organisation
- Understand next steps through action planning and where to find further help and advice

Your current structure

- How is your organisation currently structured?
- Why is it structured that way?
- Is this the best structure for you now and in the future?
- Does the structure reflect your vision and objectives?

What is your current Legal Status?

Are you:

- A) Members only organisation
- B) CASC
- C) Company Limited by Guarantee
- D) Charity

Form Follows Function

- What your organisation is, or what you want it to be (its function), must be established before the form or structure is decided.
- The right structure can enable your organisation to achieve its vision, aims and objectives

What is your organisation about?
What does your organisation want to be?
What is your vision and what are the objectives?

What is the structure that is best suited to what you want to be?

What is it and why does it matter?

Organisation structure = how an organisation is viewed in the eyes of the law

Why is it important to have the right structure?

1. Best reflects the activities of the organisation.
2. Protection for those involved
3. Save money - tax benefits
4. Promotes good governance
5. Important to people outside of the organisation



The Playing Field 21

Perils of Holding Office in a Sporting Club

This article first appeared in the August 2011 edition of Accountancy Magazine and offers a timely reminder to club officials on the responsibilities of holding office

Unincorporated associations are often used as the legal form for entities such as sporting clubs, members clubs, charities and other not-for-profit organisations. There is, however, no statutory definition of such an entity and the fact that

be applied to determine who was liable on the building contract.

On the evidence before the court, the club's treasurer had been acting on the authority of the committee when he signed the contract, which made the committee liable under that contract. As a committee member, therefore, the president was liable (jointly with the other members of that committee) under the contract. The court did go on to note, however, that the president was not expected to satisfy the statutory demand from his own funds and



Membership
growth / size

Cash
reserves

Employing
staff

Triggers for
change

Contracts

Power
invested in
individuals

Asset owning

Unincorporated vs Incorporated

	Unincorporated	Incorporated
Separate legal entity?		
Contracts?		
Limited liability?		
Admin requirements?		
Governance requirements?		
Statutory requirements?		

Unincorporated vs Incorporated

	Unincorporated	Incorporated
Separate legal entity?	No	Yes
Contracts?	In name of member	In name of organisation
Limited liability?	No	Yes
Admin requirements?	None specifically required	Yes – e.g. companies House/FCA/charity Commission
Governance requirements?	No legal requirements	Legal requirements
Statutory requirements?	Operate within them	Operate within them and any additional

Benefits and drawbacks

Unincorporated

- ✓ • No formal legal requirements
- No extra admin

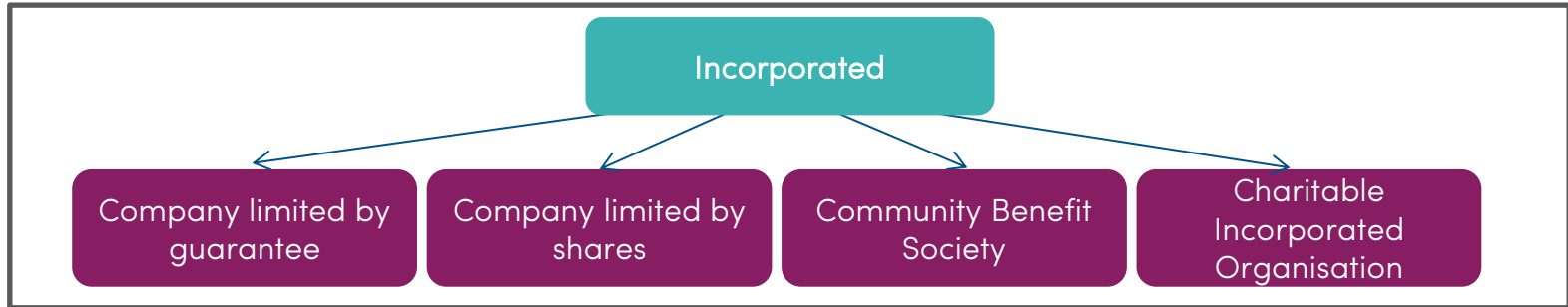
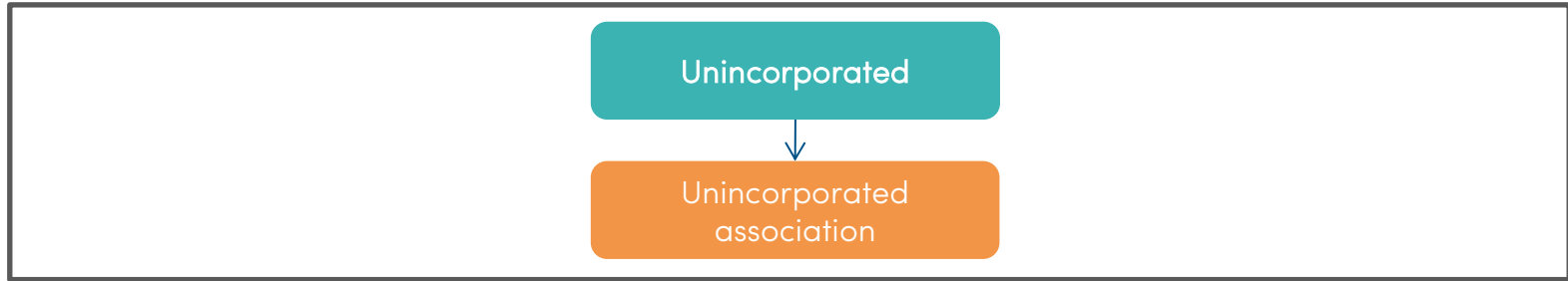
- ✗ • Not a legal entity
- Unlimited liability
- Increased personal risk

Incorporated

- ✓ • More formal structure
- Promotes good governance
- Limited personal liability
- Viewed well by external parties

- ✗ • Formal legal requirements
- Admin (e.g. annual return / annual accounts)
- Responsibilities of Directors

Type of Organisational Structure



Unincorporated

Unincorporated
association

Incorporated

Company limited
by guarantee

Company limited
by shares

Community
Benefit Society

Charitable
Incorporated
Organisation

Unincorporated

Unincorporated association

- 3. No separate legal entity
- 6. No formal legal requirements
- 10. Individual has unlimited liability

Incorporated

Company limited by guarantee

- 1. Owned by the members
- 9. Liability limited, often to £1

Company limited by shares

- 5. Can be public or private
- 8. Owned by shareholders

Community Benefit Society

- 2. Must be for the benefit of the community
- 7. Operate on 1 member 1 vote system

Charitable Incorporated Organisation

- 4. Combines charitable status and an incorporated entity in one structure

Where to get support for becoming incorporated

Company limited by guarantee

Company limited by shares



Companies House

www.companieshouse.gov.uk/

Community Interest Company



Department for Business Innovation & Skills

<https://www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies>

Remember to register with HMRC – even if there will be no tax to pay!

<http://www.hmrc.gov.uk/ct/getting-started/new-company/start-up.htm>

Community Benefit Society



<https://www.fca.org.uk/firms/mutual-societies>

Charitable Incorporated Organisation



www.charitycommission.gov.uk/

Charity Considerations

Key benefits

- Tax reliefs, including mandatory 80% relief from business rates and special VAT treatment
- Fundraising: grants may be more freely available to charities, and general perception makes a difference to the amount people donate

Possible drawbacks

- Administrative burden
- Requires resource to fundraise
- Cannot pay players or trustees – only reasonable expenses

CASC Considerations

Key benefits

- Business rate relief (Mandatory 80% relief)
- The ability to generate income through Gift Aid (individuals and companies)
- Exempt from Corporation Tax profits if:
 - Trading income < £50k / year
 - Rental income < £30k / year
- Exemption from Capital Gains Tax

Possible drawbacks

- May need to change organisation constitution
- Once you've gone down this route, you can't change back
- Form filling in (similar to becoming incorporated)
- Potential significant cost if organisation is deregistered

How significant are these benefits to your organisation?

Governing Documents

- Memorandum of Association
- Article of Association
- Bye-laws / rules
- Constitution

Andy's Bowls Club (ABC)

Andy's Bowls Club (ABC) has about 250 regular members and a small surplus in the bank.

A retired couple both coach the teams in their spare time and on a voluntary basis and also do the administration for the organisation.

The organisation owns its own building. All fees paid go towards general improvements of the organisation and buying equipment and paying referee fees.

The organisation owns a bar that does a roaring trade both from the organisation and wider village community. Members of the public enjoy taking advantage of the favourable prices. The bar is run by volunteer's mid-week and paid staff at the weekends.

How would you structure this organisation, and why?

What will you take away from this session?



Any questions?



Please complete the evaluation



Good luck!

Feedback

Please take the time to fill in the evaluation survey by scanning the QR code.

Alternatively, the tutor will put the link in the chat box for you.

- Thanks in advance, the Buddle Team.



Recap:

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Getting Organised	Inclusion	Getting Help From People	Money Matters	Develop and Grow
Leadership and Your People	Your Culture and Values In Your Organisation	Maximising Your Volunteers Experience	Raising Money to Sustain Your Organisation	Promoting Your Offer Using Social Media
Exploring Legal Structures	Engaging different People		Financial Management	Creating a Marketing Strategy
Simply Planning	Positive Experiences For All People		Dealing With Increasing Costs	Engaging your community

See future dates at www.Buddle.co

Thank you!

