

Extraordinary General Meeting - Saturday 20th January 2018.

Chatterley Whitfield Friends (CWF) – Charitable Status.

Proposal 1 : Seek recognition from HMRC that CWF is a charity.

Whilst CWF isn't currently registered with the Charities Commission our heritage and culture and community development purposes and objectives as defined in the proposed new Constitution can be seen to be charitable and for public benefit so that our legal status should be considered to be a charitable unincorporated association.

As a charitable unincorporated association we could approach and be recognised as charitable by HMRC, without registering with the Charities Commission, and benefit from tax breaks, such as gift aid at no extra cost to individual members and exemption from tax on donation and other income.

To do this we need to

- Register as an organisation on the Government Gateway.

And provide information about

- CWF bank account details and financial accounts.
- 'Authorised official(s)' details (including date of birth and national insurance number).
- Charitable Objectives and Purposes.
- Our Constitution.

If successful, HMRC will provide us with a charity tax reference number for use on correspondence and claims.

We can then introduce and make claims for gift aid and other tax incentives.

We need to keep information and paperwork for individual gift aid donations and declarations of tax paid as an audit trail for HMRC and complete self-assessment tax returns if asked to do so.

Any future changes, such as change of name, 'authorised official(s)', bank account details need to be notified to HMRC.

We would need to appoint 'authorised official(s)'. An 'authorised official' is a person or persons within CWF authorised to deal with HMRC about our tax affairs and, where necessary, submit tax returns.

Resolution 1 :

- a. Seek recognition from HMRC that CWF is a charity.
- b. Appoint 'authorised official(s)'.
- c. Introduce gift aid and other appropriate tax incentives.

Proposal 2 : Register with the Charities Commission.

We're being awarded just short of £10,000 by Stoke-on-Trent council which is enabling us to purchase and own equipment to digitise and look after the CWF archives and artefacts. It's likely we'll be seeking additional donations and awards from the Council and elsewhere in the future.

When income is over £5,000 per year and status is charitable, organisations are required to register with the Charity Commission.

There are benefits and obligations in registering with the Charity Commission.

Benefits :-

- Easier access to grant funding. Many funders only award to registered charities.
- Taxation relief including exemption of tax on income; gift aid and legacies. We could also be partially or wholly exempt from council tax, if paid. VAT is exempt for some charities on certain goods and services but there may be none that apply to CWF. Corporation tax is pertinent to charities but only needs to be paid for non-charitable items.
- Individual donors often want to see proof, such as a charity number, to ensure their money is going to a worthwhile cause.
- Wider general recognition of what we do.

Obligations :

- We would need to audit and report our financial status to the Charity Commission but, like now, this should only require information about receipts and payments.
- Other annual and ad hoc reporting required by the Charity Commission.

Again we'll need to supply information about our charitable purposes and how we run our organisation for public benefit as well as our CWF bank details, most recent accounts, contact details, information about trustees and a copy of our governing document. If we need to provide proof of income this could be a formal offer of funding from a recognised funding body (such as the Council).

Charity trustees are the people who serve on the governing body of a charity. They will make decisions about how to run the charity and are responsible for the general control and management of the administration of the charity. There should be a minimum of three trustees, who need to be appointed.

Resolution 2 :

- a. Register with the Charities Commission.
- b. Appoint trustees.

Proposal 3 : Agree in principle a proposed charitable status.

Note that this proposal is for agreement in principle only because additional investigation needs to be carried out with regard to the appropriate form of charitable status for CWF and any consequences for our Constitution. Further information will be provided at a later date.

If registering with the Charity Commission we need to decide upon our proposed legal status.

We could continue to be a charitable unincorporated association.

We could become a charitable incorporated organisation (CIO).

The Charity Commission provides model constitutions for both a charitable unincorporated association and a CIO (and for the other types of charitable institution; i.e. charitable trust and charitable company limited by guarantee).

At first sight these model constitutions are long, legally worded and apparently complex but the reality is less onerous in that we would only need to complete a few blank sections and choose between options in the model constitution describing such things as our purpose, arrangements and information about trustees.

Upon registering with the Charities Commission we would need to amend the CWF Constitution to align with the appropriate model constitution (most likely that of the charitable unincorporated association or that of the CIO).

We would need to vote on the appointment of trustees, if not already done so, from the committee and membership as well as upon the revised constitution based on the appropriate model.

There may be benefits in CIO status compared with the other forms :-

- We would have limited liability instead of individual members being liable for any obligations and debts incurred.
- Our income is likely to fluctuate and a CIO can exist if income per year is above or below £5,000.
- A CIO can own property, such as that we're purchasing with our digitisation grant, but a charitable unincorporated association cannot (only through individual members).
- A CIO can make contracts but a charitable unincorporated association cannot (only through individual members). So we could, for example, be able to engage a professional archivist or conservator for a short period to advise us or make repairs to our documents if we wished to do so and we viewed it as value for money.
- Only one signature would be required to agree contracts rather than signatures from all members of the Committee.
- Registration is free or low cost.
- Reporting, where required, is less onerous than for other forms of charitable status.

A CIO needs to complete an annual return for the Charities Commission whatever its income. The other forms of charitable status complete an annual return if income is £10,000 or greater.

There are two types of CIO model constitution. The one relevant to CWF is an Association CIO where there are both trustees and a wider voting membership. We would need to keep a register of members.

In contrast to the CIO a charitable unincorporated association, whilst relatively straightforward to run (we consider we are one already)

- does not have limited liability; the officers and sometimes the members of the association may be held liable for the debts of the association and for the performance of the association's contracts and other obligations.
- does not have a separate legal existence from its individual members.
- cannot hold property or investments other than in the name of officials or trustees.
- cannot make formal contracts in its own name.

A charitable company limited by guarantee (i.e. where there are no shareholders, just members) set-up is probably not suitable for CWF because there is a necessity to register with both the Charities Commission and Companies House and so must comply with both charity and company law. Its purpose, in any case, is more concerned with transacting charitable business often for profit with third parties.

A charitable trust set-up is also probably not suitable for CWF because there is usually no wider membership and all activities are normally carried out by a small number of trustees.

Here is a link to a model constitution for a charitable unincorporated association :-

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/586359/GD3.pdf

Here is a link to a model constitution for an Association CIO

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562468/Association_Model_Constitution.pdf

Resolution 3 :

- a. Agree in principle the form of charitable status to be sought by CWF.