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# Setting up a charity

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*Finance and tax expert, Teresa offers guidance on setting up a charity, the questions to ask and the resources available.*

Setting up a charity may seem to be a daunting task with regards to administration. However, the process of registering for charitable status can in fact help to clarify your charity's objectives and focus the Board of Trustees on the ultimate aim of the entity. Already you will have addressed these key questions and more:

- Should you become a registered charity at all?
- Who should be on the Board?
- Who will be the named director / Chair of the Trustees?
- What vehicle should you use to set up the entity?
- Not all vehicles can attain charitable status (e.g. companies limited by shares cannot, whereas companies limited by guarantee can).
- Who should you open your bank account with?

Once these matters are decided you will start looking towards registration for your charitable status. At this point you will need to prepare the charity's governing documents. These are the documents that set out how the charity will be run, what rules it will follow in its administration and management and of course what the charity's purpose and objectives are; what is the purpose of your existence?



This final point seems like a big question - and it is, but there is plenty of guidance both from the Charity Commission and HMRC on how to determine and write these objectives. This is the time for Board of Trustees to focus on the charity's purpose, how it is going to achieve its goals and who it is aiming to benefit. Embrace this process; don't be afraid of it, after all these objectives are why are started this whole process in the first place!

Here are some helpful extracts and links from the Charities Commission and HMRC and useful template documents to help get you started - *Charitable status with Charity Commission for "Newco"*

### **1. Write your charity's charitable purpose ('objects')**

### **2. Prepare information about your charity.**

You need to provide:

- Your charity's main bank or building society details (sort codes, account/roll numbers)



- Your charity's public contact details, including a postal address - this cannot usually be a PO Box address except in special circumstances (such as for a refuge)
- A copy of your charity's governing document as a PDF file - which has been signed or witnessed as necessary
- If your charity is a company: a copy of the certificate of incorporation and memorandum
- Proof that your charity's income is over £5,000 (unless it's a CIO) - this can be its latest annual accounts, a recent bank statement or a formal offer of funding from a recognised funding body
- Certificate of Incorporation of "NewCo"

### **3. Prepare Information about your trustees**

Each trustee must read and sign the trustee declaration form to confirm they can act as a trustee of the organisation named on the declaration form. The commission cannot accept electronic signatures. The commission will check that all those named in the application as trustees are eligible. You need to scan this in and send it as a PDF file. You also need:

- The full name of each trustee (this is displayed on the public register of charities)
- The full address and post code of each trustee (this isn't displayed on the public register of charities)
- Their previous names, dates of birth and contact details, including email address if they have one (this isn't displayed on the public register of charities)
- To say if any trustees (or people connected to them) will personally benefit from the charity in any way

### **4. Write your governing document**

The charity's governing document is a legal document. It works as a rulebook, setting out:

- Its charitable purposes ('objects') (See 1.1)
- What it can do to carry out its purposes ('powers'), such as borrowing money
- Who runs it ('trustees') and who can be a member
- How meetings will be held and trustees appointed
- Any rules about paying trustees, investments and holding land
- Whether the trustees can change the governing document, including its charitable objects ('amendment provisions')
- How to close the charity ('dissolution provisions')

For a Company Limited by Guarantee registering as a charity the governing documents required are:

- Articles of Association
- Memorandum of Association

There are model governing documents that can be used for this purpose and will be provided as part of this recommendation.

### **5. Trustees must have a copy of the charity's governing document**

Trustees should refer to it regularly in running the charity. It should set out, for example:

- How many trustees are needed to make decisions, how to recruit them and how to run trustee meetings



- Ⓜ How to look after your charity's money, land, property or investments and keep accounts
- Ⓜ How to resolve internal disputes

## **6. Register online**

Apply to the Charity Commission online:

<https://apps.charitycommission.gov.uk/officeforms/OLARPortal.ofml>

Once you start, you'll get a reference number that allows you to save the form and come back to it at any time within 3 months of starting it.

## **7. Register with HMRC as a charity for tax purposes.**

This can be done in conjunction with your accountancy services provider. You need your charity's:

- Ⓜ Bank account details and financial accounts
- Ⓜ Officials' details including dates of birth and National Insurance numbers
- Ⓜ Charity registration number
- Ⓜ Charitable objectives
- Ⓜ Governing document

For more help visit: <https://www.gov.uk/how-to-register-your-charity-cc21b>

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For more information:

Please visit [www.metavalue.co.uk](http://www.metavalue.co.uk)

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