

Legal structures of organisations



Legal structures

Type	Legal status	Details	Benefits	Challenges	Income
Unincorporated Charitable Association	Unincorporated	It is a type of non-profit organisation formed by a group of people with a common charitable purpose. This structure is ideal for small, volunteer-led groups that want to operate informally while focusing on shared, charitable activities and goals.	It does not need to be registered with a regulator and is simple and cost-free to set up.	It is not a separate legal entity, meaning members are personally responsible for any debts and obligations.	Less than £5k
Community Amateur Sports Club (CASC)	Can be both incorporated or unincorporated	For sports clubs that must focus on promoting sports and using funds for facilities and participation. This structure is ideal for clubs looking to enhance financial support while engaging the community in sports.	Benefits from tax relief, Gift Aid on donations, and reduced business rates.	Challenges are that it can't be recognised as a charity for tax purposes.	

Type	Legal status	Details	Benefits	Challenges	Income
Not For Profit Company	Incorporated (Company limited by guarantee without share capital)	It is a type of organisation that operates primarily for social, charitable, or community-focused purposes rather than making a profit. Through Companies House, it can be set up as a company limited by guarantee without share capital, ensuring that any surplus income is reinvested into achieving its mission.	This structure provides robust governance and allows the organisation to enter into contracts, employ staff, and own property in its own name. It's ideal for organisations aiming to combine business practices with a clear social mission.	There are limitations to this model, as it may not be clearly evident from your legal structure to funders about your not-for-profit status. CIC's are more widely recognised by funders.	
Charitable Company	Incorporated	It is a type of charity set up as a company limited by guarantee through Companies House and as a charity through the Charity Commission. This structure is ideal for charities that need a corporate framework to manage significant assets and operations while focusing on charitable activities.	Benefits from tax relief, Gift Aid on donations, and reduced business rates.	This type of charity has an administrative burden of reporting to both the Charity Commission and Companies House.	More than £5k

Type	Legal status	Details	Benefits	Challenges	Income
Charitable Trust	Unincorporated, however, trustees can apply for incorporation under the Charities Act 2011, which provides some legal protections.	Assets are held and managed by trustees for charitable purposes. It is governed by a trust deed, which outlines the charity's objectives and how it will operate. It is ideal for individuals or orgs looking to manage and protect assets while focusing on long-term charitable giving.	This structure provides tax benefits and ensures that assets are used according to the trustor's wishes, both during their lifetime and after their death.	Charitable trusts are typically unincorporated which means they do not have a separate legal identity from their trustees, who are personally liable for the trust's actions.	
Charitable Incorporated Organisation (CIO)	Incorporated	Set up through the Charity Commission - combines the benefits of being a company with fewer administrative burdens. This structure is ideal for charities that need a corporate framework to manage significant assets and operations while focusing on charitable activities. There are two types of CIO.	There are fewer administrative burdens as only have to report to the Charity Commission. It provides limited liability for trustees, meaning they are not personally responsible for the charity's debts or liabilities. CIOs can enter into contracts, employ staff, and own property in their own name.	It takes longer to set up, and a CIO must submit annual returns and accounts to the Charity Commission regardless of income.	More than £5k

Types of CIO

Type	Legal status	Details	Benefits	Challenges
Charitable Foundation Model	Incorporated	This type of CIO is where the only voting members are the charity trustees. This structure is similar to an incorporated charitable trust, with a small group of trustees making all key decisions.	It provides limited liability for trustees, meaning they are not personally responsible for the charity's debts or liabilities. This model is ideal for charities that prefer a streamlined governance structure with a focus on trustee-led decision-making.	Decisions are only made by trustees, which can reduce transparency and accountability to wider stakeholders or beneficiaries.
Charitable Association Model	Incorporated	This type of CIO is where the charity has members who have voting rights and elect the trustees. This structure is suitable for organisations that want to involve a broader membership in decision-making processes.	It provides limited liability for trustees, meaning they are not personally responsible for the charity's debts or liabilities. This model is ideal for charities that prefer a democratic governance structure with active member participation.	Having a voting membership can make governance more complicated, with risks of disagreements, extra admin work, and challenges in keeping members involved and informed.

Mutuals

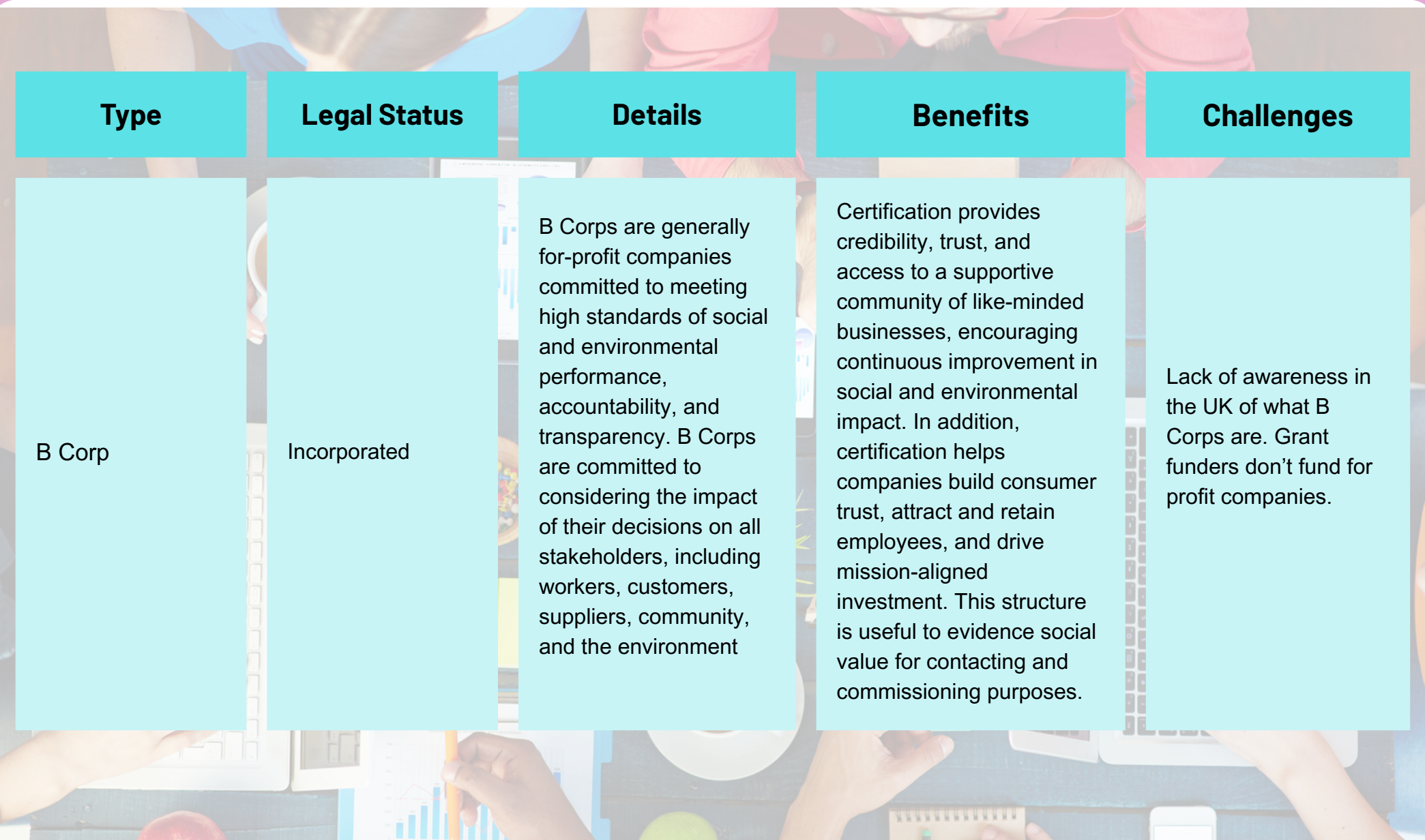
Mutuals governed by the Financial Conduct Authority (FCA) include organisations like building societies, community benefit societies, co-operative societies, credit unions, and friendly societies. These mutuals operate for the benefit of their members rather than external shareholders. This structure is ideal for organisations that prioritise member benefits and community-focused goals.

Types of Mutual

Type	Details	Benefits
Cooperative	Co-operatives are businesses owned and run by their members, who share in their profits and have a say in their decisions. They operate in various sectors, including retail, agriculture, housing, and finance. They are governed by principles of democratic member control, economic participation, and concern for the community.	<p>This structure is ideal for organisations prioritising member benefits and democratic governance while focusing on community and social goals.</p> <p>This is governed by the FCA.</p>
Community Benefit Society (CBS)	It is a type of legal organisation that operates on a not-for-profit basis for the benefit of the community. This structure is ideal for organisations that want to engage the community, raise funds through community shares, and ensure that any profits are reinvested into the society to benefit the community.	Regulated by the Financial Conduct Authority (FCA) to ensure they meet legal and financial standards. CBSs are owned and controlled by their members, who each have one vote regardless of the number of shares they hold.

Type	Details	Benefits
Friendly Society	It is a mutual association formed to provide financial and social benefits to its members, such as insurance, pensions, savings, or cooperative banking. These societies are owned and controlled by their members, who join together for a common purpose.	Regulated by the Financial Conduct Authority (FCA) to ensure they meet legal and financial standards. This structure is ideal for groups looking to offer mutual aid and support within a community-focused framework.
Credit Union - Incorporated	It is a member-owned financial cooperative that provides savings, loans, and other financial services to its members. Credit Unions operate to promote savings and financial responsibility. They provide credit at competitive rates.	They are regulated by the Financial Conduct Authority (FCA) and must adhere to a common bond, which can be based on geography, employment, or association. This structure is ideal for individuals looking for a community-focused financial institution that prioritises member benefits and offers a range of financial services.





Type	Legal Status	Details	Benefits	Challenges
B Corp	Incorporated	B Corps are generally for-profit companies committed to meeting high standards of social and environmental performance, accountability, and transparency. B Corps are committed to considering the impact of their decisions on all stakeholders, including workers, customers, suppliers, community, and the environment	Certification provides credibility, trust, and access to a supportive community of like-minded businesses, encouraging continuous improvement in social and environmental impact. In addition, certification helps companies build consumer trust, attract and retain employees, and drive mission-aligned investment. This structure is useful to evidence social value for contacting and commissioning purposes.	Lack of awareness in the UK of what B Corps are. Grant funders don't fund for profit companies.

For more information contact our Development Team:

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