An overview of basic Governance Structures

1. Legal Structure – unincorporate or incorporated?

Unincorporated groups have no formal legal requirements, and no extra admin. However, they are not a legal entity (making it difficult to secure any grant funding etc.) and there is unlimited liability & increased personal risk for those involved.

Incorporated groups have a more formal structure which promotes good governance and limits personal liability. However, the formal legal requirements require additional admin (e.g. annual reports, annual accounts) and Directors or Trustees would have additional responsibilities.

Unincorporated groups are generally only suitable if you are a very small club with no assets, are not involved in any high-risk sport, are protected fully through 3rd party insurance and do not take on any contracts. If you employ any staff, own assets, take on a lease, enter into contracts or apply for finance (loans or grants), it is highly likely you are more suited to becoming an incorporated group.

2. Legal Status – Charity or CASC?

CASC – "Community Amateur Sports Club"
The CASC scheme was introduced in 2002, allowing local amateur sports clubs to register with HMRC for various benefits. To register as a CASC, your club must:

- Be open to the whole community
- Be organised on an amateur basis
- Have as its main purpose the provision of facilities for, and the promotion of participation in, one or more eligible sports
- Not exceed the income limit (£100k per annum, from non-member trading and property income)
- …and meet several other financial & management conditions.

CASCs can generate income from food & drink – e.g. a bar open for post-match refreshment.

CASCs are regulated by HMRC. Membership of a CASC is unrestricted, but profits cannot be distributed to members. Once registered as a CASC, your groups cannot apply to be registered as a charity *(to convert to a charity, the CASC should be wound down and assets & activities transferred to the new charity).*

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Charity

If your club is not registered as a CASC, it may need to register with the Charity Commission. A club is either a "charity at law" or not – if considered a charity, the Trustees / Committee are *obligated* to register with CCNI.

A charity is an institution which is "established for charitable purposes only", and is regulated by the Charity Commission. 'Purposes' are what the charity is set up to achieve, and "*Promotion of Amateur Sport*" is one of the 12 charitable purposes listed in the NI Charities Act 2008. Your club can only be deemed charitable if:

- It involves the advancement of a sport or game
- The sport/game promotes health
- The participants are 'amateur', not professional
- The organization has purposes that are exclusively charitable
- It is for public benefit.

Registering as a charity may mean your club has more financial exemptions (rates & tax) and is more attractive to funders. Public confidence may increase as you are more transparent & accountable. However, there are clear monitoring and compliance requirements from CCNI which must be followed.

Charities adhere to a strict "no trading" rule and Trustees cannot generally receive financial benefit (a charity may choose to set up a trading company – e.g. for activities related to the club house bar).

Other structures include:

Company limited by Guarantee

A Company Limited by Guarantee is a separate legal entity from its owners, and is responsible for its own debts. The Company will be regulated by Companies House and will need to pay relevant taxes and rates. Under this status, groups can access funding, provided they are set up appropriately, and can employ directors if this is clear in your documentation. If the Company evolves, it could register as a charity in the future.

Community Interest Company (CIC)

A CIC is a limited company whose objectives are primarily social, rather than profit-making. It may 'look good' to have CIC after the club/group's name but there are no specific benefits from funders or tax. A CIC has the same characteristics of a standard company, with additional reporting requirements to the CIC regulator. This status is inflexible and very challenging to change.