

## charity formation service

### Introduction

Stewardship is able to assist churches, Christian fellowships, and Christian organisations in the formation and registration with the Charity Commission of charities. Such bodies have a basic obligation to register with the Commission once the annual income exceeds £5,000 unless specifically excepted under the Charities Acts.

Churches within the following denominations are currently excepted from the requirement to register: The Methodist Church, Baptist and Congregational churches, Independent churches affiliated to the Fellowship of Independent Evangelical Churches (FIEC), The Presbyterian Church of Wales, The Church of England, The Church in Wales, The Religious Society of Friends (Quakers), The United Reformed Church. However, from October 2008 those with an annual income of over £100,000 will have to register.

This service is delivered in association with a specialist Christian solicitor, who has extensive charity law experience.

### Features of our service

- Advice on the most appropriate legal structure for the charity. This will

## Providing registration for an existing company with the Charity Commission

often be in the form of a Trust Deed. For larger, more complex charities a charitable company limited by guarantee may be more appropriate.

This can provide greater protection to trustees personally but is a slightly expensive option and does require greater administrative care to operate.

A further information sheet setting out the different advantages and disadvantages of trusts and companies is available on request.

- Preparation of the necessary legal document. This will be based on drafts which have been developed and refined over time and which will be acceptable to the Charity Commissioners.
- Completion of the detailed Charity Commission application form.
- Handling all correspondence with the Commission up to registration.
- The provision of detailed guidance notes on the legal and financial aspects relating to church/charity trusteeship, to help keep you on the straight and narrow!

## Charges

We set a standard charge for each category and this charge applies in the vast majority of cases. In unusual or complicated cases an extra charge may be made. Our current standard charges are:

- **Charitable Trust:** £575.00 plus VAT of £100.63.

Initial payment: £287.50 plus VAT of £50.31 = £337.81

- **Charitable Company limited by Guarantee:** £725.00 plus VAT of £126.88 (plus £20.00 Companies House fee and £10 Commissioner's fee).

Initial payment: £362.50 plus VAT of £63.44 = £425.94

- **To register an existing charitable company with the Charity Commission:** £350 - £725 plus VAT depending on the complexity of the existing Memorandum and Articles, and any changes you may wish to make at the same time.

Initial payment: £287.50 plus VAT of £50.31 = £337.81

- **To incorporate an existing charitable trust** – the charges will be the same as stated above for setting up a charitable company. However, depending on the circumstances, there might be separate legal fees (between £30 - £400) required for asset transfer formalities.

Initial payment: £362.50 plus VAT of £63.44 = £425.94

**Refund Policy:** Should work not reach completion because the applicant has required us to cease work, refund of fees may occur but this will be at Stewardship's discretion and will be subject to deduction for cost which have been incurred.

# charity formation questionnaire (existing company)

Please complete all relevant sections. This form may seem long, but completing it fully will assist smooth progress. This will enable us to complete most of the Charity Commission application. If there is insufficient space use the continuation section or attach extra sheet(s)

## name, administration and location of church or organisation

**Name:** check first with the Charity Commission (0845 3000 218 and ask for the *Central Register*) in case your preferred name is already used. They will refuse to register if your name is the same as or too similar to an existing charity. If in doubt, ask for our advice.

1 Full name of charity:

Registered company no:

Any intended new name:

2 Any working name you use or wish to use:

3 Details of the main (official) correspondent including, where relevant, office address (if no office give home address):

Name ..... Mr/Mrs/Miss/\_\_\_\_ Capacity (*eg trustee*).....

Address.....

..... Postcode: .....

Daytime tel (.....) ..... Alternative tel (.....) ..... Fax: (.....).....

Email ..... Charity website .....

Is the above an office or home address?  Office  Home

4 Date started (this may be approximate) \_\_\_\_\_ For churches, approx. no. of members \_\_\_\_\_

5 Location or locations where based or where main activities carried out (include relevant District/London Borough). If a church you should include the location where your Sunday meeting(s) is held (*the Commission tend to ask for this*):

6 If you will be working overseas give details of the countries where you are or will be operating:

## details of existing directors

7 The trustees are the people having the legal powers and responsibilities to run the affairs, notably the financial affairs, of the charity. Their selection is therefore very important. For a church, it is sensible for the church leaders to be the trustees wherever possible. As you have an existing registered company, you need to list here the current trustees/directors, and to include any new trustees/directors you wish to add in the course of the registration. Some general points on trustees: ■ There must be at least 3 ■ Avoid family members in the majority. ■ The majority of the trustees of a UK charity must be normally resident in the UK (ie, they must spend at least six months of the year in the UK :

**Full** name ..... **Home** Address .....

**Full** name ..... **Home** Address .....

.....				
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<b>Full name</b> .....	<b>Home Address</b> .....			
.....				
If there was insufficient space to show all the trustees, use the continuation section on last page and tick box <input type="checkbox"/>				

**8 Trustee remuneration or other benefits**

The normal rule for charities is that trustees should not receive payment for their services, nor otherwise benefit from the charity. The idea is to avoid any conflict between their own interests and the wider interests of the charity. However, it is possible to include power to pay trustees (with certain limitations) to cover the position of a paid church leader and some ministry leader positions in organisations. If you think you may need this power in the future, include it now. It is harder to persuade the Charity Commission to allow it by later amendment.

The restrictions on benefit also extend to the spouse or close relative of a trustee. So if the wife or husband of one of the trustees receives payment for some work done, this is classed as a benefit to the trustee.

Do you want power to pay a trustee?:  YES  NO If YES, and happening or will start in the near future, give:  
 Name of trustee(s):  
 .....

The nature and amount of the pay/benefits  
 .....  
 .....  
 .....

**9** Apart from your answer to 8, will any of the following benefit in any way, directly or indirectly from the organisation:  
 (i) trustees; (ii) others involved in managing the organisation; (iii) a relative or business associate of (i) or (ii)? If so, give details, and include any use or occupation of property as a home or for business purposes:  
 .....  
 .....

Note on next sections: this is standard information that is needed to present to the Charity Commission. If you need revised memorandum & articles, this will all be relevant. If your existing mem & arts are sufficient, not all will be relevant, but it is simplest to obtain it all at this point.

**income, funding & financial arrangements**

The Charity Commission have set a minimum financial threshold of £5,000 income per annum to register a charity. For charities that are not new you will need to provide evidence of gross annual income with your

application form; such as income/expenditure sheet for the past year; copies of your annual accounts or copies of bank statements showing income of £5,000 per annum. For new charities that are unable to provide any of the above, a letter of pledge signed by a supporter stating that at least £5,000 will be paid into your account soon after registration.

### 10 Financial Year

Every charity needs to work to a financial year and the Trustees can decide for themselves when this should run to. Common year ends are the 31st December, 31st March, 30th June, but it is entirely up to you which would suit you best.

What is, or will be, your financial year end? *Month* \_\_\_\_\_ *Date* \_\_\_\_\_ (*eg, December, 31st*)

11.1 Total income for last full year: \_\_\_\_\_

11.2 If new, estimated income pa: \_\_\_\_\_, and please give details of any income received already:

We have received \_\_\_\_\_ since (*date*): \_\_\_\_\_ and this has come from (*eg gifts from members*):

.....  
.....

### 12 Funding and Fundraising

12.1 How do you intend to raise funds in the future?

.....  
.....  
.....

12.2 Do you intend to make use of professional fundraising consultants?  YES  NO

### existing company memorandum & articles of association

13 Please attach a copy of your current company mem & arts. If you are enclosing any other significant documents, please list them here:

.....  
.....  
.....  
.....

### charitable purposes & activities

14 Please set out your main purposes and activities indicating which are current and which are intended for the future. This information will help us to check that you have the appropriate charitable purposes (known as "objects") and powers. Use continuation section if necessary and/or attach additional information.

FOR A CHURCH: standard objects include to advance the Christian faith and to relieve need, hardship and sickness. If you think any of your activities will be wider than these objects, give details below.

FOR AN ORGANISATION: Be detailed about the activities you are already engaged in as well as those you plan to carry out. The Charity Commission like specific examples of the things you are currently doing.

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Postcode ..... Daytime tel (.....) ..... Email  
.....

**how did you hear of us?**

Please send with all relevant enclosures to:  
**Stewardship, PO Box 99, Loughton, Essex, IG10 3QJ.** Telephone 020 8502 5600. Fax 020 8502 5333