



Flushing Sailing Club

January 2019

Changing the status of the Club.

The case for Charitable Incorporated Organisation (CIO)

Where we are now:

- Unincorporated members' club therefore not a legal entity
- Run by volunteers with 3 seasonal/part-time staff
- 3 Trustees sign documents on behalf of members e.g. Lease
- Members, committee members and Trustees are legally liable
- Rule book devised by Committee (using RYA template) and ratified by members at AGM
- Annual Accounts published and scrutinised by a reporting accountant
- Turnover from Bar, subscriptions and race entry fees £30-35k

Recommendation of Club Development Plan Sub-Committee after research based on:

- RYA
- Flushing and Mylor Pilot Gig Club (CIO)
- Weymouth Sailing Club (CIO)
- England Rugby
- Deloitte
- Charity Commission

Needs of the Club:

- Become a legal entity through incorporation and thereby facilitate rebuilding project
- Solve liability issue, protect members, committee and trustees
- St MSC incorporated and members haven't noticed a difference
- Keep costs down as no charge involved in setting up and maintaining CIO
- Obtain tax advantages of charitable status, possibly VAT on new build but HMRC deal on case-by-case basis
- Applications for grant-funding stand better chance of success

Different options were considered:

- **CASC** (Community Amateur Sports Club) – doesn't solve the problem of liability
- **Incorporation** alone does not give tax benefits of charity status also more onerous accounting procedure

What is a CIO Charitable Incorporated Organisation

- Corporate body (like a Company)
- Can own property, employ staff, enter into contracts and borrow money
- Engage in charitable acts involving financial risks
- Either have no liability or limited liability for debts
- Not fined for administrative errors like late filing of accounts
- Register with Charity Commission (no charge) not with Companies' House (charges a fee)
- Produce accounts under charity law
- Designed with sports clubs in mind

Association CIO has wider voting membership

- Make decisions to amend constitution
- Appoint some or all trustees
- May be involved in work of CIO

Flowchart (from England Rugby)

In order to ensure an efficient incorporation, the project is best carried out in the following sequence:

- Decide whether or not to incorporate and identify timescale and Effective Date (i.e. the date on which the transfer of the assets and undertaking of the club will be transferred to the CIO – this can be at any time after the resolution is passed) and submit tax clearances to HMRC.
- Prepare and finalise constitution (consulting your members on its contents, as appropriate).
- Prepare the resolution or transfer agreement and identify information about assets for the schedules.
- Submit charity application to the Charity Commission.
- Set up a trading subsidiary, if this is required.
- Once the charity is registered, submit form ChA1 to HMRC for recognition as a charity for tax purposes. Trustees and others with day to day control of the charity should complete declarations that they are fit and proper persons

What do we need to do?

- Obtain support from members (Managing Committee has already agreed)
- Write a new constitution using CC's template (have copies of others that have been accepted) GS and SC are doing this.
- Agree on Charitable Objects.
- Decide on a practicable number of Trustees.
- Make an application on line
- Resolve issue of bar – a separate trading entity?
- Examine existing rule book to ensure no conflicts, CC constitution allows clubs to set own bye laws

Charitable objects

- To promote and facilitate community participation in healthy recreation by providing facilities for sailing for those resident in the local and greater Flushing and Falmouth areas and surrounding regions.

Appointment of Trustees

- Initial Trustees retire at first AGM
- Possible to have ex officio trustees, Commodore, Treasurer and Secretary could thus become Trustees
- Other committee members could become trustees in rotation
- One third of trustees must stand down at each AGM
- We would need to make this clear in our constitution

References:

- [http://
www.englandrugby.com/mm/Document/Governance/LegalandAdmin
/01/30/79/03/Incorporating_as_a_CIO_Neutral.pdf](http://www.englandrugby.com/mm/Document/Governance/LegalandAdmin/01/30/79/03/Incorporating_as_a_CIO_Neutral.pdf)
- [https://www.resourcecentre.org.uk/information/legal-structures-for-c
ommunity-and-voluntary-groups/#
cio](https://www.resourcecentre.org.uk/information/legal-structures-for-community-and-voluntary-groups/#cio)