

Charitable Incorporated Organisations (CIO)

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= Current Structure

1. Unincorporated charity under a Trust Deed
2. Unincorporated Association with a Constitution
3. Company Limited by guarantee with Articles of Association
4. Industrial Provident Society with its own rules

= New Structures

1. A new legal structure called Charitable Incorporated Organisation (CIO)
2. Only available for charities
3. Registered with the Charity Commission and not Companies House
4. Has its own legal identity
5. Can have a separate membership structure from trustees

= Advantages of a CIO

1. Members and trustees are safe guarded from personal liability (not fraud and acting outside Objects)
2. A CIO can hold property, bank accounts, offices in its own name
3. Only one regulator i.e. Charity Commission
4. Where annual income is less than £250K pa, receipts and payments basis can be used for the preparation of the accounts
5. No adherence to Company Law
6. Can have contracts for employment, property etc

= Disadvantages of a CIO

1. All CIOs will have to file accounts and reports irrespective of their size (currently below £25K no accounts need to be filed)
2. Mortgage/charges cannot be registered, therefore borrowing is restricted

= Formation Requirements

1. No income limit for registration (currently £5,000)
2. Exempt charities cannot convert
3. Filing accounts whatever level of income (current threshold £25,000)
4. Constitution - Articles
5. Companies limited by guarantee transfer
6. Unincorporated trusts close down and new CIO formed

= Registration

From 10 December 2012	All brand new charities over £5K
From 1 March 2013	Existing unincorporated charities with income over £250K
From 1 May 2013	Existing unincorporated charities with income between £100K and £250K
From 1 July 2013	Existing unincorporated charities with income between £25K and £100K
From 1 October 2013	Existing unincorporated charities with annual income between £5K and £25K
From 1 January 2014	Existing unincorporated charities with income less than £5K and brand new charities with income of less than £5K
During 2014	Conversion of corporate companies and Industrial Provident Societies.

= Model Constitution

1. Name
2. Office
3. Objects
4. Powers
5. Indemnity Insurance
6. Remuneration
7. Management
8. Liability of members

= Registration Models

1. Foundation Model, trustees and members will be one and the same people
2. Association Model allows for separate trustees and members
3. Churches who form a CIO will need to choose which model they wish to adopt if trustees are to have some form of accountability to a separate membership.

= Conversion

1. Cannot convert existing unincorporated Charities, limited companies only
2. Old unincorporated trusts close down
3. Establish a CIO and register with the CC
4. Transfer assets
5. Further legacies/ dissolutions
6. If there is a Gift Aid scheme (transfer)
7. Every CIO must keep a register of trustees and a register of members with name, service address, date.
8. Accounts

= Other Matters

1. Charitable companies
2. Community interest companies
3. Industrial / Provident Societies
4. Exempt charities
5. Accounting regulations
6. Trustees
7. Membership