

Club Guide:

Legal Status of Your Club Structure

It is important that your club is structured, from a legal perspective, in a way that best suits your needs now and in the future.

- It determines whether your club is a separate legal entity or not
- It has an impact on members' liability
- There are different rules and legal requirements depending on how your club is structured
- It can have financial implications
- It can influence how your club is viewed by others (e.g. banks, funding providers, the public)

This guide does not offer legal advice. As this can be a complex area, in some instances, you may need to seek professional advice. Whatever structure or status you choose, make sure you understand what the implications are and update your constitution to reflect your new structure.

Unincorporated or Incorporated?

Clubs can either be structured as *unincorporated* or *incorporated* organisations.

Unincorporated: An unincorporated organisation is established through an agreement between a group of people who come together for a reason other than to make a profit. Many sports clubs go down this route - quick and easy to set up and also cost effective as there are no requirements to register with Companies House. It is usually suitable for small, simple clubs that tend not to employ staff, own land or facilities or enter into significant contracts. However, an unincorporated club does not exist in law and therefore cannot sign contracts. If you want to enter into contracts, then you need to consider becoming incorporated.

Incorporated: An incorporated organisation is a legal entity in its own right. It can enter into contracts, employ staff and lease property. Incorporated status means the personal liability of members is limited and protected. Governance structures are more formalised within a legal framework. Once you've made this decision, you can then consider whether you want to go a step further and become a CASC, a charity or social enterprise.

Community Amateur Sports Club (CASC): CASCs are open to the whole community, are non-profit making and their main purpose is to encourage more people to play sports. Clubs benefit from business rates exemption and Gift Aid relief but must be organised on an amateur basis to qualify. Once the club is registered as a CASC, it will always remain a CASC – or they face a significant tax penalty. So take time to decide.

Charitable status: Charities have very generous tax benefits and are recognised by funders. Your club must be non-profit making and, of course, have a charitable purpose (which includes the advancement of amateur sport). But becoming a charity also brings with it extra requirements and restrictions. For example, you need to prepare annual accounts and returns.

Social enterprise: A business whose objectives are primarily social and whose profits are reinvested back into its services or the community. Social enterprises come in many shapes and sizes, from small community-owned village shops to large organisations delivering public services.

Further guidance: [Club Matters – 'Organisation Structures' online module](#) (login required – free)