



Legal Issues Around Trading

Filthy Lucre or Sensible Planning?

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The myth of “not for profit”

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What are you now?

Charity?

- Trust
- Unincorporated association
- Company limited by guarantee
- *[charitable incorporated organisation]*

What are you now?

Non – Charity?

- Company limited by guarantee
- Company limited by shares
- Community interest company



Can we generate income?

YES!

But how?

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Diversifying Income Streams

See: Moving into
Income Generation Booklet



**Can you do what you want to
do?**

It depends!

Non - Charities

- Company limited by shares – yes
- Company limited by guarantee – yes
- Community interest company - maybe

Community Interest Company

- Community interest test
- Asset lock
- If limited by shares dividends are capped

Charities and Trading

- Is it a charitable purpose?
- Is it within your objects?
- Is it ancillary to your primary purpose?
- Is it an exception?
- Does it create a significant risk?



The social enterprise “myth”



Choosing a Legal Structure

See: Moving into
Income Generation Booklet



Health 4 U

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Charities Using a Trading Company

- Required for charities where there is significant risk
- Optional where there is no significant risk
- Arm's length arrangements with charity
- Service arrangements and funding arrangements



Case Study

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Any Questions?

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