

# Incorporation and Rules

## **Why register in the first place?**

1. To achieve corporate status
  - to become a body separate from the individuals who own and run it
  - to become responsible in law
  - to have external regulators
2. To enter into trading activities
3. To have a clearly defined purpose (the objects)
4. To have a clearly defined method of operating
5. Accountability defined (role of members)
6. To be able to borrow money
7. To be able to access grant funding and to buy and sell
8. To gain respectability from key organisations
9. To increase credibility with residents

## Legal Context

Laws relevant to the establishment of Companies Limited by Guarantee:

- Companies Acts 1985, 1989 & 2006

Laws affecting the operation of registered bodies (in addition to above):

- Tax legislation
- Employment legislation
- European legislation

Legislation defines the bottom line; the minimum that registered bodies must do, about which they have no choice.

Memorandum and Articles provide a more detailed method of conducting the affairs of a registered body and can be amended or rescinded by the bodies themselves whilst legislation cannot.

## Summary of key issues for discussion

### 1 Memorandum

- What are your objects - what do you want to do?
- Who do you want to benefit?
- What business can you do?
- What happens to any profits?
- What is limited liability?
- What is the limit?
- What happens if the company gets closed down?

### 2 Articles

#### Membership & Accountability

- Who should own the organisation? (who should be members?)
- How do you stop being a member?
- What should members' powers and duties be?
- How will these be exercised? (mechanics of the general meetings) - the role of AGMs & SGMs
- What is giving notice?
- What is a quorum?
- Who gets to vote?

#### Management

- Who should manage the organisation?
- Who will the board members be and how will we chose them?
- How do you stop being a board member?
- What should board members' powers and duties be?
- How will these be exercised? (mechanics of the board meetings, officers & sub-committees)
- What do we do about conflicts of interest?
- What records should we keep?

## **Money**

- What records do we need to keep?
- What is a balance sheet?
- Who checks our records?
- What is a social audit?
- How much can be borrowed?
- What can profits be spent on?

## **3 Non Members**

- How will the organisation be accountable to residents who are not members?

## How do you get registered?

### Quick Route

Examine model Memorandum & Articles

Choose name and registered office

Check chosen name with Companies House

Adopt model Memorandum & Articles

Chose your guarantors

Fill in form IN01

Send off form, fees and signed Memorandum & Articles to Companies House and / or CIC Regulator

When registered, Companies House sends you the Registration Certificate with your Registration Number

**YOU ARE NOW INCORPORATED AND SHOULD WRITE 'LTD' AFTER YOUR NAME.**