

2022

Setting up a charity



How to set up a charity?

Step-by-Step guide

1. Decide what your charity's objectives are
2. Find trustees for your charity - you usually need at least 3.
3. The purpose of your charity must come under one of the charitable purposes that the UK government recognises.
4. Choose a name for your charity.
5. Create a governing document that serves as rule-book for your charity.
6. Register as a charity if your annual income is over £5,000 or if you set up a charitable incorporate organisation.

Finding Trustees

In order to set up a charity, you usually need to have 3 trustees on board. For this you need to:

1. Write a job description and person specification for the skills, experience and knowledge needed.
2. Make a list identifying the potential trustees you want to approach. If you know someone who might be interested or a good fit, you can approach them.
3. Make a list of responsibilities and process for a recruitment.

Charitable Purposes

The purpose of your charity must be for public benefit. Your charity's purpose must also fall within one or more of the 13 description of purposes listed in the Charities Act. Example of charitable purpose includes:

- Relieving poverty
- Education
- Religion
- Health
- Saving lives
- Human rights
- Religious purposes
- Animal welfare

The 'charitable purpose' of your charity must be included in your governing document. Your charity's purposes are very important and must be drafted very carefully because this will be reviewed by the Charity Commission to decide if your organisation is a charity. The HMRC will review it to decide if it qualifies for tax relief.

Name your Charity

When naming your charity, remember to:

1. Search the charities register to ensure that your charity's name is not similar to the name of an existing charity
2. Not use words you don't have permission to use
3. Not use offensive words or acronyms
4. Not be misleading

Structures

The structure of your charity will affect things like:

1. Who runs the charity?
2. How the charity is run?
3. What the charity can and cannot do?

Common structures include:

1. Charitable company
2. Charitable incorporated organisation
3. Charitable trust
4. Unincorporated charitable association

To learn more about these structures contact info@faithstar.org.

Governing Document

The purpose of the governing document is to inform interested parties about:

- Your charity's purpose
- Who runs it and how they run it?
- How trustees will be appointed
- Rules concerning trustees
- How to close the charity

The governing document or commonly known as a charity's constitution is an important piece of document because it is the foundation upon which your charity is built. This will be reviewed by the Charity Commission before approving your application for registering your charity.

Registration

You must register your charity if:

- Its income is at least £5000 per year or it is a CIO
- It's based in England & Wales
- Several documents are required when applying to register your charity. Please contact info@faithstar.org for more details.
- The charity registration process can be an arduous and complicated process, but it doesn't have to be if you come to us!