

Swim England East Region ACM

12th September 2020

Agenda Item 15

Incorporation Summary Report



Incorporation - what is it and why we are doing it.

Incorporation is the process by which a new or existing business registers as a limited company. A company is a legal entity with a separate identity from those who own or run it. The vast majority of companies are limited liability companies where the liability of the members is limited by shares or by guarantee.

In this case the existing unincorporated association we refer to as Swim England East Region will be replaced by a company called Swim England East Region which will be limited by guarantee.

Why are you doing it?

Whilst unincorporated associations are very common, the vast majority of swimming clubs have that status, they do have some drawbacks.

They are not recognised as a legal entity in their own right and therefore cannot enter into contracts or own property. In the case of the region there are three individuals who act as custodians on behalf of the membership. Those individuals are then legally responsible for the acts and omissions of the entire organisation. This responsibility is becoming more onerous and it is no longer reasonable to expect individuals to bear it.

We are also finding that more businesses, especially those who operate in the financial sector, have difficulty in recognising unincorporated associations as they do not "fit the model". We recently signed up to a service that enabled us to take payments via our website. Being able to prove who we are was very difficult as we had no Companies House registration and no Company Number so it looked like we did not exist.

Converting the region to a company limited by guarantee solves these problems.

It also brings stability through having an organisation that is fit for the future.

There are some downsides but they are relatively minor.

The company will have to have Directors who will be legally responsible for the company but their personal liability, provided they are not reckless in the way they run the company, is far less.

There is a need to provide the guarantee and we are proposing that around thirty people do this by committing £1 each should the company fail. These will be the Members of the Members Forum.

Why with Charitable Status?

The region is essentially a charity as its aims are to support the aims of Swim England within its area. Becoming an actual charity formally recognises this and can bring tax benefits including not having to register for and charge VAT although our income that may be liable to VAT is well below the threshold.

Keith Belton

Finance Manager

21st August 2020