



# Starting a Charity

***This guide may be useful if you are planning to start a new charity in Guernsey. It is not intended to be absolute or comprehensive, but indicates certain areas for consideration.***

## **New Charities**

Each year many new organisations are planned, but few are ever started. At first, it may seem that where a particular need exists, an organisation could easily be set up to satisfy that need. However, in many instances, there is already a service available (whether provided by the States of Guernsey, the private sector, or a charitable organisation), or maybe an existing organisation would be able to widen its remit to incorporate some additional objectives.

The first thing to consider, therefore, is whether a new charity is really necessary. A good place to start is the internet, where a visit to The Association of Guernsey Charities website ([www.charity.org.gg](http://www.charity.org.gg)) may locate another local organisation with similar aims.

Invariably, it would seem preferable to enlarge the aims of an existing organisation, rather than start a new one, especially when considering areas such as fund-raising, and staffing the organisation. Most charities would also benefit from a larger membership (rather than many small organisations, each with a few members).

If you decide that there is a clear need for a new charity (for example, to provide a new service to the island), then there are several areas that require consideration.

## **Types of Charity**

There are three types of charitable organisation:

### **1. A Charitable Trust**

Normally applies to small groups, or groups that will not have a general membership. A Trust is run by Trustees and is governed by a Trust Deed.

### **2. A Charitable Company**

A Company Limited by Guarantee may be desirable for organisations wishing to protect its members and officers (the Directors), as liability is limited to a nominal amount (as stipulated in the company Memorandum and Articles of Association).

### **3. An Unincorporated Charitable Association**

Most charities fall within this group (i.e. they are neither a Trust nor a Company) since it is easier to set up and administer. Normally, an association has a membership who periodically elect members of a management committee to run the organisation and uphold the terms and conditions laid down in its constitution. As an association is unincorporated, there is no protection afforded to the officers should the association not be able to meet its debts.

*(Further details on types of charity and governing document are available in other information sheets published by The Association of Guernsey Charities – see [www.charity.org.gg](http://www.charity.org.gg))*

Once you have decided on the type of charitable organisation you wish to set up, you will need to plan and draw up a governing document. This will not only be the terms of reference for your organisation and its members, it will be required to establish and verify your aims and objects to third parties.

### **Bank Accounts**

Most charities (irrespective of type) will have the need of a bank account. It is reasonably common to have more than one account in order to keep fund-raising monies (for a particular project, or research, etc.) separate from money reserved for the day-to-day expenses of the organisation.

Many banks offer charitable organisations preferential accounts that are not charged the usual business banking fees. They may also offer an interest-bearing account (which may be of particular interest if you envisage raising reasonable sums of money).

It is usual for charitable accounts to require two signatories for issuing cheques, etc. A mandate should be prepared containing the details of all designated signatories on the account (this will obviously need to be revised as changes to the officers or key staff occur and it is vital that people no longer eligible to be signatories are promptly removed from the mandate).

With the setting up of bank accounts, it is desirable to designate one person to manage the organisation's finances. The Treasurer is normally responsible for constantly maintaining accurate records, reporting details of the organisations finances to its members, and the preparation of annual accounts.

### **Charity Registration**

All Charities and Non-profit organisations in Guernsey are required to register locally. The Register is maintained by the States of Guernsey Income Tax Department, and all organisations need to complete an application form annually. Additionally, some organisations will need to submit a copy of their annual account.

Further details, and a copy of the application form, is on the Charity and NPO page of the States of Guernsey website: <http://www.gov.gg/ccm/navigation/income-tax/charities-and-non-profit-organisations/>

### **Income Tax**

As a charity (or non-profit making organisation) you are entitled to apply to the Administrator of Income Tax for exemption from tax of monies held by your organisation. The Administrator will need an application (in writing) together with a copy of your governing document, and details of your bank accounts.

### **The Association of Guernsey Charities**

At this stage, you may wish to apply for membership of The Association of Guernsey Charities. The Association has over 200 members, and there are many benefits to membership. Details can be found on its website ([www.charity.org.gg](http://www.charity.org.gg)) which also contains information on how to join. Members' details will also be loaded on to the website in order that members of the public can find and make contact with each charity.

The Association of Guernsey Charities (which itself has charitable status) has produced a variety of information sheets to assist charities in attaining certain standards of practice. These include a form for self-assessment to enable charitable organisations to examine their procedures and, where appropriate, make adjustments to operate in a more appropriate fashion.

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*This information is offered to assist anyone considering forming a new charity. It should not be regarded as comprehensive and charities should take appropriate advice to ensure they comply with their obligations. The Association of Guernsey Charities accepts no responsibility for any person or organisation using these guidelines.*

*Further information is available on our website [www.charity.org.gg](http://www.charity.org.gg)*