

# Organisational Structures

## Which type is right for you ?

Sports clubs come in all shapes and sizes. It is important you have the right type of legal structure. We have highlighted different types of legal structure which can be used for sports clubs in this briefing note, which are:

- Unincorporated association
- Company
- Scottish Charitable Incorporated Organisation
- Community Amateur Sports Club

### Unincorporated association

This is the most basic structure and has no registration requirements other than that of its charitable status (if applicable).

**Advantages:** simple to set up and no other statutory requirements (unless it is a charity).

**Disadvantages:** no separate "legal personality" from its members so cannot enter into leases and contracts in the name of the club – must be in the names of individuals who could then be personally liable.

Most sports clubs are unincorporated but it is something we generally do not recommend for new organisations due to the lack of separate legal personality.

### Company

A private company limited by guarantee ("CLG") is a structure that sports clubs might want to consider as it has members and directors. There are no shareholders in a CLG and it usually does not distribute profit to its members. It is regulated by the Registrar of Companies and can apply for charitable status.

A CLG structure is flexible as it can apply for charitable status and for conversion into a community interest company

("CIC") or a SCIO after incorporation.

A CIC is another type of company, which trades with social purposes or carries on other activities to benefit a community. It is regulated by the Registrar of Companies and the CIC Regulator.

**Advantages:** separate legal entity from its members, which means it can hold property and enter into contracts in its own name. Members enjoy limited liability and the company structure is generally familiar to funders and public agencies.

**Disadvantages:** various ongoing notification requirements, including making annual returns and notifying changes in directors, the secretary or registered office and various statutory requirements which have to be followed in relation to members' meetings and principles of company law.

### Scottish Charitable Incorporated Organisation ("SCIO")

A SCIO is a corporate body which has a separate legal personality. This structure is only available to charities incorporated within Scotland. It is neither a company nor a trust and is solely regulated by Scotland's charity regulator ("OSCR").

A SCIO structure is only available for charities and as such, it must meet OSCR's requirements for charitable registration.

In order for an organisation to receive charitable status and successfully register with the OSCR, it must meet the requirements of the charity test laid out in the Charities and Trustee Investment (Scotland) Act 2005. To pass the test the organisation must only have charitable purposes and its activities must provide public benefit in Scotland or elsewhere.

**Advantages:** designed to be flexible with either 'one-tier' or 'two-tier' structure or separate legal personality so members enjoy limited liability. SCIOs are solely regulated by OSCR and not by the Registrar of Companies.

**Disadvantages:** Only bodies with charitable status can be a SCIO. If a SCIO loses its charitable status then it would cease to exist.

## Community Amateur Sports Club ("CASC")

A CASC is not a type of legal structure but a tax status recognised by HMRC only available to sports clubs. There are many types of legal structure that can register as a CASC, including an unincorporated association, a CLG and a CIC. It is not possible to register a SCIO or another type of charity as a CASC.

**Advantages:** can benefit from a range of tax reliefs, including Gift Aid.

**Disadvantages:** must meet HMRC requirements and income limits apply. Once registered as a CASC, a club cannot apply to be recognised as a charity.

## Choosing the right structure for your sports club

The right structure will depend on the nature of your club, particularly in relation to the proposed aims and activities.

This briefing note provides a high level overview of the most common types of legal structure for sports clubs but is by no means exhaustive.

If you are considering incorporating a sports club or you are looking for advice in relation to the constitution and structure of your club, please get in touch.

We can advise and assist you in deciding what the best organisational structure is for you.

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## Get in touch

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