



CLUB STRUCTURES

A GUIDE TO CLUB STRUCTURES FOR NATIONAL LEAGUE SYSTEM AND OTHER FOOTBALL CLUBS



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1. Introduction

This Guide has been prepared in response to requests by clubs for guidance in relation to the different legal structures through which a club can operate. The Guide sets out the most commonly used structures that a club may wish to adopt together with some advantages and disadvantages of each. The Guide also sets out a step by step process to be followed for a club that wishes to set itself up as a company.

The FA does not have any rules or requirements that specify that a club must be one legal form or another. It is a matter for each club to determine the legal form that is best for it based on its own circumstances. A club should seek independent legal advice in relation to the most appropriate structure and form that it should adopt and the steps to be taken if a club is considering making any changes to its structure including but not limited to incorporation. Before making any structural changes the club should give prior notice to The FA, (and the league and county FA in which its membership resides), in relation to the application of football's rules.

FURTHER INFORMATION AND ASSISTANCE

In order to assist clubs with assessing the structures available to them and the incorporation process, The FA has worked with law firm, Charles Russell LLP, in preparing this advice. Charles Russell LLP is a long-standing legal adviser to The FA and specialises in sports law.

Charles Russell LLP has prepared a pack of the documents necessary to incorporate your club for a set fee. These aim to make the incorporation process as straightforward as possible and can be easily adapted for your club with the assistance of a local lawyer or that of a club trustee or director.

Alternatively, you may wish to receive more involved assistance and advice on the options available to your club and with tailoring the incorporation or chosen structure to your club. Further information on this and on how to obtain a pack of incorporation documents is available at www.charlesrussell.co.uk/club_structures

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2. Club Structures

Football clubs can take one of several different legal forms, which are discussed below.

Clubs can also seek tax advantages by becoming a charity or a Community Amateur Sports Club (“CASC”) details of which are also included in pages 11 and 12.

1 UNINCORPORATED ASSOCIATIONS

1.1 Introduction

Some football clubs are unincorporated associations, sometimes called private members’ clubs.

Unincorporated associations are a group of individuals who are bound together by the constitution or rules of the club. This means that the club is not a legal person in its own right, and so any contract of the club must be entered into by someone on behalf of the club.

Normally a club has a committee to run the club and it will be a member or members of the committee which will enter into contracts and hold land on behalf of the club. Further guidance in relation to unincorporated associations is included in The FA booklet Guidance Notes for Members Clubs/Unincorporated Entities available from: http://www.thefa.com/TheFA/RulesandRegulations/FARegulations/~/_media/Files/PDF/TheFA/GuidanceNotesFAU.ashx

1.2 Advantages

Unincorporated associations are private members clubs and do not have many of the legal requirements that apply to limited companies (such as the filing of accounts) and are not subject to outside scrutiny (unless they are charities) other than required by law. Within the constraints of the law, the rules or constitution of an unincorporated association can be whatever the members choose, and can usually be easily changed by the members.

1.3 Disadvantages

The members of the governing committee have to enter into contracts in their own names. This means that the members of the committee could be personally liable if the club breaches a contract or if a claim is made against the club and the club has insufficient assets to meet the claim. Also, if there is an uninsured accident or an employee, officer or player of the club performs an act for which the club is held liable then possibly all of the committee or even all of the members could have to pay. Members are jointly and severally liable for any liabilities meaning one member could be liable for all of the club’s debts if other members cannot pay. It is essential that where possible insurance is purchased to cover all of the club’s activities.

An unincorporated association does not have a separate legal identity from its members and so the members of the governing committee have to hold any land or investments of the club in their own name. This means that if the named individual leaves the club, all of the land or investments in their name needs to be transferred to someone else.

1.4 Updating your club constitution

If a club wishes to remain as an unincorporated association, it may want to update its constitution. As a minimum, its constitution should cover the following areas:

- Name of the club;
- Its objects;
- The identity of the members and detail on the process of becoming a member, how membership comes to an end including disciplinary procedures for suspension or expulsion, payment of subscriptions and consequences of non-payment;
- Election of the management committee, any special roles e.g. president, chair, treasurer etc., the role of the management committee and regulations around how and when it meets, the power of members of the management committee to bind all of the members of the association, how members of the management committee can be removed;
- Any other committees that the club has;
- Rules about management of the club's bank account and other finances and rules about payment of expenses (if relevant);
- Rules about the procedure for the club when buying goods or services from members;
- How the rules can be amended;
- What happens to the property of the club if it is dissolved.

A set of Standard Club Rules suitable for use by an unincorporated association is included at Appendix 4 and these are also available in The FA Handbook and from www.TheFA.com. The use of the Standard Club Rules is not mandatory and it is likely that the majority of club rules are not in this form.

2 COMPANIES LIMITED BY GUARANTEE

2.1 Introduction

A company limited by guarantee is a company owned by its members but, unlike an unincorporated association, has a separate legal identity. Each member guarantees to pay a small amount if the club becomes insolvent e.g. £1. The structure is very flexible and common among not-for-profit organisations such as clubs or charities where membership is frequently changing. The club's constitution will be set out in the articles of association of the new company. Often the members elect the directors, who will be re-elected in accordance with the company's articles. The directors are responsible for running the club. A company limited by guarantee has no shares and will not pay any dividends to its members. As such it is not suitable for clubs seeking to turn-over a profit for its members (as opposed to making a profit for the club itself). As the company has a separate legal identity, it can enter into contracts and hold land in its own name.

Further information can be found at

www.companieshouse.gov.uk

2.2 Advantages

As a company has a separate legal identity, if it becomes insolvent then the members will not be liable for the company's debts other than the amount which each member has guaranteed to pay, typically £1. This means that, for example, if there is an uninsured accident and the club is liable in such circumstances, but unable to pay, the members and the directors will not normally have to pay unless they have broken company law (including, for example, not acted in the best interests of the company). Any land and investments can also be held in the name of the club rather than the members of the committee as is the case for an unincorporated association. As a limited company it will be required to file accounts and details of the directors at Companies House giving the club transparency to outsiders. No individual should have control of the club unless the articles allow.

2.3 Disadvantages

A company has to file annual accounts, an annual return and directors' details at Companies House, and has to file a form there every time a director is appointed or removed. There are fines for late filing. The directors of a company have duties and responsibilities in company law such as the duty to promote the success of the company, to act in the best interests of the company and to comply with its Articles of Association (ie the company's constitution). This may deter investment into the club by investors that may require control.



3 OTHER INCORPORATED CLUB STRUCTURES

3.1 Companies Limited by Shares

A company limited by shares is the same as a company limited by guarantee except that it is owned by the shareholders who elect the directors. Companies limited by shares are not normally used for clubs that operate membership schemes because each time a member joins a share has to be issued to them and each time a member leaves their share has to be transferred to somebody else or redeemed.

A company limited by shares may be suitable for clubs which owners or investors who wish to invest in the club and want to operate as a profit making operation as they can benefit from payment of dividends and an increase in the value of their shares (which can be sold).

3.1.1 Advantages

As a company it has a separate legal identity, if it becomes insolvent then the members will not be liable for the company's debts other than to the extent that they have not fully paid the company for the shares that they hold. Shares in the company can be bought and sold, subject to any restrictions in the articles of association.

3.1.2 Disadvantages

In addition to the disadvantages shown in 2.3 on page 7 shares cannot be advertised and sold publicly and shares have to be issued each time a new member joins and transferred or redeemed each time a member leaves or dies. If anyone holds over 50% of the shares then they can control the board of directors, and if they hold 75% of the shares then they are able to change its constitution and are therefore in complete control of the company.

3.2 Community Interest Company

A Community Interest Company is a special type of company. It has a separate legal identity and so, as with a company limited by guarantee, the members are protected from liabilities. Only companies can apply for Community Interest status, i.e. this is not available to unincorporated associations.

Community Interest Companies are incorporated in the same way as normal companies but must demonstrate that they are acting for the benefit of the community. Many amateur football clubs would be able to meet this test. The constitutions of Community Interest Companies must comply with certain rules which restrict the way in which the assets can be used (i.e. an "asset lock"). They have no special tax advantages.

Further information can be found at www.cicregulator.gov.uk

3.2.1 Advantages

It provides a limited company structure for a social enterprise with a secure asset lock and focus on community benefit. The assets, in particular a ground or training ground, are protected and if it is wound up, any residual assets, after satisfying its creditors, will be transferred to another asset-locked body, such as a charity or another Community Interest Company.

3.2.2 Disadvantages

There are no tax reliefs, but there is additional regulation from the Regulator of Community Interest Companies including a requirement to produce an annual community benefit report which is publicly available. Community Interest Companies have only recently been available and are still relatively rare. A company limited by guarantee may be more straightforward and cheaper to administer and more familiar to banks, local authorities, accountants etc.

3.3 Charitable Incorporated Organisations

Charitable Incorporated Organisations are a proposed new form of charitable company which is expected to become available at the end of 2010, but they have already been delayed considerably and could be again. Charities which opt for a corporate structure at the moment have to set up as a company limited by guarantee under company law. This means that they are subject to dual regulation by the Charity Commission and Companies House. In light of this, many in the charitable sector have long expressed a desire for a corporate structure specifically designed to meet the needs of charities, and regulated only by the Commission.

Further information can be found at www.charity-commission.gov.uk

3.3.1 Advantages

When launched the Charitable Incorporated Organisations will be able to adopt a very flexible corporate structure but just report to the one regulatory body, the Charity Commission. The charity will have all the advantages of incorporation mentioned above, as well as all the tax benefits of being a charity.

3.3.2 Disadvantages

When they do come into force, a disadvantage of using them will be that they are new and unfamiliar to banks, local authorities, accountants etc, and untested in practice. This may mean increased time and costs for a club, and some risk, at least in the early stages. In addition, charitable status means of course a significant restriction in permitted activities as well as an asset lock (see section 5).

3.4 Industrial & Provident Society

An IPS is an organisation registered with the Financial Services Authority which conducts an industry business or trade. An IPS can either be a cooperative, run for the benefit of its members, or a community benefit society, which is run for the benefit of the wider community. A company can convert into an IPS or a new IPS can be set up.

Further information can be found at www.fsa.gov.uk

3.4.1 Advantages of an IPS which is a Cooperative

A cooperative is a flexible legal structure which can run a football club and has a separate legal identity, so that if it becomes insolvent then the members will not be liable for the co-operative's debts.

3.4.2 Advantages of an IPS which is a Community Benefit Society

A Community Benefit Society is a flexible legal structure which can run a football club and has a separate legal identity, so that if it becomes insolvent then the members will not be liable for the co-operative's debts. It has a social objective of benefitting the community, and its assets are protected so that if the Society is wound up, the assets will be applied for the benefit of the community.

3.4.3 Disadvantages of an IPS which is a Cooperative or a Community Benefit Society

A fee from £40 - £950 is payable on establishment, with the fee level dependant on the drafting of the constitution, and annual fees are also payable.

Only those clubs which can demonstrate that there is a reason why they should be an IPS instead of a company will be permitted to register by the FSA.

There is uncertainty as to who is going to regulate IPSs in the future, and what impact this may have on annual fees and reporting requirements.

For most clubs, a company limited by guarantee may be more straightforward, cheaper to administer and more familiar to banks, local authorities, accountants etc.

4 COMMUNITY AMATEUR SPORTS CLUB STATUS (CASC)

Following Government and Charity Commission consultation in 2001 new legislation was introduced providing community based amateur sports clubs with an opportunity to take advantage of valuable tax reliefs by registering as a Community Amateur Sports Club (CASC) with the Inland Revenue (now HM Revenue & Customs).

Further information can be found at www.cascinfo.gov.uk including how to register as a CASC.

4.1 Can my club become a Community Amateur Sports Club?

Unincorporated associations, companies limited by guarantee and community benefit societies can become a CASC. To qualify as a CASC, a club must, as its main purpose, provide facilities for and promote participation in one or more eligible sports. A club is eligible if it meets the following criteria, or is willing to change its constitution so that it will meet the criteria:

- Open to all of the community;
- Main purpose of the club is to promote sport;
- The club is amateur and non-profit making. This means that it cannot pay its players; and
- If the club is wound up, its property will be distributed to a sports governing body, another CASC or a charity.

4.2 Advantages

Local Authority business rate relief of at least 80% is available to a CASC, with some Local Authorities giving 100% relief.

Gift Aid can be claimed on donations from individuals to the club (but not on membership fees).

Even if your club doesn't own its own facility, it can still benefit from Gift Aid. Gift Aid means the Government adds 28.5p to every £1 received as a donation to a charity or CASC.

CASCs are exempt from various taxes including taxes on the club's fundraising or trading turnover (such as receipts from a bar or sales of branded clothing) if they are under £30,000. They do not pay tax on interest earned in bank accounts and no inheritance tax is payable on legacies left to a CASC.

4.3 Disadvantages

A club must register with HMRC. Normally this involves changing the club's constitution. Once it has become a CASC, a club cannot undo the process.

The club must continue to comply with CASC rules as to, amongst other things, the criteria set out in paragraph 4.1. This compliance will need to be under continuous review, particularly as the club progresses or grows, and a serious transgression of CASC status could lead to an investigation by HMRC into claimed tax relief.

The club must allow anybody to become a member, unless they would be a disruptive influence or the level of facilities means that the club cannot physically accept any more members. If the club has two or more classes of member then the club must allow anybody to become the class of member which enjoys the main voting rights.

The clubs must be amateur therefore players cannot be paid, although they can receive their expenses. Clubs wishing to progress through the National League System and ultimately pay players need to carefully consider their long term plans and whether registering as a CASC will inhibit their long term development.

5 CHARITABLE STATUS

5.1 Can my club become a charity?

Unincorporated associations, companies limited by guarantee and community benefit societies can be charities. A Charitable Incorporated Organisation must be a charity.

A club will normally have to amend its constitution before it becomes a charity, as it must have objects which are exclusively charitable in law. It will only be charitable if it promotes amateur football (and/or other healthy amateur recreations) e.g. by providing facilities, or promotes education or community participation by reference to sport. In all cases the club must exist for the public benefit.

5.2 Advantages

Charities have more tax advantages than CASCs. They have full exemption from tax on profits that they may make from their membership fees, bank interest or investment income. Gift aid can be claimed on donations from companies as well as donations from individuals. Local authority business rate relief is the same as for CASCs, and there is similarly no inheritance tax payable on legacies left to charities.

People are more willing to fundraise for a charity, and charities are allowed to run certain types of lottery and other fundraising activities that are banned or licensed for non-charities.

5.3 Disadvantages

Once a club has become a charity, it cannot stop being a charity.

All members of the club must be playing members, it cannot have "social members". Players must be amateur and may not be paid.

The club must have membership open to all. Although there can be competition to get into, for example, the first team, everybody must have an equal opportunity to use the club's facilities. The level of fees must be low enough so that everyone has the opportunity to join the club.

A subsidiary company should be set up to run any bar that the club has, but this is not difficult to do. Any profits from the bar can be paid under gift aid to the charity to avoid payment of corporation tax by the subsidiary.

A charity must register with the Charity Commission if its annual income is over £5,000. This means that it must submit annual accounts and an annual return to the Commission. It must also comply with charity law, although there is a lot of guidance on the Commission's website www.charitycommission.gov.uk to help clubs to comply with these requirements.

6 WHAT IS THE BEST STRUCTURE FOR MY CLUB?

It is a matter for each club to determine the most suitable legal form based on its circumstances. Clubs should consult with their professional advisors in this respect and seek independent legal advice

Small clubs may not want to incur the expense of changing their status. However, they should consider registering as a CASC if they own land or may receive donations from members so as to benefit from the tax reliefs available to a CASC (See 4.2 for details).

Clubs (even relatively small ones) may wish to pay the one-off cost of changing from an unincorporated association to a company limited by guarantee because of the advantages listed, especially acquiring legal identity and protecting members from possible liabilities. They should also consider registering the company as a CASC if they own land or may receive donations from members, and they should also consider the benefits of becoming a charity.

Any club which receives substantial donations from companies (donations do not include sponsorship payments) should consider the benefits of becoming a charity, for example, taking advantage of the Gift Aid scheme.



3. Incorporation Step by Step

If you decide that you would like to adopt a new structure for your club, this section of the Guide sets out the procedure for doing so. In all cases, this procedure will be dependent on: (a) the new structure which you have chosen; and (b) the current status of the club, including its assets and liabilities. This is something that you should discuss with your club's professional advisors. However, the guidance in this section provides a generic overview of the steps that will need to be taken.

An overview of the process is set out in the chart in Appendix 1.

1 NOTIFICATION

A club's right to play football is through its holding of the relevant football memberships. If a club is considering incorporating then these memberships will have to be transferred from the unincorporated association to the new limited company. The club should notify The FA, the league of which it is a member and its county FA of its intentions at an early stage of the process for guidance in relation to any of football's rules that need to be followed. An example of this is included in Appendix 2, Rule 2.7 of the Standardised Rules that apply to clubs playing at Steps 1 to 6 of the National League System.

2 INTERNAL CLEARANCE

You will need to obtain any internal approvals required by the club's current constitution prior to establishing a new entity. This will differ and will need to be determined on a case by case basis but is likely to include holding a general meeting of the club's members.

3 STEERING GROUP

The club may wish to form a Steering Group that is tasked by its Committee to manage the process of incorporating the club.

4 FORMATION OF A NEW LEGAL ENTITY

Having obtained required internal approvals, the first legal step will be to set up the new legal entity which the club is adopting. Where the club is establishing itself as limited company (i.e. a company limited by shares or by guarantee), this will be very straightforward and quick as there are no approval processes or hurdles to be satisfied. Where IPS charitable or Community Amateur Sport Club status is chosen, the timeframe will be somewhat longer as there are certain registrations or approvals that need to be obtained.

Limited Companies

It will be necessary to send the following documents to Companies House:

- Form IN01 (Application for Registration)
- Memorandum of Association
- Articles of Association

The memorandum and articles of association are considered further under paragraph 5 below. Full details on completion of the Form IN01 is beyond the scope of this Guide: however, it requires the completion of information about the proposed company name, the type of company, the registered office, directors and secretary, statement of capital and initial shareholdings and a statement of compliance.

The company will come into existence when the Registrar of Companies issues a certificate of incorporation. The standard service takes 7 days (fee of £20); an express service within 24 hours is available (fee of £50); or the application can be made electronically (£15 standard service, £30 for 24 hours).

Alternatively the club may choose to use its professional advisors or a company formation agent in establishing the company. Charles Russell LLP is able to provide a variety of services depending on what is suitable for the size and nature of the club. Further information on the support available and who to contact at Charles Russell LLP is set out in Section 1.

Other Structures

In the case of Community Interest Companies, the Club will need to pass a test demonstrating that its activities are for the benefit of the community or a section of the community. It will therefore be necessary to apply to the Regulator of Community Interest Companies to obtain this approval using a Form CIC36 together with the other documents outlined above. While the Regulator considers the application, the incorporation of the company will be held up and cannot therefore be effected in 24 hours.

5 NEW CONSTITUTION

Memorandum and Articles of Association for a Company

The new company will need to have a constitution – i.e. legal documents in the form of a memorandum and articles of association establishing the company and setting out rules governing its administration and operation.

The memorandum is a short document setting out the subscribers to the company and its share capital (if any).

The articles of association are more detailed and regulate the share capital (if any) of the company, the board and shareholder/member powers. Different approaches can be taken towards the choice of articles of association, although all must contain the provisions of The FA Rules 12(b) and (c) on directors acting in compliance with The FA's Rules and regulations and regarding the distribution of assets on winding up the company (see Appendix 3).

A generic articles of association has been prepared suitable for most clubs as part of the package offered by Charles Russell LLP. These can be adopted with minor amendment as required to suit particular circumstances. These would then need to be supplemented by separate bye-laws of the club setting out in detail the decision-making process (see further below). Alternatively, the articles of association can be tailored for your club. Please see further in Section 1 on how to obtain articles of association and advice on these.

Bye-laws

While the articles of association set out the high level rules and regulations for administration of the club, the adoption of separate bye-laws are recommended in order to establish in more detail such matters as:

- The number of and qualifications required for directors;
- Operation of the bank account(s);
- Terms of reference for committees and sub-committees;
- Powers and terms of reference of the board;
- Arrangements for Members' meetings;
- Voting and proxy procedures;
- Membership categories and subscriptions;
- Reporting processes.

It is likely that the club already has a constitution or rules dealing with these matters. If that is the case and these remain sufficient, these can simply be adopted by the new entity as its bye-laws.

Community Amateur Sports Club

If your club wishes to become a community amateur sports club then its new constitution must meet certain requirements. These are set out above in section 2. It is possible to send a draft new constitution to HM Revenue and Customs for their opinion about whether the draft is compliant.

Charity

If your club wishes to become a charity then its new constitution will have to be drafted to comply with certain legal requirements, so that it will be acceptable for registration with the Charity Commission. It must be set up for wholly charitable purposes, and there must be certain limits on payments made to its directors and members. The Charity Commission does not normally give an opinion on draft constitutions, and so it is advisable to use the Charity Commission's precedent from its website (www.charity-commission.gov.uk) or to seek legal advice.



6 MANAGEMENT

A critical part of setting up the new entity for your club will be determining the board or committee membership and general governance structure for your club.

A limited company must have at least one director who is a natural person (i.e. not a corporate director), although typically it is recommended having at least two directors to form a board of directors. If the club is a charity then it will normally have to have at least three directors. The company may also have a secretary, although this is no longer strictly required by law. Again, however, we would recommend nominating a secretary.

You are free to determine how you wish your club to be managed. The simplest approach is to leave all decisions to the board of directors to determine on a majority vote basis. This is reflected in our specimen articles of association. If desired, it is possible to delegate power to management committees, or other sub-committees, or to allow members to participate in certain decision making processes in general meetings.

Whatever decision is taken, this should be reflected in the club's bye-laws (see 5. New Constitution).

7 GENERAL MEETINGS AND NOTIFICATION OF DECISION TO STAKEHOLDERS

It is likely that your club holds general meetings of its members on an annual basis or more frequently. There is no longer a legal obligation for companies to have annual general meetings, but you should consider during the incorporation process whether there should be, what powers those general meetings should have, and who should be entitled to attend. This will be reflected in the club's articles of association and bye-laws.

FA Rule 11(c)(iii) requires a club to have its annual accounts laid before the members of the club at a general meeting.

Having taken the decision to establish a new entity, it is advisable to call a general meeting and notify any key stakeholders in the club as to the decision and to outline key differences going forward.

8 TRANSFER OF ASSETS AND LIABILITIES

Once the new legal entity has been formed, it will be critical to ensure that all assets and liabilities of its predecessor are transferred to the new entity – i.e. anything which was owned or owed by the club must be transferred into the name of the new entity on a certain date or dates.

There is a wide range of assets and liabilities that needs to be considered, including:

1. Staff and employees;
2. Equipment and machinery;
3. Premises;
4. Contracts, e.g. supplier contracts, insurance etc;
5. Investments;
6. Bank overdraft facilities, loans, mortgages;
7. Book debts;
8. Intellectual property in the club, e.g. its name and logo;
9. FA registration, league registration and County FA membership.

It will, therefore, be necessary to assess and put together a list of the club's assets and liabilities. Once compiled, these will need to be transferred to the new entity by means of an asset transfer agreement. The agreement will also cover such issues as when and what announcements can be made, whether there are any conditions to be fulfilled before the transaction can be completed, or any consents to be obtained. A key condition to be included within the agreement is that written football authority (FA, league and county FA) consent has been obtained prior to the transaction being able to complete. It is essential that clubs obtain legal advice before attempting to transfer their assets and liabilities.

9 TAXATION CLEARANCES

If a club wishes to register as a Community Amateur Sports Club, it will need to apply to HMRC, which runs the following helpline number: 08453 020203. The application form is available from its website, www.hmrc.gov.uk/charities, and will need to be accompanied with a copy of the club's constitution.

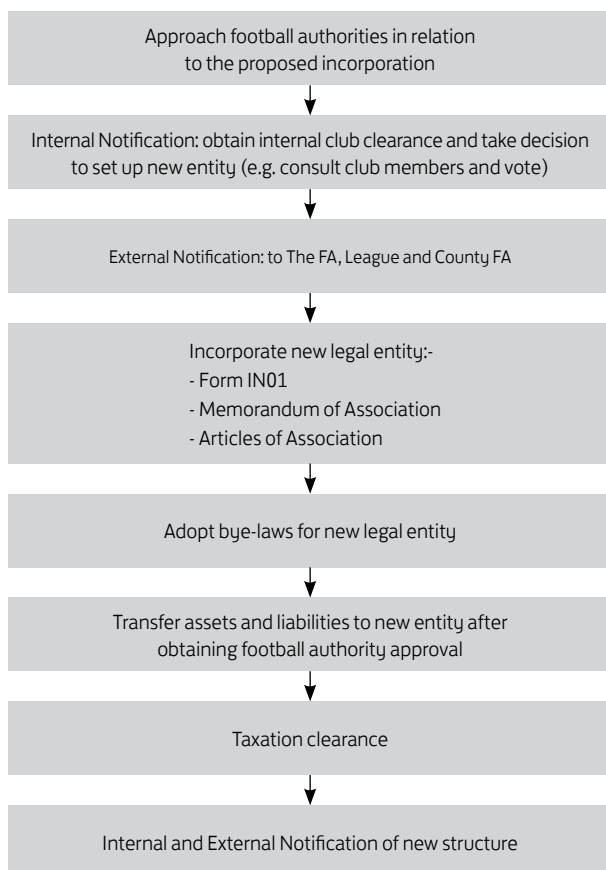
If a club amends its constitution to become a charity, then it will normally need to register with the Charity Commission to obtain a charity registration number.

www.hmrc.gov.uk/charities

If a club has an annual income of under £5,000 then it will not be able to register with the Charity Commission. It will need to register instead with HMRC Charities using the website address and telephone number above.

Appendix 1

STEPS TO INCORPORATION





Appendix 2

Extract from the Standardised Rules for use by all competitions at Steps 1 to 6 inclusive of the National League System.

RULE 2.7

Transfer of Membership – Transfer as a Going Concern

2.7.1 In the event that any club which resolves to transfer its membership of the Competition from one legal entity to a different legal entity, other than in the circumstances shown at 2.7.2 below, the Board will use the following minimum criteria in deciding whether to approve that transfer:

- (a) The shareholders or members of the club have voted to agree to the transfer of the club's membership to the new entity.
- (b) All Football Creditors in the club must be paid in full or transferred in full (with each creditor's consent) to the new entity, and evidenced as such.
- (c) All other creditors in the club must be paid in full or Secured or transferred in full (with each creditor's consent) to the new entity and evidenced as such.
- (d) The proposed new entity has provided financial forecasts to the FA and the Competition showing its ability to fund the club for the next twelve (12) months or to the end of the Playing Season following transfer (whichever is the longer) and that evidence of funding sources has been provided.
- (e) The FA must have given approval for the transfer to take place.

Appendix 3

FA RULE 1 2(B)(C) PROVISIONS RELATING TO CLUBS

2 (a) General Provisions

A Club shall include the following provisions in its Articles of Association (where a corporate body) or Club rules (where an unincorporated association):

- (i) “The members and the directors of the Company shall so exercise their rights, powers and duties and shall where appropriate use their best endeavours to ensure that others conduct themselves so that the business and affairs of the Company are carried out in accordance with the Rules and regulations of The Football Association Limited for the time being in force.
- (ii) No proposed alteration to the provisions set out herein shall be effective unless the proposed alteration has been approved in writing by The Football Association Limited 14 days or more before the day on which the alteration is proposed to take place.
- (iii) The office of (a/an Director/Officer or Official)* shall be vacated if such person is subject to a decision of The Football Association Limited that such person be suspended from holding office or from taking part in any football activity relating to the administration or management of a football club.”

(b) Club Companies – Winding Up Provisions

A Club which is incorporated under the Act shall have the following provisions in its Articles of Association: “On the winding-up of the Company the surplus assets shall be applied, first, in repaying the Members the amount paid on their shares respectively. If such assets are insufficient to repay the said amount in full, they shall be applied rateably, so that the loss shall fall upon the Members in proportion to the amount called up on their shares respectively. No Member shall be entitled to have any call upon other Members for the purpose of adjusting the Members’ rights; but where any call has been made and has been paid by some of the Members such call be enforced against the remaining Members for the purpose of adjusting the rights of the Members between themselves. If the surplus assets shall be more than sufficient to pay to the Members the whole amount paid upon their shares, the balance shall be given by the Members of the Club, at or before the time of dissolution as they shall direct, to The Football Association Benevolent Fund, or to some Club or Institute in the [here insert the name of the appropriate city or county] having objects similar to those set out in the Memorandum of Association or to any local charity, or charitable or benevolent institution situate within the said [here insert the name of the appropriate city or county]. In default of any such decision or apportionment by the Members of the Club, the same to be decided upon and apportioned by a Judge of the High Court of Justice having jurisdiction in such winding-up or dissolution and as he shall determine. Alternatively such balance may be disposed of in such other manner as the Members of the Club may, with the written consent of The Football Association Limited, determine.”

*Delete as appropriate.



Where a Club is registered as a Community Interest Company under the Act or as an Industrial and Provident Society with The Financial Services Authority, it shall include all of the above provisions in its Articles of Association or rules. Should these provisions not be acceptable to the relevant Regulator, any proposed variation from the above provisions must receive prior written approval from The Association. The Association will consider any such variations on a case by case basis.

Note

Rule 12 (B) and (C) has been drafted for use by companies limited by shares. Any variations from Rule 12 (B) and (C) for clubs that wish to adopt a different structure such as a company limited by guarantee or to register as a CIC or an IPS will be considered on a case by case basis. Clubs should contact the Financial Regulation Dept at The FA for further direction.

Appendix 4

SUGGESTED FA CLUB RULES FOR UNINCORPORATED ORGANISATIONS

1. Name

The Club shall be called (the “Club”).

2. Objects

The objects of the Club shall be to provide facilities, promote the game of Association Football, to arrange matches and social activities for its members, and community participation in the same.

3. Status of Rules

These Rules (the “Club Rules”) form a binding agreement between each member of the Club.

4. Rules and Regulations

(a) The members of the Club shall so exercise their rights, powers and duties and shall, where appropriate, use their best endeavours to ensure that others conduct themselves so that the business and affairs of the Club are carried out in accordance with the Rules and Regulation of The Football Association Limited (“The FA”), County Football Association to which the Club is affiliated (“Parent County Association”) and Competitions in which the Club participates, for the time being in force.

(b) No alteration to the Club Rules shall be effective without written approval by the Parent County Association. The FA and the Parent County Association reserve the right to approve any proposed changes to the Club Rules.

(c) The Club will also abide by The FA’s Safeguarding Children Policies and Procedures, Codes of Conduct and the Equal Opportunities and Anti-Discrimination Policy as shall be in place from time to time.

5. Club Membership

(a) The members of the Club from time to time shall be those persons listed in the register of members (the “Membership Register”) which shall be maintained by the Club Secretary.

(b) Any person who wishes to be a member must apply on the Membership Application Form and deliver it to the Club. Election to membership shall be at the discretion of the Club Committee and granted in accordance with the anti-discrimination and equality policies which are in place from time to time. An appeal against refusal may be made to the Club Committee in accordance with the Complaints Procedure in place from time to time. Membership shall become effective upon an applicant’s name being entered in the Membership Register.

(c) In the event of a member’s resignation or expulsion, his or her name shall be removed from the Membership Register. (d) The FA and Parent County Association shall be given access to the Membership Register on demand.

6. Annual Membership Fee

(a) An annual fee payable by each member shall be determined from time to time by the Club Committee and set at a level that will not pose a significant obstacle to community participation. Any fee shall be payable on a successful application for membership and annually by each member. Fees shall not be repayable.

(b) The Club Committee shall have the authority to levy further subscriptions from the members as are reasonably necessary to fulfil the objects of the Club.



7. Resignation and Expulsion

- (a) A member shall cease to be a member of the Club if, and from the date on which, he/she gives notice to the Club Committee of his / her resignation. A member whose annual membership fee or further subscription is more than two (2) months in arrears shall be deemed to have resigned.
- (b) The Club Committee shall have the power to expel a member when, in its opinion, it would not be in the interests of the club for them to remain a member. An appeal against such a decision may be made to the Club Committee in accordance with the Complaints Procedure in force from time to time.
- (c) A member who resigns or is expelled shall not be entitled to claim any, or any share of, any, of the income and assets of the Club (the "Club Property").

8. Club Committee

- (a) The Club Committee shall consist of the following Club Officers: Chairperson, Vice Chairperson, Treasurer, Secretary, Minutes Secretary and up to five (5) other members, all elected at an Annual General Meeting ("AGM").
- (b) Each Club Officer and Club Committee Member shall hold office from the date of appointment until the next AGM unless otherwise resolved at an Extraordinary General Meeting ("EGM"). One person may hold no more than two (2) positions of Club Officer at any time. The Club Committee shall be responsible for the management of all the affairs of the Club. Decisions of the Club Committee shall be made by a simple majority of those attending the Club Committee meeting. The Chairperson of the Club Committee meeting shall have a casting vote in the event of a tie. Meetings of the Club Committee shall be chaired by the, or in their absence the, The quorum for the transaction of the business of the Club Committee shall be three (3).
- (c) Decisions of the Club Committee shall be entered into the Minute Book of the Club to be maintained by the Club Secretary.
- (d) Any member of the Club Committee may call a meeting of the Club Committee by giving not less than seven days' notice to all members of the Club Committee. The Club Committee shall hold not less than four (4) meetings per year.

- (e) An outgoing member of the Club Committee may be re-elected. Any vacancy on the Club Committee which arises between AGMs shall be filled by a member proposed by one (1) and seconded by another one (1) of the remaining Club Committee members and approved by simple majority of the remaining Club Committee members.
- (f) Save as provided for in the Rules and Regulations of The FA, the Parent County Association and any applicable Competition, the Club Committee shall have the power to decide all questions and disputes arising in respect of any issue concerning the Club Rules.
- (g) The position of a Club Officer shall be vacated if such a person is subject to a decision of The FA that such person be suspended from holding office or from taking part in any football activity relating to the administration or management of a football club.

9. Annual and Extraordinary General Meetings

- (a) An AGM shall be held in each year to:
 - (i) receive a report of the activities of the Club over the previous year;
 - (ii) receive a report of the Club's finances over the previous year;
 - (iii) elect members of the Club Committee; and
 - (iv) consider any other business.
- (b) Nominations for election of members as Club Officers or as members of the Club Committee shall be made in writing by the proposer and seconder, both of whom must be existing members of the Club, to the Club Secretary not less than 21 days before the AGM. Notice of any resolution to be proposed at the AGM shall be given in writing to the Club Secretary not less than 21 days before the Meeting.
- (c) An EGM may be called at any time by the Club Committee and shall be called within 21 days of the receipt by the Club Secretary of a requisition in writing, signed by not less than five members, stating the purposes for which the Meeting is required and the resolutions proposed. Business at an EGM may be any business that may be transacted at an AGM.

- (d) The Secretary shall send to each member at their last known address written notice of the date of a General Meeting (whether an AGM or an EGM) together with the resolutions to be proposed at least 14 days before the meeting.
- (e) The quorum for a General Meeting shall be
- (f) The Chairperson, or in their absence a member selected by the Club Committee, shall take the chair. Each member present shall have one vote and resolutions shall be passed by a simple majority. In the event of an equality of votes, the Chairperson of the Meeting shall have a casting vote.
- (g) The Club Secretary, or in their absence a member of the Club Committee, shall enter the Minutes of General Meetings into the Minute Book of the Club.

10. Club Teams

At its first meeting following each AGM, the Club Committee shall appoint a Club member to be responsible for each of the Club's football teams. The appointed members shall be responsible for managing the affairs of the team. The appointed members shall present to the Club Committee at its last meeting prior to an AGM a written report of the activities of the team.

11. Club Finances

- (a) A bank account shall be opened and maintained in the name of the Club (the "Club Account"). Designated account signatories shall be the Club Chairperson, the Club Secretary and the Club Treasurer. No sum shall be drawn from the Club Account except by cheque signed by two of the three designated signatories. All monies payable to the Club shall be received by the Treasurer and deposited in the Club Account.
- (b) The Club Property shall be applied only in furtherance of the objects of the Club. The distribution of profits or proceedings arising from the sale of Club Property to members is prohibited.
- (c) The Club Committee shall have the power to authorise the payment of remuneration and expenses to any member of the Club (although a Club shall not remunerate a member for playing) and to any other person or persons for services rendered to the Club.

- (d) The Club may provide sporting and related social facilities, sporting equipment, coaching, courses, insurance cover, medical treatment, away match expenses, post-match refreshments and other ordinary benefits of Community Amateur Sports Clubs as provided for in the Finance Act 2002.
- (e) The Club may also in connection with the sports purposes of the Club:
 - (i) sell and supply food, drink and related sports clothing and equipment;
 - (ii) employ members (although not for playing) and remunerate them for providing goods and services, on fair terms set by the Club Committee without the person concerned being present;
 - (iii) pay for reasonable hospitality for visiting teams and guests; and
 - (iv) indemnify the Club Committee and members acting properly in the course of the running of the Club against any liability incurred in the proper running of the Club (but only to the extent of its assets).
- (f) The Club shall keep accounting records for recording the fact and nature of all payments and receipts so as to disclose, with reasonable accuracy, at any time, the financial position, including the assets and liabilities of the Club. The Club must retain its accounting records for a minimum of six (6) years.
- (g) The Club shall prepare an annual "Financial Statement" in such format as shall be available from The FA from time to time. The Financial Statement shall be verified by an independent, appropriately qualified accountant and shall be approved by members at a General Meeting. A copy of any Financial Statement shall, on demand, be forwarded to The FA.
- (h) The Club Property, other than the Club Account, shall be vested in not less than two (2) and not more than four (4) custodians, one of whom shall be the Treasurer (the "Custodians"), who shall deal with the Club Property as directed by decisions of the Club Committee, and entry in the Minute Book shall be conclusive evidence of such a decision.
- (i) The Custodians shall be appointed by the Club in a General Meeting and shall hold office until death or resignation unless removed by a resolution passed at a General Meeting.
- (j) On their removal or resignation, a Custodian shall execute a Conveyance in such form as is published by The FA from time to time to a newly elected Custodian or the existing Custodians as directed by the Club Committee. The Club shall, on request, make a copy of any Conveyance available to The FA. On the death of a Custodian, any Club Property vested in them shall vest automatically in the surviving Custodians. If there is only one surviving Custodian, an EGM shall be convened as soon as possible to appoint another Custodian.
- (k) The Custodians shall be entitled to an indemnity out of the Club Property for all expenses and other liabilities reasonably incurred by them in carrying out their duties.

12. Dissolution

- (a) A resolution to dissolve the Club shall only be proposed at a General Meeting and shall be carried by the majority of at least three-quarters of the members present.
- (b) The dissolution shall take effect from the date of the resolution and the members of the Club Committee shall be responsible for the winding up of the assets and liabilities of the Club.
- (c) Any surplus assets remaining after the discharge of the debts and liabilities of the Club shall be transferred to another Club, a Competition, the Parent County Association or The FA for use by them related to community sports.



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