

COMPANY TYPES & REGISTERS

Charitable Incorporated Organisations (CIOs): A Charity-Only Structure

How a CIO differs from a charitable company: one regulator, a choice of foundation or association model, and the registers and reporting it must keep.

What a CIO is

A charitable incorporated organisation is a legal form created for charities in England and Wales under Part 11 of the Charities Act 2011. It is a body corporate with its own legal personality, so it can own property and enter into contracts, and its trustees are generally protected from personal liability for its debts. Unlike a charitable company, it is not a company. It is registered by, and answers only to, the Charity Commission, and it has no dealings with Companies House.

That single regulator is the main reason to choose a CIO. A charitable company must satisfy both Companies House and the Charity Commission. A CIO deals with one.

Coming into existence

A CIO exists only once the Charity Commission has registered it. The trustees agree a constitution and apply to register. Every CIO must register, whatever its income, so even a small CIO has a registered charity number from the start. That differs from other charities, which register once their income passes the registration threshold.

Foundation or association

The Commission publishes model constitutions, and a CIO must follow one of them, or as near to that form as possible. There are two models, and the choice depends on who votes.

- **Foundation CIO.** The only voting members are the charity trustees themselves. It suits a charity run solely by its trustees, or one that began under a trust deed.
- **Association CIO.** It has a wider membership, including voting members who are not trustees. It suits a charity with a membership, such as a club or a community group, where members elect the trustees.

New CIOs are expected to use the current template constitution, introduced for registrations from 1 November 2023.

Key points

- A CIO is a charity-only legal form, not a company.
- One regulator: the Charity Commission.
- It exists only from registration.
- Every CIO registers, whatever its income.
- Choose the foundation or association model to fit who votes.
- Some constitutional changes need the Commission's consent.

Trustees and registers

The trustees run the CIO and owe the duties of charity trustees: acting in the charity's interests, managing conflicts, taking care with money and applying assets only for its purposes. A CIO must keep a register of its trustees, and an association CIO must also keep a register of its members. The Commission recommends that trustees are individuals, and most are.

Trustees can be paid for being trustees only where the law and the constitution allow, and any provision for benefits to trustees, members or people connected with them needs the Commission's consent to include or change.

Reporting

A CIO sends its annual report, accounts and return to the Charity Commission every year, whatever its income, within ten months of the end of its financial year. Because it is not a company, it files nothing at Companies House. The accounts must follow the rules for charity accounts of its size.

Changing the constitution

Changes to some clauses, including the dissolution clause and any provision for benefits, need the Commission's consent. The Commission has to approve some changes before they take effect, so the process should be planned and not left to the last moment.

Converting

An existing charitable company or an unincorporated charity can convert to a CIO, through a process run by the Charity Commission. Conversion transfers its assets and liabilities to the new body, and contracts and employees need a plan for the transfer.

CIO or charitable company

FEATURE	CIO	CHARITABLE COMPANY
Regulator	Charity Commission	Charity Commission and Companies House
Constitution	Model CIO constitution	Articles
Filing	Commission only	Both
Registration	Always	Above the income threshold

Questions to ask the client

- Is the body to be a charity, and can it show public benefit?
- Does it need a wider voting membership?
- Which model suits: foundation or association?
- Is it an existing charity converting?
- Are any trustees to be paid?
- Who will prepare the annual report and accounts?

How MTM can help

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We help clients choose between a CIO and a charitable company, prepare the registration with the client's charity adviser, and support the company-side work for charitable companies. Charity law advice on purposes and the constitution should come from a charity specialist.