

Sources of support and advice for business and companies

Newcastle CVS is often approached by people setting up new organisations who are unclear about the best type of structure for their organisation. The important principle is that form should follow function and that the structure you adopt will allow your organisation to thrive. Newcastle CVS does not provide support to private businesses, but we have produced this leaflet to signpost to more appropriate forms of support.

What is the difference between a business, a charity, a social enterprise, a not for profit company and a CIC? It is important to spend time thinking about what it is you are trying to achieve and do some market research before deciding what type of organisation you want to set up. Look at the Charity Commission and Companies House websites for more detailed information (see addresses below).

A business is the term usually used to describe a company or individual who trades in order to make a profit for the benefit of its owners.

Social enterprise is used as a catch all term for any enterprising organisation that is not for profit but trades for community benefit. Not-for-profit companies, CICs, charities and charitable companies can all be described as social enterprises.

A not-for-profit company is a company registered with Companies House that

trades for the benefit of the organisation and its beneficiaries. Any surplus income is put towards further development or to supporting delivery of work/services in some way. There is an expectation that it will be able to trade to cover its running costs. It is governed by directors who can be paid for the work they do for the company. Arts organisations are often not-for-profit companies.

CIC stands for Community Interest Company. CICs are companies registered with Companies House and the CIC regulator that exist to trade for the good of the community, any surplus made goes back into the organisation or is used to benefit the community it was set up to work with. It is a type of legal structure specially designed for social enterprises to use, although it is not the only option. They are governed by directors and have an asset lock that prevents them from profiting, although they can be paid for any work they do. As with not-for-profit companies there will be an expectation that they will be able to cover their running costs through trading activity.

A charity is a not-for-profit organisation that benefits the public in a way the law agrees is charitable. Most charities with an annual income of over £5,000 must register with the Charity Commission. They are governed by a board of trustees who are all volunteers, and cannot be paid for the work they do for the charity. Charities are able to raise money

in a variety of ways, qualify for gift aid on donations and receive other benefits.

A charitable company is a company limited by guarantee that is also a registered charity.

Charitable Incorporated Organisation is an incorporated charity that is not a company but provides no or limited liability and is a legal body.

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