

Notes

Article 4 - The articles of a non-charitable company are not required to have objects. However, a charitable company's articles must specifically restrict the company to only furthering charitable objects.

Insert the purpose(s) for which the company has been formed. A charity's objects must be expressed in exclusively charitable terms. Guidance is available in *Choosing and Preparing a Governing Document* (CC22). The key elements to include are:

the purpose itself (eg establishing and running a school)

the people who can benefit, and if appropriate

any geographic limits which may be needed to define the area of benefit. This will not always be necessary. If you do include an area of benefit, it is common to define it by reference to a local government area. This has the advantage of clarity and simplicity, but can create problems if the area is subsequently altered or abolished.

If the charity will operate in Scotland and/or Northern Ireland you should include the wording in square brackets to meet the requirements of charity law in that / those countries, deleting as required if the charity works in one of those two countries.

Article 5 - It is useful to include these powers to avoid any misunderstanding of the nature of the key powers available to the charity and the conditions that have to be met when exercising the powers. Examples of powers that companies already have include a power to insure and a power to amend the articles of association. Note however that this power of amendment may in certain circumstances only be exercised with our prior consent under s 198 of the Charities Act 2011 (see our *Operational Guidance: Alterations to governing documents charitable companies* on our website).

Article 5(1) - This provides a general power to raise funds through a wide variety of methods including inviting and receiving donations and legacies. The only restriction here is that it does not allow the charity to engage in taxable permanent trading for the purpose of raising funds. (Trading on a small scale is allowed. HM Revenue & Customs provides guidance on the tax treatment of different sorts of trading.) If your charity is likely to raise funds from trading, our guidance *Trustees, trading and tax* (CC35) provides detailed advice. The terms of this power do not prevent trading in order to carry out the charity's objects - for example,

Objects

4 The charity's objects ('Objects') are specifically restricted to the following:

THE PROMOTION OF THE BENEFITS OF THE INHABITANTS OF WIMBORNE PARK AND THE NEIGHBOURHOODS. THE LEASE (HEREIN AFTER CALLED THE AREA OF BENEFIT), WITHOUT DISTINCTION, BY THE ADVANCEMENT OF EDUCATION AND THE PROVISION OF FACILITIES IN THE INTERESTS OF SOCIAL WELFARE FOR RECREATION AND LEISURE-TIME OCCUPATION, WITH THE OBJECT OF IMPROVING THE CONDITIONS OF LIFE FOR THE SAID INHABITANTS.

[Nothing in the articles shall authorise an application of the property of the charity for purposes which are not charitable in accordance with section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and/or section 2 of the Charities Act (Northern Ireland) 2008.]

Powers

5 The charity has power to do anything which is calculated to further its Object(s) or is conducive or incidental to doing so. In particular, the charity has power:

- (1) to raise funds. In doing so, the charity must not undertake any taxable permanent trading activity and must comply with any relevant statutory regulations,
- (2) to buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use,
- (3) to sell, lease or otherwise dispose of all or any part of the property belonging to the charity. In exercising this power, the charity must comply as appropriate with sections 117 and 122 of the Charities Act 2011.
- (4) to borrow money and to charge the whole or any part of the property belonging to the charity as security for repayment of the money borrowed or as security for a grant or the discharge of an obligation. The charity must comply as appropriate with sections 124 - 126 of the Charities Act 2011 if it wishes to mortgage land,