

# BUC GUIDELINES

## C.16 Churches and Charity Registration

(04/2008)

These notes are offered as guidelines by The Baptist Union Corporation Limited to provide information for Baptist churches.

These notes can never be a substitute for detailed professional advice if there are serious and specific problems, but we hope you will find them helpful.

If you want to ask questions about the leaflets and one of the Baptist Trust Companies are your property trustees, you should contact them. They will do their best to help. Contact details for churches who have The Baptist Union Corporation, The East Midland Baptist Trust Company Limited or The North Western Baptist Association (Incorporated) as their trustees are included at the end of this leaflet.

If your church property is in the name of private individuals who act as trustees they may also be able to help.

### CHURCHES AND CHARITY REGISTRATION

Many churches are aware that they will need to register with the Charity Commission. This sounds rather alarming and many churches want to be well prepared for the process.

This includes wanting to work ahead of legal requirements and voluntarily register. This can sometimes seem to be a good idea, particularly where churches are in discussion with grant making bodies and Local Authorities who are often mystified by the fact that churches are charities but do not have their own Charity Number.

It had been anticipated that charity registration for churches would begin in October 2007, then April 2008 but the date is now October 2008. We are waiting for details about how this will be organised, but we do not anticipate that it will be possible to choose to register early.

### CHURCHES AS CHARITIES

Churches are already charities because of their activities. The advancement of religion is one of the objectives that makes an organisation or activity charitable.

Charity registration has been introduced progressively for all charities but churches (religious charities) are one of the last groups to be registered.

The technical phrase describing churches (now including Local Ecumenical Partnerships) that are not registered charities is that they are 'excepted from registration' under The Charities (Exception from Registration) (Amendment Regulations) 2007. This arrangement is effective until at least 2012.

Churches (and Local Ecumenical Partnerships) with an income exceeding £100,000 will need to register.

Churches that do not need to register will continue to have 'excepted status'. It is unlikely that churches with incomes below £100,000 will be required to register before 2012.

### BANKS, SHOPS AND GRANT MAKING ORGANISATIONS

Many organisations regularly have relationships with all kinds of charities. Businesses will often offer a discount to charities. Grants are often available to charities that are not available to other organisations or individuals.

Most charities are now registered charities. Therefore many commercial organisations, banks, shops or Local Authorities have prepared standard paperwork to collect details of a charity where a benefit or discount is being offered.

Many banks will ask for a Charity Number if a new account is opened or amendments are made to the arrangements on an existing account. Their paperwork contains a space for the number issued by the Charity Commission, and of course this causes great confusion for churches that are not registered. It is very difficult to fit the words 'excepted from registration' into a small box designed to receive numerical reference!

## **CHARITY NUMBERS**

All registered charities have a Registered Charity Number. This is unique to their organisation. Charity Numbers of other organisations should never be used.

### **CAN I USE THE CHARITY NUMBER FOR THE BAPTIST UNION?**

No - The Baptist Union of Great Britain is also a charity that is excepted from registration. At present the Union has no number, but it has applied for registration. The application is still being processed.

### **CAN I USE THE CHARITY NUMBER FOR THE BAPTIST UNION CORPORATION OR LOCAL ASSOCIATION?**

No - sorry!! You may have correspondence from your local Baptist Association that includes a Charity Number. The Baptist Union Corporation also has its own number.

It is tempting to use these numbers because you are a Baptist Church, but each number is unique to that particular charity, so you should not use another organisation's number.

### **HOW CAN I GET A CHARITY NUMBER?**

A Charity Number only becomes available when the charity is registered. Until your church is registered the Charity Commission cannot give you a number.

### **HOW DO WE BECOME A REGISTERED CHARITY?**

There are a few churches that have already become registered charities. However, the majority of churches are not registered because this has not previously been necessary.

At present there is no legal requirement, nor any opportunity, for churches to voluntarily register with the Charity Commission.

Churches approaching the Charity Commission in advance of general registration in October 2008 will be asked to wait.

### **WHEN DO WE EXPECT CHARITY REGISTRATION TO BE INTRODUCED?**

We expect that Charity Registration will be introduced for churches and Local Ecumenical Partnerships with incomes over £100,000 in October 2008.

This is happening in the context of new legislation about charities. There has been a new Charities Act 2006. For further information about the new Act, and charity legislation generally please see C.6 *Charity Legislation and Churches*.

The advancement of religion was retained as a charitable activity. Some provisions in the Act should make charity administration easier - but others introduce new requirements.

The provisions of the Act will affect the way Charity Registration will be managed. Although the new Charities Act has received Royal Assent (November 2006) its provisions will be implemented in stages.

So far as registration for religious charities is concerned the Charity Commission recognise that time will

be needed for everyone to prepare for the registration process.

It is anticipated that registration will be, mainly, an on-line process. The Charity Commission are preparing their technical systems to allow registration to begin in October 2008. Details of the process are not yet available (as at March 2008).

## **PREPARING ACCOUNTS FOR CHARITY REGISTRATION**

Churches should already be complying with various accounting requirements that represent 'best practice' for all charities.

Information about these accounting requirements is available from The Baptist Union of Great Britain Finance Office, The Baptist Union Corporation Office, or as a download from our website.

These leaflets are:

F.7 *Charity Accounts with Income Over £100,000*

F.9 *Charity Reserves*

F.10 *Annual Reports*

## **PREPARING FOR REGISTRATION – A GOVERNING DOCUMENT?**

Some churches are also re-examining their constitutions and trust arrangements to ensure that their 'governing documents' are clear.

### **WHAT IS A GOVERNING DOCUMENT?**

Churches have often had a document, or series of documents that describe their charity, its beliefs, activities and procedures.

The Charity Commission will expect information about the church to be drawn together into one document - the church constitution.

One key feature of registration is the need for a clear self-contained constitution that includes details of the church's charitable objectives (purpose) and the way the church operates. We had a recommended constitution as part of the Baptist Trusts for Churches 2003. This required changes to include all the issues the Charity Commission will want to see covered in the registration process. We hoped to have an agreed document before the Baptist Assembly in May 2007 but this was not possible. The discussions with the Charity Commission continued, and there is now an agreed document, which the Charity Commission call an Approved Governing Document, which is available for Baptist Churches, in membership with the Baptist Union. It is anticipated that churches who adopt the document will follow a fast track through the registration process.

Now that there is an agreed document, Churches will need to decide whether they are content to adopt that document as their own constitution. This would enable churches to take advantage of the streamlined registration process which the Union is negotiating.

Other constitutions might be registered by the Charity Commission, but they will involve much more detailed negotiation between the church and the Charity Commission before registration will be completed. We suggest that churches plan to discuss their Constitution over several months in the hope of being ready for registration in October 2008.

Reviewing and perhaps amending a church constitution can be time consuming and complicated. People may need time to understand how old church rules can be transferred into a modern comprehensive document.

This can be a positive opportunity to evaluate its life, vision, activities, and administration. We would want to suggest that it is part of the church's programme, with this task running alongside Bible Study and teaching of themes related to local church life. This could be a very creative process – not just a series of dull church members' meetings!

## **BAPTIST CHURCHES – AN APPROVED GOVERNING DOCUMENT**

In preparation for registration three leaflets have been prepared. We will not repeat all the information here, but please refer to:

- C.24 *Church Constitutions*
- C.25 *Using the Approved Governing Document*
- C.26 *The Approved Governing Document*

### **THE APPLICATION PROCESS**

Further guidance will be offered as the details of the application process become clear. We will send information to churches through *Transform* and E-mail Correspondent. Information will also be made available through the Baptist Union website.

We hope to work in co-operation with the Charity Commission so we can help churches deal with the process as easily as possible.

We will send information to churches about the process, as details become available. There will be a pack of paperwork that needs to be assembled locally and submitted to the Charity Commission including the last set of Accounts in the correct format, and a Governing Document (Constitution). This paperwork will be needed as well as the logging of data about your church 'on-line' on an Application Form.

### **WHAT ABOUT THE APPLICATION FORM?**

The Baptist Union staff and representatives from other denominations have already participated in a consultation process about the application form. The final version of the form is being prepared but we hope to receive more details – probably at the end of April 2008.

We anticipate that the form and explanatory notes will be available from our website, as well as directly from the Charity Commission. It is expected that we will be able to provide information that is 'tailor made' for Baptist churches. This should make the process easier.

Details about exactly what has to be sent, to whom, and when is not known yet (March 2008).

Clearly this will represent a lot of work for the churches, the Baptist Trust Corporations and Associations, as well as the Charity Commission.

We are not sure exactly how many churches will need to register but this will be a major piece of work for all of us.

### **WATCH THIS SPACE!**

As information becomes available to us we will pass it on to the churches.

When you need to take action we will tell you and there will be plenty of publicity.

However, no matter how hard we try we cannot pass on information before we receive it!

### **WHAT SHOULD CHURCHES DO?**

First – don't panic!

When Charity Registration is required for your church there will be some detailed administrative work to do. We will probably recommend adopting Model Trusts for your church.

### **WHO CAN HELP?**

Staff at the Charity Commission Offices are often unfamiliar with the way Baptist Churches function. Discussions with the Charity Commission about registration have been at national level.

If you have an individual query please contact your Local Trust Corporation or the Baptist Union Corporation or Association.

## OTHER OFFERS OF HELP

Whenever there is new legislation or a new government initiative there are lots of firms and agencies who offer help to churches - sometimes for a commercial fee.

Churches are free to consider these offers, but be careful in case you do not get 'good value for money'.

Our experience of initiatives such as Health and Safety is that there will be offers of information packs that contain only very general guidance, and even 'scams' where poor quality information or unnecessary equipment and services are sold at very high prices.

The Baptist Union, the Corporation and Associations are committed to helping Baptist churches with specific and relevant guidance - free of cost.

We recommend that you await specific information from us about the registration of Baptist churches. Our national discussions should enable us to answer your questions correctly.

## USEFUL SOURCES OF INFORMATION

Our Guidelines Leaflets. These are available from the Baptist Union Website [www.baptist.org.uk](http://www.baptist.org.uk), link into Resources, then Admin//Finance//Leadership, then BUC downloads.

C.6	<i>Charity Legislation and Churches</i>
C.16	<i>Churches and Charity Registration</i>
C.17	<i>Help I'm a Managing Trustee</i>
C.18	<i>Help I'm a Deacon</i>
C.19	<i>Help I'm a Church Secretary</i>
C.20	<i>Help I'm a Church Treasurer</i>
C.24	<i>Church Constitutions</i>
C.25	<i>Using the Approved Governing Document</i>
C.26	<i>The Approved Governing Document</i>
F.5	<i>Taxation Guidance Notes for Churches and Ministers</i>
F.6	<i>Guidance Notes for Church Treasurers on Charity Accounts with Income under £100,000</i>
F.7	<i>Charity Accounts with Income over £100,000</i>
F.9	<i>Charity Reserves</i>
F.10	<i>Annual Reports</i>

New leaflets are added regularly.

The Charity Commission Website – [www.charity-commission.gov.uk](http://www.charity-commission.gov.uk). Although this site deals with all charities, and sometimes Baptist churches are organised differently the Charity Commission offers a wide range of information.

This is one of a series of *Guidelines* that are offered as a resource for Baptist ministers and churches. They have been prepared by the Baptist Union Corporation Limited and are, of necessity, intended only to give very general advice in relation to the topics covered. These guidelines should not be relied upon as a substitute for obtaining specific and more detailed advice in relation to a particular matter.

The staff at the Baptist Union Corporation, at Baptist House will be very pleased to answer your queries and help in any way possible. It helps us to respond as efficiently as possible to the many churches in trust with us if you write to us and set out your enquiry as simply as possible.

The Baptist Union Corporation staff also deal with churches that are in trust with the East Midland Baptist Trust Company Limited and the North Western Baptist Association (Incorporated).

**If your holding trustees are one of the other Baptist Trust Corporations you must contact your own Trust Corporation for further advice.**

**If you have private trustees they too should be consulted as appropriate.**

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