

# Briefing Note: Charitable Incorporated Organisations (CIOs)

## Introduction

This Briefing Note provides an introduction to Charitable Incorporated Organisations (CIOs), which are a legal form of corporate body with limited liability designed specifically for charities.

This Briefing Note should not be relied upon as legal advice and you should contact us for advice on your specific circumstances.

You may also wish to refer to our [Incorporating a Charity](#) Briefing Note.

## 1. What is a Charitable Incorporated Organisation?

A Charitable Incorporated Organisation (CIO) is a corporate structure designed specifically and exclusively for charities.

It has been designed to provide an alternative to other legal structures available to charities, such as companies limited by guarantee, charitable trusts and charitable unincorporated associations.

Increasingly, charities have chosen to adopt a corporate structure because this can offer several benefits over unincorporated structures.

These benefits include:

- The members and trustees are usually personally safeguarded from the liabilities the charity incurs, which is not normally the case for unincorporated charities.
- The charity has a legal personality of its own, enabling it to conduct business in its own name, rather than in the names of the trustees.

Previously most charities that opted for a corporate structure were set up as a company limited by guarantee, which meant they were subject to dual regulation by the Charity Commission and Companies House. CIOs were therefore created and provide some of the benefits of being a company but without some of the burdens.

## 2. Key Characteristics

The key characteristics of a CIO are:

- **Single regulation and registration.** CIOs are regulated by charity law and not by company law. They only need to register with the Charity Commission, not with Companies House.
- **Registered charity status.** All CIOs are registered charities and an exempt charity cannot be a CIO.
- **Separate personality and liability.** Like other corporate vehicles, a CIO has a separate legal personality from that of its members, and can enter into contracts and hold property in its own name. It therefore has a limited liability status, which limits the liability of its trustees and members, much like a limited company would.

### Briefing Note

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#### Summary:

An introduction to Charitable Incorporated Organisations (CIOs).

Authors: Mark Williams and Gemma Ritchie

#### For detailed advice on all charity law matters please contact:

Mark Williams  
Corporate Partner

[mark.williams@gabyhardwicke.co.uk](mailto:mark.williams@gabyhardwicke.co.uk)

or

Gemma Ritchie  
Senior Associate Solicitor

[gemma.ritchie@gabyhardwicke.co.uk](mailto:gemma.ritchie@gabyhardwicke.co.uk)

01323 435900

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- **Membership.** CIOs must have one or more members. If a CIO is wound up, members are either (i) liable to contribute up to a specified amount or (ii) not liable at all. Members and the charity trustees can be the same people.
- **Reporting and accounting requirements.** CIOs do not need to prepare a director's report under the Companies Act 2006, but they must complete and file an annual report under the Charities Act 2011. The accounting regime under the Charities Act applies to CIOs (this is less onerous than the accounting regime applicable to companies).
- **One annual return.** CIOs must prepare an annual return under the Charities Act 2011 but they do not have to prepare a separate annual return under the Companies Act. They only need to send reports and accounts to the Charity Commission and not to Companies House.

### 3. Converting to a CIO

It is of course possible to register as a brand new CIO. The applicant must supply the Charity Commission with a copy of the proposed constitution of the CIO together with various other application documents. The Charity Commission then aims to decide on an application within 40 days.

It is, however, also possible for an existing charity to convert to a CIO. At present, existing charitable companies with a yearly income of under £12,500, industrial and provident societies and community interest companies can re-register or convert to a CIO.

Unincorporated charitable associations or charitable trusts cannot convert in the same way that existing charitable companies can. What they can do is set up a separate CIO and then transfer the assets of the existing charity to the CIO. The process will become available to larger company charities in stages.

Re-registration, conversion or a transfer of assets are all processes that must be dealt with carefully and with expertise.

For expert advice on conversion into a CIO or forming a brand new CIO, please contact either Mark Williams or Gemma Ritchie on 01323 435900 or email [mark.williams@gabyhardwicke.co.uk](mailto:mark.williams@gabyhardwicke.co.uk) or [gemma.ritchie@gabyhardwicke.co.uk](mailto:gemma.ritchie@gabyhardwicke.co.uk).

Gaby Hardwicke  
33 The Avenue  
Eastbourne  
East Sussex  
BN21 3YD

Tel: 01323 435900  
Fax: 01323 435901  
[www.gabyhardwicke.co.uk](http://www.gabyhardwicke.co.uk)