



Why incorporate?

Would you bet your house on the chance that nothing untoward will ever happen to your rugby club? If you are a committee member and your club is an unincorporated club you may be doing just that.

Without rugby's volunteer club administrators, the English game as we know it would not exist. The RFU does not want to see those very same people unnecessarily running the risk of personal financial disaster because of their commitment on behalf of the game and their community.

Rugby is an inherently risky sport and any player who suffers a serious injury may claim against his club or against the club of the opposing team, or against individuals at such clubs. It is therefore advisable for clubs to check that their structure protects them against such claims.

Many rugby clubs are set up as **unincorporated associations**. These unincorporated clubs are not legal entities in their own right and therefore any legal claim made against the club would be brought against the committee members (who would be personally liable if the club had insufficient assets to meet the claim).

If your club employs people, holds property and undertakes activities at its grounds, it should consider whether incorporation as a **company limited by guarantee**, a **co-operative society (co-operative)** or a **charitable incorporated organisation (CIO)** would be appropriate as this would ensure that the club is a legal entity in its own right with the benefit of a limited liability.

Advantages of Incorporation

- Committee members of clubs set up as unincorporated associations may be personally liable for the debts of the club, if these debts cannot be met from the assets of the club or under an insurance policy.
- If those committee members were instead directors of a company, co-operative or CIO they would have limited liability and may only be personally liable if they had committed some wrongdoing or if the organisation continued to trade when insolvent.
- An unincorporated association cannot hold property in its own name and therefore any property is held by trustees. Each time one of those trustees retires or dies, the property has to be transferred to the new trustees. This obviously involves time and expense. If the association's property is leasehold then the trustees who hold the lease will be personally liable to pay the rent although they may have an indemnity from the association's assets. In a recent case, trustees were held to be personally liable when a member was injured in the unincorporated association's building because the rules of the association provided that the trustees were responsible for the upkeep of the association's building.
- By contrast companies, co-operatives and CIOs can hold property in their own name.

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- Unincorporated associations cannot sue or be sued in their own name. Legal proceedings must be brought and defended in the names of the committee members. Conversely companies, co-operatives and CIOs can sue and be sued in their own name.

Disadvantages of Incorporation

- Unincorporated associations are not generally subject to any outside scrutiny and their rules and accounts are private documents (other than reporting requirements to the Constituent Body or the RFU).
- Conversely, companies are subject to outside scrutiny. Companies must file certain documents at Companies House including annual reports and accounts and these are therefore public documents (co-operatives and CIOs are under similar obligations to file documents with the Financial Conduct Authority and the Charity Commission respectively). This will involve time, effort and some expense in preparing returns and accounts.

In summary

Any entity which organises or undertakes rugby activity, employs staff, owns property or enters into contracts is advised to incorporate to ensure that its committee members are not exposed to personal liability.

Options to consider

If your club is unincorporated you have various different options to consider:

- Step 1:** If you wish to incorporate, first decide which legal structure best suits your Club. The main options are a company limited by guarantee, a co-operative or (if you wish to register as a charity), a CIO. Please see our [Choice of Structure](#) guide at for further guidance.
- Step 2:** Consider the additional option of registering as either a **charity** or a **community amateur sports club (CASC)**. Please see [our CASC and Charitable Status guide](#) and our [detailed guidance for Clubs wishing to register as a Charity](#) for further guidance.

Further advice

This publication is a general summary. It should not replace legal advice tailored to your club's specific circumstances. Please note the importance of seeking legal and tax advice when deciding how best to use the template documents for incorporation.

Guidance prepared by Farrer & Co LLP, incorporating guidance previously prepared by Bates, Wells and Braithwaite LLP