

Trusts

Many organisations can be classed as trusts - for example, educational, artistic or enterprise businesses.

How trusts work

Trusts are unincorporated companies and do not distribute their profits. They're managed by trustees. Trustees do not benefit from the trust, but act on behalf of the community for whose benefit it is set up. Trusts make their own governing rules and have no legal identity of their own.

Trusts have a **trust deed** which protects their social objectives. This covers the terms under which an individual or organisation is given assets. It also lists the intended beneficiaries and the conditions under which the trust's assets may be used.

As trusts can hold ownership of property and other assets for the community, they can act as sister companies to unincorporated associations.

Trusts are relatively straightforward and cost-effective to set up, with legal advice. As they have no separate legal identity, the trustees are personally liable for the trust's liabilities. Seek legal advice on whether you need to register the trust with Companies House.

Charitable trusts

In addition to a non-profit distribution clause, if a trust has charitable objects and wishes to register as a charitable trust, it can apply to the Charity Commission. If successful, it will be regulated by the Charity Commission.

Asset locks

Trusts may write an asset lock into their rules to **secure assets for their intended community**.