

PARSONS



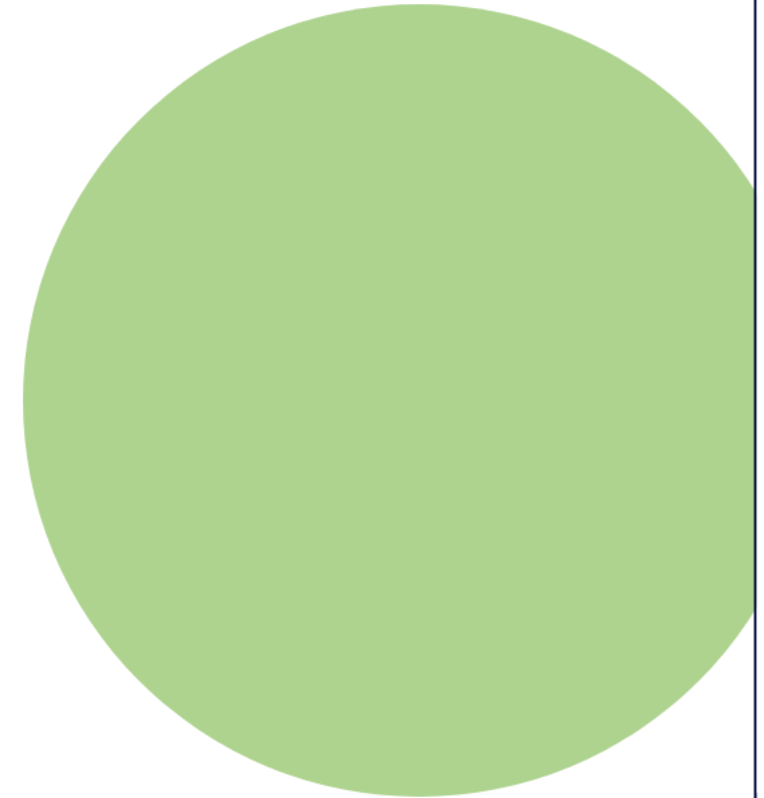
CHARTERED ACCOUNTANTS

NARPO INCORPORATION

Presented by Ian Parsons and
Rebecca Davison

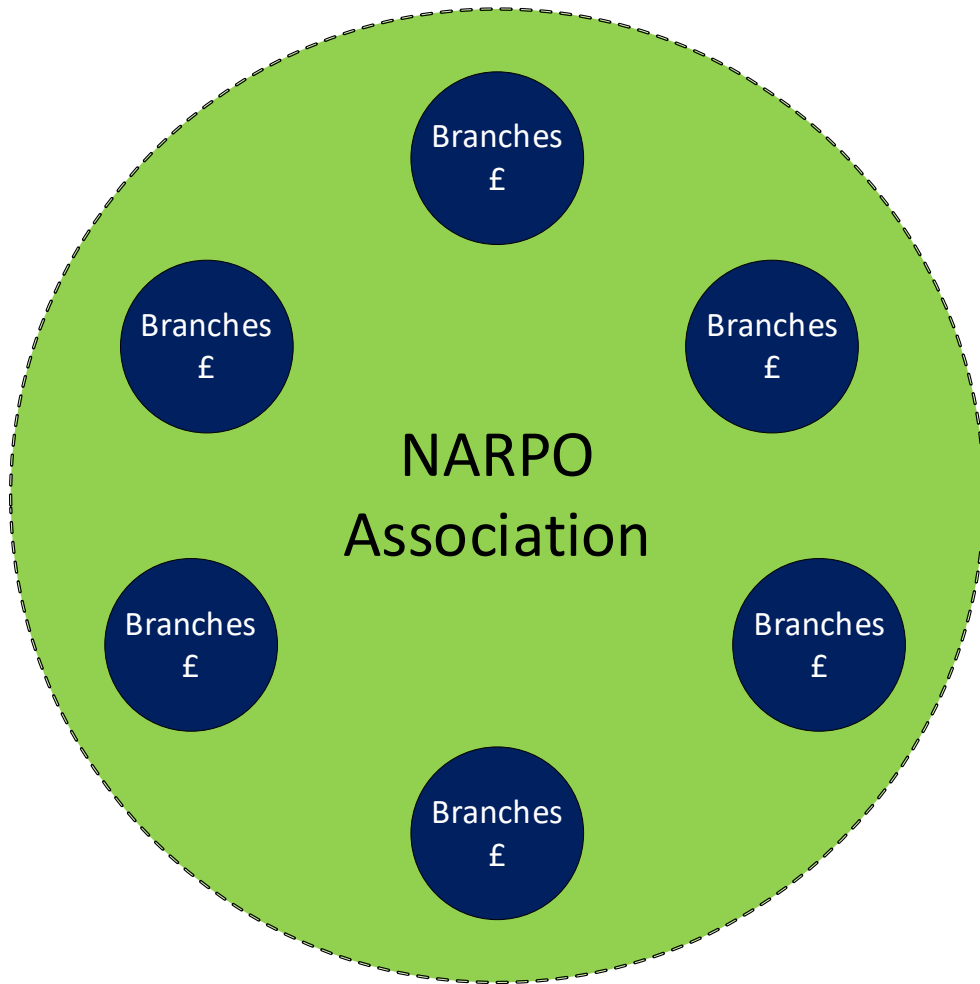
Agenda

- Benefits of Incorporation
- Structure of the Incorporation
- Directors and members roles and responsibilities
- Tax position on incorporation
- Running NARPO as a limited company
- Accounting requirements



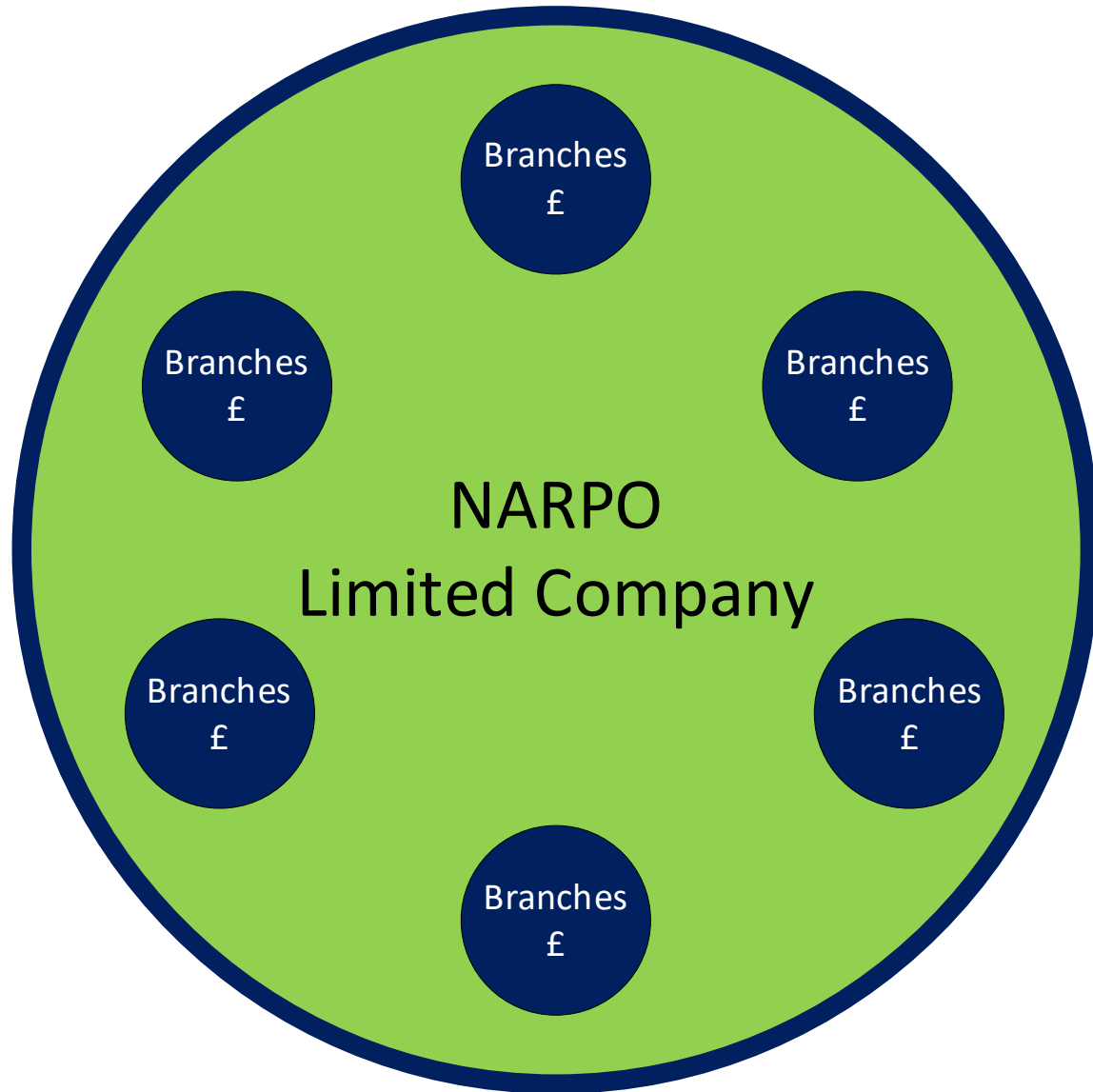
Benefits

- Currently NEC members have potential personal liability for NARPO.
- Limited company structure each member has potential liability for £1.
- Directors (currently NEC members) have no liability beyond the £1 of any member.
- No need for trustees to hold assets – company can own directly



NARPO Structure Now

Branches are part of NARPO and sit within the organisation



NARPO New Structure

No difference – just a stronger shell
to protect members

Consequences of incorporation

All assets, including cash will transfer to the company

Unincorporated NARPO will cease to exist

NEC members will become directors

New rules and articles will apply

Director Responsibilities



Members

- Members provide a limited (£1) guarantee to the company
- Members have the right; but not the obligation to vote on representation
- That's it!

Tax on incorporation



On transfer from Association to Limited company there may be some tax payable



This is a complex area as “Associations” are not covered by Primary legislation



We may need to seek a non-statutory clearance from HMRC to be completely sure of the position



NARPO has both trading assets and investment assets and the treatment of each may differ



A formal report on the tax position will be issued once research is complete

Tax for ongoing operations

- In short there will be no tax changes.
 - NARPO will still be liable for corporation tax on investment and trading income
 - VAT tax position will remain as now with VAT reclaimable
 - Administratively a single VAT return for the limited company will be filed
 - No separate VAT registrations for branches
 - PAYE for employees will operate as now, but under a new PAYE number

Accounting requirements

- The directors (NEC Members) are responsible for ensuring the company keeps adequate accounting records
- The branches will continue to file returns as now
- The company will prepare accounts under the company accounting standards
- Branch funds for accounting purposes will be added to central funds for a single set of company accounts

Other things to consider

- Property and shares can be owned directly
 - Removing the need for trustees and the responsibility that brings
- New bank accounts will need to be opened to hold central funds
 - This is standard banking practice and not easy to get round
- Branch accounts will need to be discussed with local banks

Questions