

What does incorporation mean?*

Incorporation gives your group long-term structure and legal recognition – two things that are hard to achieve without incorporating.

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Incorporation is the process of formalising the identity of your local community group, a charity, or even a sports club, and making it a separate legal entity.

That means your group becomes a “person” in the eyes of the law – able to own property, open bank accounts, enter contracts, take out insurance, and be sued – all under the group’s name, not yours.

For example, if you’re running a volunteer conservation group and want to lease a shed, the incorporated body signs the lease – not the individual members. It is like putting on a legal jacket that gives your group its own legal identity – distinct from the people inside it. The jacket protects individuals from liability!

Why incorporate?

There are some practical reasons:

1. Limited liability: members usually are not personally liable for the group’s debts or accidents.
2. Asset clarity: the incorporated group owns the gear, not Gary who took it home the other night.
3. Credibility: funders, councils, and insurers often prefer working with incorporated groups.
4. Stability: the group continues even as members or leaders change.

Should your group incorporate?

Incorporation is not always necessary, and it does bring responsibilities. Things to consider include when deciding whether to incorporate or stay unincorporated are:

- Does your group handle money, sign contracts, or hold property?
- Are you applying for grants or needing insurance?
- Can your members commit to governance – things like holding AGMs and keeping records?

Incorporation makes sense when there’s risk, money, or a need for legal structure, but it also means legal obligations.

Balance the benefits against the administration. And remember it is not just about size – it is about what your group does and what protection you need as a committee member.

Practice tip: Read the factsheet on Reporting