

Step 1: Deciding what the purposes are

The nature and scope of the purposes in the governing document are considered as a **reasonable person with relevant background knowledge** would.

Only what **could be done** under the purpose is considered.

Relevant background knowledge includes everything that would affect the way each of the purposes set out in the organisation's governing document would be understood by a reasonable person. **The purposes are what this reasonable person would say they are.**

What the organisation has been doing or carrying out (its activities) since it was set up are not relevant in forming this view. This is because those activities may or may not be within the scope of the purpose. What matters is the scope of **what is authorised** by each purpose.

Step 2: Deciding whether the purposes fall within the descriptions of purposes

The purposes are considered to establish whether everything that **could be done** under the purpose is either:

- recognised as **falling within** one or more of the descriptions of purposes, or
- does so **by analogy**.

Where it is not clear or self-evident that the purposes fall within the descriptions of purposes then **evidence of activities** that the organisation has been, or will be, carrying out and **relevant background information** can be looked at to understand whether everything that **could be done** under the purpose **falls within** the description.

This question does not answer whether the purpose is charitable but whether it is **capable** of being charitable **if for the public benefit**.

Yes

Step 3: Deciding whether each of the purposes is for public benefit

Each of the purposes is considered to see if it is for the **public benefit** by considering:

- the **benefit aspect**, and
- the **public aspect** of public benefit.

EXCEPT for the relief of poverty and some prevention of poverty purposes, where the benefit aspect only is considered.

Where it is not clear or self-evident that the purposes are for the public benefit, then **evidence of activities** that the organisation has been, or will be, carrying out and **relevant background information** can be looked at.

It is necessary to establish:

- what the benefits are and who benefits,
- what the outcomes or consequences are of carrying out the purpose,
- whether the purposes are undertaken for the public benefit.

These questions are answered by:

- looking at evidence,
- what is demonstrated by that evidence, and
- by recognising simple obvious common sense facts – speculation or controversial or political assertions are not sufficient.

No

Not Charitable

Yes

Charitable