

## **Guideline Leaflet L03: Churches and Coffee Shops**

This leaflet offers guidance on the legal and practical issues that arise when a church is thinking about setting up a coffee shop or similar community project.

This Guideline Leaflet is regularly reviewed and updated. To ensure that you are using the most up to date version, please download the leaflet from the BUGB website at [www.baptist.org.uk/resources](http://www.baptist.org.uk/resources)

The date on which the leaflet was last updated can be found on the download page.

## L03: Churches and Coffee Shops

**These notes are offered as guidelines by the Legal and Operations Team to provide information for Baptist churches.**

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[L17 Legal and Operations Team – Regulatory Information](#)

**These notes can never be a substitute for detailed professional advice if there are serious and specific problems, but we hope you will find them helpful.**

**If you want to ask questions about the leaflets and one of the Baptist Trust Companies are your property trustees, you should contact them. They will do their best to help.**

**If your church property is in the name of private individuals who act as trustees they may also be able to help.**

### FROM COFFEE MORNINGS TO COFFEE SHOPS

Many churches host coffee mornings. These can bring social benefits as well as, on occasions, being promoted to raise funds for a charity. People who do not normally come to church may be happy to attend a coffee morning, enjoying the social contact, especially if they are lonely.

They are usually run by volunteers and are not normally 'open for business' all the time. Although contributions may be made towards the cost of refreshments nobody will be paying commercial prices.

Sometimes a group linked to a church will want to progress from occasional coffee mornings to running a coffee shop that is open Monday to Saturday, providing a greater range of refreshments and food. They hope to welcome more people who do not regularly attend church.

The idea, or vision, for a larger scale project may begin with a small group but may also be recognised by the church members as a 'good idea'.

The church, and any individuals expecting to sponsor or work in the project, will want to be sure that the project is compatible with the overall mission strategy of the church. There will need to be prayer, discussion, and probably refinement of the original proposal before there are sufficient people who are enthusiastic about the idea.

It may be decided at an early stage that the project should not be directly linked to a particular church but will be developed in other ways.

### FINDING THE PURPOSE OF THE PROJECT

Coffee shops can fulfil many functions.

A primary function will be providing a safe meeting place, a welcoming atmosphere, and a good standard of refreshments for people. These may be people who have links with the church and appreciate the opportunity to meet friends on an informal basis.

Coffee shops will also have customers who do not attend church regularly so some are linked to counselling facilities or Christian bookshops as a way of sharing the Christian message and serving the community.

Some projects might have a specific mission focus, others may offer a community resource.

Many projects will identify both aspects as within their vision and purpose.

Deciding the primary aims of the coffee shop is important because the 'advancement of religion' is a specific category of charitable activity. Churches engage in this activity. There are other charitable categories such as the relief of poverty and other social and community objectives that can be valuable in their own right.

It is vital that the objectives are clear from the start. The choice of staff or volunteers, the management of the project, and the choice of any individuals to serve as trustees, should the project become a separate charity, will be affected by this decision.

If the purpose is identified as primarily a community service bringing social benefits it may be necessary, and desirable, to include people who represent the community, but are not part of any church, in the management group. If the priority is mission this may not be appropriate.

Most coffee shops that are linked to a church or have a broader Christian purpose will not run wholly as commercial businesses. Many will want to be set up as charities so that they can receive donations, grants and other benefits.

Grants may be available for community projects with social objectives that are not available to religious charities (and visa versa).

### **EVANGELISM? – DEVELOPING THE 'SOFT' EDGES**

If the ethos and purpose of the coffee shop is intentionally evangelistic you may want to think prayerfully and strategically about the activities and opportunities that might be offered to those who come.

A vast range of 'soft' entry points into the Christian community are possible; from counselling services to daytime 'Alpha', exercise groups to art classes, bible study groups to book circles, history talks to creative crafts. The key is discovering the needs and aspirations of the customers and discerning a way to connect and respond to those evident needs. Sometimes it is simply the natural friendliness and availability of sensitive staff and volunteers that creates the bridge for conversation and concern, at other times a more formal meeting or programme helps.

Many coffee shops have a tasteful range of resources freely available, whether videos, DVDs, books or simple 'life testimonies' placed on the tables. Others have 'tract' holders conveniently placed near to tables. One of the best, and most frequently used facilities, is that which can be accessed discreetly or privately; the resources that can be taken when no-one else is watching! In corridors or on the route to the toilets often provides such space!

The key is to build naturally and helpfully on the primary source of contact through the coffee shop.

### **EARLY IDEAS – WHO WILL MANAGE THE PROJECT?**

The project could be the responsibility of a small group of members within a church. They would be accountable to the church leadership and members' meeting for the way they managed the project but may receive financial and practical help and prayer support from the church, individual members, and leaders.

Alternatively a group of churches may choose to work together to provide funds for the project, staff and volunteer workers. In this case the project may be accountable to an Ecumenical group within the town.

The coffee shop could become an independent charity with its own group of trustees to whom the managers and volunteers would be accountable. There are benefits in terms of accounting and tax arrangements if the project is independent and the separation will be of benefit to the church's own risk profile. However it will be necessary for a group of individuals to accept responsibility as 'Trustees' of the new charity project.

## RESPONSIBILITIES OF TRUSTEES

The BUGB Legal and Operations team has produced a set of leaflets for church leaders about the responsibilities of managing a church effectively. The same principles will apply to any coffee shop project.

You will find it helpful to read:

C15 *Help I'm a Charity Trustee*

You should also obtain a copy of the Charity Commission booklet CC3 *The Essential Trustee - What you need to know*.

It is important that the trustees or church leaders understand that they must always have the best interests of the charity in mind. They should not derive a personal benefit from their position and they should take proper care to ensure that the charity is well run.

Ideally the trustee or management group should represent people with a mixture of skills and background. The trustees should be independent and will sometimes need to take difficult decisions in relation to budgets and other financial matters as well as staff and volunteers.

Later in this leaflet we will mention issues like health and safety and employment. These are specialist areas but the trustees will have a responsibility to ensure that appropriate arrangements are made, suitable policies set up and procedures followed.

This seems a rather onerous set of responsibilities. The trustee group will need to learn to listen to each other, to work together, to take effective decisions about the strategy and policies for the shop.

Depending on the size of the project there may be a full-time manager who can take charge of day-to-day matters. In the early stages of the project the trustees may need to have a very significant involvement until it is clear that the project has become viable and the work has settled into an appropriate routine.

There will be different challenges as the project develops.

## CHARITIES – TAX AND TRADING

There are restrictions on charities that limit their right to trade. Most churches do not breach these limits, since trading is not a significant part of their activities. Small scale activities such as operating a bookstall would not generate a significant income. Where churches have large and attractive premises that are regularly let on a commercial basis this can generate a lot of income. In these circumstances churches may need to isolate these activities into a separate entity so they do not become liable to tax on all of their income.

Similar principles apply to coffee shops. A small-scale project will not create any tax or trading issues, but a more successful and larger scale project will need more planning and preparation.

The Charity Commission offers comprehensive guidance to charities about trading in their booklet [CC35 Trustees, Trading and Tax](#).

It is important that thought is given to the way the project is set up from the start, and as it develops so that action is taken before large profits accumulate.

A coffee shop is inevitably trading, and trading profits are not covered by the general exemption from tax given to charities. This emphasises the need to maintain proper records, since the accounts may need to be submitted to Her Majesty's Revenue and Customs (HMRC).

If the trading takes place from premises which are entirely separate from the church's worship premises, then it will almost always be appropriate to separate the finances of the coffee shop and the church. This is a safeguard for the church, whose general funds would be at risk in the event of the

trading resulting in losses and amounts owed to creditors. This is usually done by forming a Limited Company which will operate the trading. Such a company may or may not be a charity itself. Either way, it can donate its profits to the church and set that donation against its taxable profit, which may offer tax benefits. However, in order to get the tax relief, the company has to pay its profits to the church, and this prevents it from building up working capital within the company. There are also strict Charity Law provisions about the ways in which the church can provide working capital to a trading company (i.e. it cannot simply lend the profits back without charging commercial rates of interest and without a clear and reasonable expectation that the loan will be repaid).

If it is decided that the trading activity is an integral part of the church's mission and should not be separated into a different legal entity, then there are strict rules relating to charity trading which attract the attention of both the Charity Commission and particularly HMRC. Much will depend on whether or not the coffee shop constitutes 'primary purpose' trading. This is where charity law allows charities to exercise a trade in the course of carrying out a primary purpose of the charity.

Where the trade is a non-primary purpose trade the trading turnover, (not profit), cannot exceed the greater of £8,000 or 25% of the total church income per the accounts (properly prepared under the SORP regulations), up to a maximum of £80,000. If it does, it will jeopardise the tax exempt status of the church and must be separated at that point.

The Inland Revenue have stated that the operation by a church of a coffee shop will be regarded as a 'primary purpose' trade where it forms part of the church's outreach activities (e.g. evidenced by posters, literature and the availability of counselling etc.). Any profit arising from primary purpose trading or from non-primary purpose trading below the turnover threshold will not be chargeable to corporation tax.

Where the turnover exceeds the registration limit, (currently £90,000 per annum), the trading entity needs to register for Value Added Tax. This is much easier in a separate company.

## **PREPARATION – SETTING UP THE PROJECT**

It is important to consult solicitors to ensure that appropriate legal arrangements are made. For a small project it may be tempting to use standard documentation available from the Charity Commission, and indeed this may be adequate. However, as the project grows it may be difficult to adapt the arrangements.

Early 'do it yourself' documents may not be satisfactory in the long term in ensuring that the project is well managed and adequately supervised.

It is vital that there is a trustee group overseeing the work who are independent and can take account of strategic and financial considerations.

- 1** The coffee shop could be established as a separate commercial activity. Such an arrangement is outside the scope of this leaflet and legal advice should be taken regarding the setting up of such an enterprise or making any of the assets or property of the church available to that business.
- 2** The coffee shop could form part of the activities of the church. This would only be possible if the leadership team of the church were prepared to accept responsibility for the general control and management of the administration of the coffee shop. It would also be necessary to check the church constitution to see whether the objects were wide enough to include running a coffee shop and, if it was intended to run the coffee shop from the church property, to consider whether the property trusts were wide enough to permit such use.
- 3** The coffee shop could be set up as a separate legal entity, linked to, but not part of the church. There are advantages to the church in adopting this approach because of the benefits that it offers to the church's risk profile. Legal advice should be taken regarding the type of organisation which should be set up (charitable or non-charitable, a limited company, charitable incorporated organisation (CIO) or not) and regarding the use of the church property or other

assets by that organisation. The church meeting would need to consider the nature and extent of the link between the church and the new entity. The possibilities include that:

- The name of the coffee shop could reflect its relationship with the church; and or
- The church could permit the coffee shop to use the church premises; and or
- The church could 'control' the coffee shop by ensuring that the governing document of the coffee shop provides that either the trustees of the coffee shop be appointed by the church and/or trusteeship of the coffee shop be restricted to church members. It might be helpful to establish at an early stage whether any church members are prepared to accept trusteeship of the coffee shop.

If the church is not able to be closely involved in the control and management of the coffee shop it may wish to carefully consider to what extent it is prepared to be publicly 'linked' with an enterprise over which it has no control in view of the risk of adverse publicity if there were any problems.

- 4 The church could set up the coffee shop in partnership with, for example, other local churches. The points made at paragraph 3 would apply equally in this situation together with the need to consider the wishes of any partnership organisations.

## **NAME OF COFFEE SHOP**

What will the organisation be called? Any reasonable name is acceptable but it is important to ensure that you do not use somebody else's registered trademark. The name should not be one that is easily confused with another organisation.

If you are engaging in trading activity and have identified an innovative and unusual name you may want to consider protecting it as a trademark. This is a complicated area of law and specific legal advice may be needed. It is often the name and the graphics used in any logo or publicity material that is protected rather than the actual words or title themselves.

Please view the Intellectual Property Office website <http://www.ipo.gov.uk/tm.htm> and check that the proposed name has not already been registered by somebody else. If it has then (apart from certain exceptions) it is their property and it would be best to choose another name. Using a name that has been registered can lead to a legal claim for damages from the person who has already registered the trademark or result in a demand for a substantial annual licence fee.

## **FINANCE MONEY AND ACCOUNTING**

The accounting arrangements will be affected by the way the project is organised. It is important to consult accountants early in the process. You should try to find a firm that is familiar with religious or community charities.

They too may be able to offer guidance about the best way to create a new organisation as well as giving clear guidance as to the kind of bookkeeping arrangements that are required.

## **FINANCE - BUDGETS**

The need for tables, chairs, heating, lighting, food and equipment is obvious. The costs must be properly assessed and included in a budget.

You should also make provision within the budget for the cost of legal advice, surveyors and accountants. It is easy to overlook these costs because they do not represent tangible objects. However they are important expenses.

Many groups have been unhappy when bills from professionals have been received. Nobody likes to receive bills, but some have felt that these are unnecessary 'extras' rather than essential elements that should have been included in the costs from the start.

There are other expenses like staff costs, insurance, staff training, advertising, stock and many more that will need to be considered.

## **FUND RAISING AND APPEALS**

It is unlikely that the project will be self-supporting in the early stages.

Any requests for funds from church members or others who are in sympathy with the project need to be considered carefully.

The Charity Commission offers guidance about appeals and fund raising in their booklet *Charity fundraising: a guide to trustee duties (CC20)*

This is available from the Charity Commission website as a download from

<http://www.charitycommission.gov.uk/publications/cc20.aspx>

Most coffee shop projects will not be seeking funds through street collections or by appointing a professional fundraiser, but there are some important principles to consider.

The nature of the appeal must be clearly understood. If, for example, there was an appeal to set up a coffee shop in Green Street, but later the premises were not available in Green Street then the 'named project' would have failed and funds may have to be returned to those who had made donations. Similar problems have arisen in churches where an appeal is made for funds for a new building, but later the church decides to renovate its existing premises.

It may be better to set up an appeal for the creation of a coffee shop in a town or district, thus allowing greater flexibility in the use of funds and opportunities to make adjustments if initial plans need to be changed.

Do you need to indicate how much money is needed? What happens if the project receives too much money? Strictly the trustees of a charity can find themselves in some difficulties if they reject funds that are offered to them - but a provision in the original appeal that funds in excess of the original set up costs will be passed on to other projects may be helpful. An alternative approach would be to give direction for decisions about the spending of excess funds to the trustees of the new coffee shop project, or if it is under the control of a church to the church members' meeting.

What will happen if the project fails? If it is stated that if the project fails funds will be applied to other community work sponsored by X Baptist church (or the churches in the town) then funds can be used elsewhere.

The key word is 'clarity' to ensure that there is no misunderstanding and to ensure that the scope of the appeal is sufficiently broad to deal with all expected eventualities.

## **CASHFLOW**

How much cash is needed to begin the project, and how long will it be before initial costs are covered and a profit can be earned?

## **BOOKKEEPING**

The principles included in the guidelines leaflet C15 *Help I'm a Charity Trustee* apply to the management of any project.

We would recommend that the bookkeepers or treasurers for a coffee shop project consider joining the Association of Church Accountants and Treasurers who provide a very useful handbook. Details are contained in the C15 leaflet.

In addition there is guidance, particularly for projects that remain linked to a local Baptist church in the guidelines leaflet *X03 Taxation Guidelines for Churches and Ministers*. You should refer particularly to section 11 which refers to income received by churches.

If you are not sure how to proceed take advice.

One Christian bookshop was managed by an individual who had no accounting experience. She asked the accountant what she should do. The very basic, straightforward, advice about the information that needed to be noted weekly and monthly enabled her to record all the necessary information. The accountant could process the accounts easily at the end of the year and this saved time and money.

Ask your accountant, or an experienced church treasurer, what information is needed so that you can do the bookkeeping work in a way that is straightforward, and links easily with the processes involved in producing a balance sheet and statement of accounts.

## **PROFITS AND LOSSES**

Questions should be asked at the planning stage about what will happen if the scheme is successful and makes a profit. Some money will need to be invested in developing the project, but if there are surplus funds who will receive them?

You also need to be realistic and consider what happens if the project makes a loss. If the project is sponsored by the church and takes place within the church building, as one of the church's own projects, what level of loss is acceptable?

Is a loss in the first few years tolerable if the project is viable in the long term?

How long should the church (group of churches or individuals) subsidise the project, particularly if the financial outcomes are continually disappointing?

It usually takes one or two years for a coffee shop project to become established.

These questions should be asked before the project opens and not when the first set of annual accounts are produced and there is a shortfall - or more positively when the project cannot use all its profits.

## **DEVELOPING THE PROJECT**

In the early stages of planning the project it is likely that promotional skills will be needed. If the coffee shop is a charity, then funds will need to be obtained for equipment and set up costs. These may not be the same skills as are needed to develop the project and to ensure appropriate financial management once the project has started.

In the first few months and perhaps years of the project a cautious approach may be appropriate. It is important that people are allowed to develop in the roles they have been given, but the trustees and any managers need to be realistic about how they will measure the success of the project.

Whilst there is a clear opportunity for people to benefit from a coffee shop that is open, much greater benefit is derived if people actually come to the shop regularly. Whilst it is sometimes appropriate to have a Christian organisation in an area simply as a 'Christian presence', there can be difficulties when, by any rational and practical measure, few people are benefitting from the work that is done and the money that is expended.

Whilst groups may be reluctant to think in terms of goals and targets it is important that expectations are clearly understood. Misunderstandings can be avoided if everybody is clear from the start what might be expected to be achieved in the first six months, one year, three years. This will avoid one person feeling crushed by despair when they do not achieve an ambition, that was unrealistic from the start. It will also stop people viewing the project as a success when it has very little impact and brings few benefits to the local community.

The phrase we might want to use here is 'mutual accountability' but inevitably as relationships between people who are trustees, employees, volunteers and supporters are all involved it is important that expectations are clear.

It is also important to bear in mind how the progress of the project is to be reported to supporters.

### **WHERE WILL IT HAPPEN?**

Where will the coffee shop be sited? Will a dedicated space be provided within a church building? Will separate premises be rented in the town centre?

Early decisions about the location of the coffee shop project are very important. If separate premises are to be rented or purchased the costs must be assessed fully.

The Baptist Union Corporation guidelines leaflet PC08 *Buying Land or Premises for a Church* and PC11 *Churches and Leases* will give good background information about the issues to be considered.

### **LEASES, RENTS AND GUARANTEES**

It is possible that anybody granting a commercial lease of premises to the church or coffee shop project will require the rent to be formally underwritten by an individual (or individuals) who will guarantee the rent payments. If the coffee shop project fails to meet its obligations the individual(s) will be liable.

People should think carefully before entering into these kinds of arrangements. They are commercial and they are binding. A landlord will not hesitate to enforce the guarantee clause if the rent is unpaid.

The coffee shop may be located in a church building as part of the church's own activities. However, if the coffee shop project is independent of the church with its own management committee or trustees then formal arrangements will need to be made confirming the space within the church is available regularly, and setting out the financial contributions, or even rent, that the project will pay to the church.

Please refer to guideline leaflet PC10 Hiring of Church Premises.

### **SHARING AND DAILY REALITIES!**

If the coffee shop project is sited within church premises it is important for there to be an early discussion about practical arrangements.

Although it is not strictly relevant to coffee shop projects our leaflet L01 *Churches and Community Partnerships* sets out a lot of information about the issues that should be considered before entering into any kind of shared arrangement.

For any shared premises clear arrangements have to be made from the start. It is important that the expectations of everybody involved are clearly understood. There should be pre-arranged regular reviews to overcome minor problems, before they become major disagreements.

### **BE REALISTIC!**

It is much more likely that there will be a disagreement about emptying rubbish bins than about the overall vision for the project!!

### **PLANNING AND OTHER PERMISSIONS**

The question of planning permission will need to be considered and resolved. Any project will need to comply with planning requirements, building regulations and food and hygiene regulations. All three are dealt with by the local authority so dealing with any one in isolation is not appropriate. Even if the coffee shop will be located within a church building these matters need to be checked.

The church property deeds should be checked. Some sites were sold for church use only and no trade or business is permitted. Other churches may have tight restrictions in the trust deeds that limit the type of activities permitted in the church building. Legal advice may be required if these circumstances apply to your church.

### **WHO WILL RUN THE COFFEE SHOP?**

Will there be any paid workers, such as a manager and bookkeeper, or will the project depend wholly on volunteers? The number of paid workers and the number of volunteers will obviously have an effect on the budget.

It is important to be realistic about the amount of time that people are able to contribute in the long term. Early enthusiasm may fade, and you need to allow for individuals having holidays or being unwell.

It is important to recruit suitable staff and volunteers. The project may be a community resource primarily providing social contact but finding the 'right' people is important. Training in food hygiene and food preparation will be necessary but the staff, whether volunteers or employees, will also be representing the project.

Some of the customers may be lonely and vulnerable and they need to be received with sympathy and appropriate care.

In any business people are a vital resource. It is important that individuals are appreciated and affirmed in the work that they do. If they are to work effectively they need to be provided with appropriate training and equipment and to work in a pleasant and friendly environment, where they can grow in skill and confidence.

### **EMPLOYMENT**

The Baptist Union Corporation guidelines leaflet L08 *Employment* contains an overview of employment regulations so far as they affect church employees. The same principles will apply to staff working within a coffee shop. It is important that the relevant employment regulations are understood.

If the coffee shop project is intending to operate as a Christian charity then it is vital that their ethos is fully defined before any recruitment process begins. Please refer to guideline leaflet L09 Equality law and your church.

It is vital that the recruitment processes are clear and fair. There should be no hint of discrimination of any kind, although a Christian charity is able to specify that certain roles would only be suitable for a Christian. However, it is important to demonstrate that there is a genuine occupational requirement.

It is important that any interviews are conducted in a business-like way so that each candidate feels they have had an opportunity to explore the job description and understand the post that has been advertised, as well as having an opportunity to explain the skills and experience that they may be able to offer.

Once appointed the individual should be provided with a proper contract of employment.

Depending on age, experience and skill some form of induction process will be necessary for new staff. This may be dealt with by the manager of the coffee shop, but it will depend on circumstances.

### **VOLUNTEERS**

Care is needed when recruiting and appointing volunteers.

Some charitable organisations have job descriptions and informal agreements with their volunteers. This can be helpful in ensuring that everybody understands the expectations in terms of regular hours, training, and the type of tasks to be undertaken.

However, it is important to prepare the paperwork carefully so it is clear no contractual arrangement is intended.

Inevitably there will be a need for greater flexibility when dealing with volunteers and a need to make the work enjoyable and rewarding, so far as possible.

Some volunteers may have had difficulty finding work. They may be using the placement as an opportunity to enhance their skills in preparation for future interviews. It is important that the managers of the project realise that some volunteers may be looking to develop particular skills before moving on to other work. This can bring great benefits to the project and to the individual.

From time to time it may be possible to obtain help from individuals wanting work experience, but in some cases they will require a great deal of supervision particularly in the early stages.

It is important to think in advance about the kinds of individuals who may not be able to serve as volunteers.

Whilst it may be desirable for people with many problems to find a stable place where they can learn new skills, unless there is adequate supervision it may not be appropriate for them to learn in the context of your particular project. It may be helpful to formulate a policy on this issue before the project starts rather than having to think about the issues after a request has been received.

## **FOOD AND ENVIRONMENTAL HEALTH**

There is no alternative to working through all the rules and regulations about the preparation and serving of food. It is vital that everybody involved in the project understands basic food hygiene requirements. The local authority needs to be notified, and appropriate consents obtained. Helpful information is available on the [Food Standards Agency](#) website, including guidance on registering a food business which can be found [here](#)

The Food Standards Agency has published guidance on [Providing Food at Community and Charity Events](#) and [Food safety for community cooking and food banks](#)

Paid staff and volunteers will need to undertake training in good food and hygiene practice before starting work.

It is important that menus are rotated and that the overall environment is maintained at a high standard. Obviously in terms of food preparation this involves cleanliness and hygiene issues. However, it is important that the decoration within the coffee shop remains fresh and up to date.

Before opening a coffee shop it might be appropriate to formulate a policy about individuals asking for free meals and refreshments. In one local situation free meals were provided where the individual had received a voucher issued by local churches. In that particular case there was an arrangement for the café to be reimbursed at a later date. The coffee shop may be willing to 'give away' some refreshments but this needs to be considered carefully.

## **CHURCHES AND RATES – WATER CHARGES AND BUSINESS RATES**

Many churches now have a water meter so the church is charged directly for the amount of water used, with a drainage or sewerage charge being calculated based on a figure related to the use of water.

A tariff should be charged that recognises the church as a charity and, in particular, does not impose onerous charges for surface water drainage.

As a building in use for religious purposes a local Baptist church does not usually need to pay business rates or general rates. Nevertheless the church is entitled to a collection of rubbish from the building, with equivalent quantities being removed to those that would be taken from a local residence under the normal arrangements. Therefore, it is expected that the church will be provided with the usual bins for general waste, recycling and food waste in the way that bins are normally provided in your area.

Sometimes a church begins a coffee shop project on a small scale, so there is not much more rubbish generated and it is simply a very small part of the church's overall activities. However, sometimes when a coffee shop grows and becomes more successful, questions are asked as to whether business rates should be payable. The coffee shop may not be charging full commercial costs and it may be some years before the coffee shop is able to make a profit, even if it is successful.

Sometimes church coffee shops or pre-schools are asked to pay business rates because it is assumed that they are a commercial enterprise. Usually, where the project is directly linked to the church's charitable activities business rates do not become payable. Each set of circumstances will be different, but the church should not automatically pay business rates because they are requested, without considering carefully whether this is appropriate. At first glance, a well run and busy coffee shop could look very like a business to an official from the Local Authority.

## **TRAINING**

Food hygiene has already been mentioned but there are other kinds of training that might be helpful. Staff and volunteers may offer their time freely but may not be skilled in managing customers. These are skills that can be enhanced through training.

In some situations staff may be confronted with situations or individuals whose behaviour is very challenging. Training in managing these situations safely and appropriately may be necessary for some, if not all staff.

Preparation is very important.

## **BUSINESS CONTRACTS**

The coffee shop project will need to enter into contracts with suppliers.

Be careful to check the terms of any contract before it is signed. Special deals, discounts, and inducements, may not represent the best value for money in the long term.

There are certain categories of contract that need to be very carefully negotiated. Leasing agreements for equipment, such as heated or refrigerated food counters, photocopiers, or tills, need to be checked very carefully. The contracts may be long term and include severe penalty clauses if they are terminated early.

As a new business you will be approached by many companies offering to provide services and equipment. Be careful. Some companies are unscrupulous in their marketing methods and you need to be aware that there are some 'scams' that regularly bring problems to churches.

The approaches are almost always unsolicited. Information packs about health and safety or advertisements in directories may be on offer. Be very careful about ordering without obtaining competitive quotes and about signing pieces of paper that have not been read carefully.

You will probably buy food and other items from a wholesale supplier. Prices are usually discounted and the privileges are often monitored through a discount card issued to customers. Strict conditions often apply to prevent purchases for personal use. It is important to check the conditions, to comply with them, and not to lend the card to other individuals or organisations.

## **OBLIGATIONS IN RELATION TO PEOPLE WITH SIGNIFICANT CONTROL OF COMPANIES**

Where a church has been involved in setting up a coffee shop as a company (including a Community Interest Company (but not a Charitable Incorporated Organisation)) it should be aware of requirements relating to people with significant control.

Company officers have obligations in relation to keeping and maintaining a register of people and legal entities who have significant control of the company. Even where a company does not have any such persons, such a register must be maintained and be kept available for inspection. There are criminal sanctions for non-compliance.

In addition to this, individual church members may meet the criteria for being a registrable person with significant control of that company (a 'PSC'). It is also possible that the church might (if it is incorporated) be a registrable relevant legal entity in relation to the company (a 'RLE').

The company will have its own obligations which include: taking reasonable steps to identify PSCs/RLEs; contacting known or suspected PSC/RLEs to obtain and confirm information; making necessary entries on the company's own PSC register, filing information at Companies House; and keeping the register up-to-date.

Relevant church members and/or incorporated churches may have to comply with obligations in their capacity as an actual or potential PSC/RLE. If the church or a church member receives a notice from a company of which it is or may be a PSC/RLE asking it to confirm or supply details, a response must be given within one month. Failure to comply could be punishable by a fine or imprisonment. In addition, if church members and/or a church should be on a company's PSC register but no notice is received from that company for one month, every relevant church member and/or the church must within one further month notify the company of its registrable status and provide further details required by the law. Similarly, if there is any change which means that a company's PSC register is no longer complete or correct in relation to a church and/or a church member, the church and/or church member must notify the company and provide relevant information within two months of the change or, if later, one month of discovering the change.

Detailed guidance is available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/502114/Non-statutory\\_guidance\\_for\\_companies\\_SEs\\_and\\_LLPS\\_V6\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/502114/Non-statutory_guidance_for_companies_SEs_and_LLPS_V6_.pdf)

There is also guidance on the meaning of "Significant Influence or control" which can be found at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/498275/Statutory\\_comp\\_any\\_PSC\\_Guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/498275/Statutory_comp_any_PSC_Guidance.pdf)

Please note, however, that since that guidance was written, the law has changed: now, generally, a company must send a PSC notification form to Companies House within 14 days after the day the company makes a change to its PSC register.

Association Trust Company	Contact
<b>Baptist Union Corporation Ltd East Midland Baptist Trust Company Ltd</b>	Baptist Union Corporation Ltd Baptist House PO Box 44 129 Broadway Didcot Oxfordshire OX11 8RT Telephone: 01235 517700
<b>Heart of England Baptist Association</b>	Heart of England Baptist Association 480 Chester Road Sutton Coldfield B73 5BP Office Mobile: 0730 505 1770
<b>London Baptist Property Board</b>	London Baptist Association Unit C2 15 Dock Street London E1 8JN Telephone: 020 7692 5592
<b>Yorkshire Baptist Association</b>	17-19 York Place Leeds LS1 2EZ Telephone: 0113 278 4954
<b>West of England Baptist Trust Company Ltd</b>	West of England Baptist Trust Company Ltd Little Stoke Baptist Church Kingsway Little Stoke Bristol BS34 6JW Telephone: 0117 965 8828

This is one of a series of *Guidelines* that are offered as a resource for Baptist ministers and churches. They have been prepared by the Legal and Operations Team and are, of necessity, intended only to give very general advice in relation to the topics covered. These guidelines should not be relied upon as a substitute for obtaining specific and more detailed advice in relation to a particular matter.

The staff in the Legal and Operations Team at Baptist House (or your regional Trust Company) will be very pleased to answer your queries and help in any way possible. It helps us to respond as efficiently as possible to the many churches in trust with us if you write to us and set out your enquiry as simply as possible.

The Legal and Operations Team also support churches that are in trust with the East Midland Baptist Trust Company Limited.

**If your holding trustees are one of the other Baptist Trust Corporations you must contact your own Trust Corporation for further advice. A list of contact details is provided above. If you have private trustees they too should be consulted as appropriate.**

**Contact Address and Registered Office:**

Support Services Team, Baptist Union of Great Britain, Baptist House, PO Box 44,  
129 Broadway, Didcot OX11 8RT

Tel: 01235 517700 Fax: 01235 517715 Email: [legal.ops@baptist.org.uk](mailto:legal.ops@baptist.org.uk)

Website: [www.baptist.org.uk](http://www.baptist.org.uk) Registered CIO with Charity Number: 1181392

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