**Trade Associations defined**

The definition of a trade association is a group of people in the same industry who come together to achieve common goals and promote their common interests. Associations have been part of our society for years, long before they were institutionalised.

There are many trade associations and professional bodies in the UK. A trade association is an organisation founded by people that operate in a specific industry – can be centred around a trade or special interest group – and is made up of a collection of individuals with common interests or who work in the same sector.

A professional association (also called a professional body, professional organisation, or professional society) is a non-profit organisation seeking to further a particular profession, the interests of individuals engaged in that profession, and the public interest.

There are good reasons for the popularity of associations. They offer their members a reliable, democratic organisation, relieve the individual members and the board of the contractual liability and are comparatively simple and cost-saving to start.

Trade associations have a crucial role to play in promoting best practice and can formulate effective public policy/delivery. As an industry or sector ‘voice', trade associations speak on behalf of their members to government, regulators, the media and other opinion formers.

Association websites: the association's website typically explains the association's aims and objectives, promotes the association's services, explains the benefits of membership to prospective members, and promotes members' businesses by means of an online listing of members and description of their business services.

Associations provide opportunities to meet and engage with peers and colleagues - this is one of the most important benefit associations can provide. Associations are made up of people who share similar challenges and opportunities.

Trade associations write and agree a constitution, which lays out the aims the group wants to focus on. Over time as an association grows, the constitution may need to develop to avoid limiting the scope and capacity of its members’ influence and strategy.

Liability - the directors do not have any direct liability for debts of the association which incurred them unless there is a question of negligence or a director breaching their responsibilities imposed by statute. As such, creditors cannot sue the individual members to pay off the debts or seize their own personal assets. (see exceptions for incorporated or unincorporated associations for further details)

Income - subscription income is not regarded as income under the Corporation Tax Act or the Income Tax (Trading and Other Income) Act 2005. Funds must be retained or reinvested in the organisation.

Generally, the advantages of being an association can be categorised as the benefits of flexibility and simplicity, which allow for greater freedom. Not being bound by as many regulations members will have more time to focus on what matters to them.

The disadvantages are that a Trade Association is not a legal entity recognised in a court of law, by Companies House or by some financial institutions for example.

*Notes gathered from various websites defining Trade Associations, 2021 including:*

<https://www.ionos.co.uk/startupguide/get-started/starting-an-association/>

<https://www.yourdictionary.com/trade-association>

<https://en.wikipedia.org/wiki/Trade_association>

<https://www.ukecc-services.net/ukpbata.cfm>