

Durham Amateur Rowing Club

(Est. 1860)



City Boathouse, Green Lane, Old Elvet, Durham DH1 3JU

Email : enquiries@durham-arc.org.uk Website: www.durham-arc.org.uk

SPECIAL GENERAL MEETING -- 19 MARCH 2020

The purpose of this meeting is to change the Constitution of the Club to a Limited Company.

Currently the Club is a Community Amateur Sports Club which means the club and its assets and liabilities are owned jointly by all the members. Changing to a Company will mean that the Company, not the members, will own the Club together with all liabilities and any debts that may occur. The members will be members of the Company with their individual liability limited to £1 each. Thus the personal finances of the members are protected.

Advantages

- As a private limited company that has guarantors rather than shareholders, it is suitable for voluntary organisations. The members agree to pay a fixed amount known as a guarantee (usually £1) towards the company's debts if it goes into liquidation. If there was an uninsured accident or a claim made against the club, which the assets of the club could not cover and the club was liable, the members and directors will not normally have to pay or be personally liable. (The only caveat is that under Company Law if it is proven that the directors have not acted in the best interest of the company, then personal liability might arise).
- The company is a clear legal entity, separate from the persons involved in it – and can hold property, enter into leases and other contracts, employ people, etc, in its own name. It doesn't matter if the directors change because it is the company and not the directors that hold title to land, enter into contracts, etc, but changes must be notified to Companies House. We will no longer need a Trust and Trustees to hold the club's property.

- A company is generally regarded by funding bodies and public agencies as a more 'stable' structure than a voluntary association.
- The Articles we propose are CASC compatible and so the Club will still be registered with the Inland Revenue as a Community Amateur Sports Club and will retain the tax advantages of a CASC.
- As a company, accounts and governance structure will be recorded at Companies House providing transparency for the club to outsiders.

Disadvantages

- There are formal registration procedures to be followed in relation to creating a company and there is an ongoing requirement to notify a change in directors, a change in the company secretary, or a change in the registered office to Companies House. Similarly, annual accounts and annual returns have to be filed.
- There are various statutory requirements which have to be followed in relation to members' meetings etc. and the way Accounts are kept.
- A company structure may be more intimidating for those considering whether to join as members or put themselves forward for election to the board of directors.
- Set up costs can be higher than for a voluntary association or trust; and annual costs are higher, particularly if there is an external company secretary and/or if a formal audit is required.
- The directors of the company will have duties and responsibilities under Company Law such as the promotion of the success of the company (i.e rowing), to act in the best interests of the company and to comply with the articles of association (the club constitution).