

CLOSING DOWN AN ORGANISATION



Winding up an unincorporated group is something members don't usually worry about until it becomes inevitable. So what can be done to ensure that everyone can understand the dissolution process and that it is realistic to implement? This is achieved by good planning when setting up the group and writing the Constitution. (See separate sheet on writing a Constitution).

The Constitution should contain a workable dissolution clause, such as – *a resolution to dissolve the group must be passed at a General Meeting and carried by a two-thirds majority of those present. Any assets held by the club after the satisfaction of all debts and liabilities shall be given or transferred to an organisation with similar aims and objectives.*

The Chesterfield and North East Derbyshire
Council for Voluntary Service and Action Limited
Reg Office: No.1 Rose Hill East, Chesterfield,
S40 1NU,
Tel/Fax 01246 274844
E - mail: info@linkscvs.org.uk
www.linkscvs.org.uk

The Constitution should also clearly state who is entitled to attend and vote at a General Meeting and how much notice of such a meeting needs to be given to members. It is also necessary to circulate the Motion (what is to be discussed) at a Special General Meeting so that all members are aware of what is happening. This prevents anyone claiming that they did not know the reason for the meeting and from trying to overturn a decision later.

When the committee decides that it has become impractical to continue operating the group they need to be clear about what they are recommending to membership as a solution. **What a committee should avoid is doing nothing.** This could lead to all kinds of problems such as incurring debts, breaking contracts and committee members could find themselves accountable long after they thought their responsibilities were over. So what action should the committee take? Firstly the reasons for dissolution need to be clear and agreed by all committee members and a number of options considered. Such options including slimming down, merging with another organisation or allowing another organisation to take over some or all of the groups activities.

A Special General Meeting has to be called and, if the decision is to close, someone must take the responsibility for winding up the group and informing all interested parties such as:

- The employees
- The group's accountant and auditor
- The group's bank manager
- The Charity Commission if appropriate
- The registration body, if appropriate (Companies House, or a National Organisation)
- The organisation's funders
- Service users

All creditors should also be paid. There is a certain order to pay them, just in case there is not enough money to pay everyone. Take advice before you start writing the cheques.

Links believes that this information is correct at the time of publication, however details may change.
You are advised to contact Links for the up to date position and seek legal advice where appropriate.

Page 1/1
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