

## XYZ ANGLING - New Company Documents -FAQs

### **What is being proposed?**

*That the club change from being an unincorporated body (i.e. one without its own legal personality) to a company limited by guarantee.*

*This will mean replacement of the Club's existing constitution with company documents. They will cover how the club will operate and be run in future.*

### **It's just a fishing club, so why does it even need to be a company?**

*Clubs don't have a separate legal identity from their members unless they are set up as a company. Being an unincorporated club creates a risk that members, especially officers, can become **personally liable** for debts owed by the club, or for claims made against it. Until relatively recently, many clubs were happy to take that risk but in our increasingly litigious society the level of risk has greatly increased and many fishing clubs have become **companies limited by guarantee**. Not every risk is insurable (for example it's not possible to insure against a fine) and it is unacceptable that the club secretary (for example) could be liable to pay a debt owed by the club, or a fine imposed upon it. Company status largely removes the risk of personal liability for club debts by giving the club 'legal personality'.*

## **Are there real risks in the club not being a company?**

*Very much so. A recent court case has highlighted the risk of not having the protection of company identity; in 2021 a large angling club was fined £66,000 for a breach of Health and Safety law when a volunteer suffered traumatic brain injury in an incident which occurred on a club working party. Company status doesn't mean a club escapes liability for such a fine, of course, but it does largely remove the risk of liability for payment by an individual member or officer.*

## **What are the main things I need to know about the new company document?**

*We used a specialist firm of solicitors to draft the new 'Articles of Association', in accordance with detailed instructions given by the Chair in consultation with the secretary and treasurer. The new document reflects exactly how we operate, take decisions, appoint new officers and it reinforces the fact that every member is protected by being a member of the company, with limited personal liability and full voting rights.*

## **Will the club be run any differently?**

*Hardly at all – there is only one technical change, which is that, instead of a committee, we will have a core board of five directors who will be appointed by the members at the AGM. If appropriate, the board may continue to invite another member(s) to attend their meetings, but in a non-voting*

*capacity. This is largely academic, as decisions rarely need to go to a vote.*

**Does it involve me having any more responsibility, or risk having to pay more money?**

*Absolutely not, because in all normal circumstances a member's only obligation is to pay his or her annual subs, and to comply with the club rules. And if the club ever became bankrupt, because its assets were insufficient to meet its liabilities, your liability as a member of the company continues to be capped at £1. The Club also has specialist insurance cover via the Angling Trust.*

**Because the club is a company, can people find out my name and address from Companies House?**

*No, because only the names and addresses of **directors** are public information. Your details will be kept on the register of members by the secretary and will be removed if you terminate your membership. We are obliged by Data Protection law not to disclose your details to any third party without your consent.*

**Do I need to do anything?**

*Nothing at all. After the AGM has decided to adopt the new company documents, they will have immediate effect, but your membership will continue exactly as before.*

**We hope that this explains what we are doing and why, but if you have any questions, please contact the Hon Secretary. If possible, please do so before the AGM so that, if necessary, we can incorporate any further guidance in a revised version of this note.**