



GOLF CLUB: CHANGING TO A LIMITED COMPANY

(By Guarantee)

Reviewed November 2011

The effect of a golf club registering as a company is that the company (ie the club) acquires a legal status of its own and can both sue and be sued in its own right, rather than relying on the agency of the proprietor or a club official. In exchange for this, the club acquires many duties and obligations under the Companies Acts, such as filing annual returns, the holding of statutory meetings and so on, and it is a step which should not be taken lightly.

The main **advantages** of taking this step are as follows:

- ☛ All property and other assets can be held in the name of the club.
- ☛ You no longer need to appoint Trustees.
- ☛ There may be tax advantages in areas such a Corporation Tax in taking this step.
- ☛ The Club can both sue and be sued in any disputes.
- ☛ In the event of the Club being wound up or in receivership members would only be liable for the amount under the Guarantee which is usually between £10 - £50.
- ☛ Borrowing money will be easier as banks will normally accept a charge on the property owned by the company.

The **disadvantages** are best summed up as follows:

- ☛ The accounts must be audited by an approved auditor under rules set out by the Companies Act.
- ☛ An annual return must be made within the time allowed under the Act.
- ☛ All changes of directors, secretaries etc must be notified to Registrar of Companies.
- ☛ All annual general meetings and other meetings must be conducted under the Companies Act.
- ☛ Members of the committee will become directors and should be aware of their obligations under the Companies Act.

The above are only to be used as guidelines and clubs considering going down this route should obtain both legal advice and consult with their auditors/accountants before making any decision.

GCMA 2002

[This document is prepared for guidance and is accurate at the date of publication only. We will not accept any liability (in negligence or otherwise) arising from any member or third party acting, or refraining from acting, on the information contained in this document.]