

KLTC Proposed Change of Structure

The committee at KLTC have been working on a plan to change the legal way the club is constituted. We would like approval from members at the next AGM to go ahead with this plan.

We've outlined why we are proposing this and what making these changes involves below. We'll be taking questions on this at the AGM.

The Problem with the Existing Setup

Currently, the club is an Unincorporated Association, which means that KLTC doesn't exist as a legal entity. In a scenario where legal proceedings are brought against the club by an individual or business, the committee and possibly the members are personally liable.

In simpler terms, someone can't sue KLTC as it doesn't exist legally. Instead, they could sue the committee and members.

The Solution

We've been advised by the LTA to look into alternative ways to constitute the club. Setting up as a Company Limited by Guarantee seems to be the most sensible route for KLTC.

What is a Company Limited by Guarantee?

A Company Limited by Guarantee is similar to other businesses. It is its own legal entity with a board of directors and is governed by Articles of Association.

The main difference is that no shares exist. Instead, the liability of the entity is guaranteed by its members. We would set a nominal fee for this, meaning each member agreed to guarantee to contribute £1 if the club ever got into financial or legal trouble.

Community sports clubs are commonly adopting this setup.

How are we going to do this?

We've engaged with a local firm of solicitors (Harrison Clarke Rickerbys) to help us with the transition. We chose them because they have helped other tennis clubs make the same changes and came in competitively priced. The main things we need to do are:

- Incorporate a Company Limited by Guarantee
- Create an Asset Transfer Agreement to transfer the assets of the existing club to the new entity.

- Create Articles of Association and bye-laws for the new entity based on the current club constitution.
- Agree a transfer of the lease with the Parish Council for the land the tennis courts are on.
- Setup a new bank account.
- Have members resign from the old entity and sign up to the new one.

Solicitors costs should be no more than £3k.

FAQs

We've had the current setup for 30+ years. Do we really need to change it?

The likelihood of legal action against the club is low. However, as the village grows and the membership base expands, we feel it's prudent to protect against any future issues.

If we are a company, will we not have to pay corporation tax?

No, we will register the new entity as [Community Amateur Sports Club](#) (CASC), which means we reinvest any money made and are not liable for corporation tax.

As a member, what do I need to do for this?

1. We put a motion forward at the AGM to do this and the members present unanimously voted to go ahead.
2. We'll need members to approve the new articles (constitution) and board (committee) at an Extraordinary General Meeting in the new year.
3. We'll need all members to resign as members from the old entity, and join the new one. This will require two signatures that we'll collect online.
4. KLTC bank details will change.

The way the club operates will be the same. Really, this is behind-the-scenes stuff.

What's the timescale for all of this?

We hope to wrap this up by the end of March 2023.