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Closing an unincorporated association

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This fact sheet is intended for use by a voluntary organisation that is

- NOT**
- registered as a charity
 - incorporated as a company
 - registered as an industrial and provident society.

Note the different words and phrases for formally ending an organisation: closing; closing down; dissolving; dissolution; winding up. Whichever term is used it covers the whole process of ceasing to operate – bringing the organisation to an end.

There is no set procedure for closing down unincorporated associations other than those described in the dissolution clause of the organisation's constitution. If your organisation does not have a constitution or does not have a dissolution clause in the constitution seek advice. The Small Groups Development Worker at Voluntary Action Leeds would be able to advise you further.

1: LIABILITIES

The management committee must address the responsibilities they have in respect of debts and liabilities. If necessary they should seek the advice of an organisation such as West Yorkshire Community Accounting Service.

2: EMPLOYMENT

The management committee must also identify and act upon employment issues in accordance with employment legislation. Advice is available from the Pay and Employment Rights Service. Failure to follow proper procedures could result in unfair dismissals and leave the organisation vulnerable to a claim through an employment tribunal. Management committee members are individually liable.

3: DISSOLUTION CLAUSE

Follow the procedures in your constitution. These are the usual steps:

1. The management committee meets and decides it is necessary to close the organisation. Ideally, the management committee would have knowledge of the organisation's assets and liabilities at this meeting.
2. The management committee calls a special general meeting (or in your constitution it may be called extraordinary general meeting) giving the required notice to members as stated in the dissolution clause. This is usually either 28 or 21 days, however, it is essential to check your constitution. The notice will contain the resolution to dissolve the organisation.
3. The special general meeting must be quorate. Check your constitution to see how many members must be present at a special general meeting.
4. The meeting must formally approve the resolution by the majority stated in the dissolution clause.
5. Minutes of the meeting that record the wording of the resolution must be kept. An example of the wording could be:

“A special general meeting of the above named organisation called for the purpose of recommending closure to the members was duly convened and held at (place) on (date). It was agreed by the members present that the organisation should close. The members of the committee were instructed to proceed with closing the organisation in an orderly and proper manner.”

The minutes of the resolution should also indicate how the assets of the organisation will be allocated after the settling of any outstanding liabilities. There may be a clause in the constitution relating to this.

4: AFTER THE SPECIAL GENERAL MEETING

The committee appoints someone to ensure that all assets, debts and liabilities are identified. This is usually the treasurer.

IF there are enough funds to meet the financial obligations then these are paid off, contracts terminated, service providers are notified and remaining assets distributed as specified in the resolution.

IF there are not enough funds to meet financial obligations the management committee should seek help to ensure that assets are properly disposed of and to reduce the risk of personal liability for them as individuals. The final accounts must be prepared before formally dissolving the organisation.

All appropriate agencies and individuals should be informed. These may include:

- Employees
- Unions
- Service users
- Funders
- Accountant
- Solicitor
- Insurance brokers or company
- Bank manager
- Immediate past committee members
- Creditors
- Other organisations that are involved with your organisation; for example, suppliers.
- Any other relevant individuals or organisations

Hold a management committee meeting to formally dissolve the organisation.

Once The Organisation Has Been Dissolved:

1. Close the bank account
2. Close any accounts with suppliers
3. Most formal records should be kept for seven years. For more information see NCVO website: (Search for “document retention periods”).
4. Paper records that do not need to be kept by law should either be shredded or passed to West Yorkshire Archive Service.
5. Computer hard drives should be cleaned or reformatted so that the documentation relating to the organisation is no longer available.
6. Headed paper should be destroyed.
7. Website should be closed down.
8. All email accounts should be closed.

5: FURTHER HELP

Voluntary Action Leeds

0113 297 7920

info@val.org.uk

NCVO

0800 279 8798

www.askNCVO.org.uk

PERS (Pay and Employment Rights Service)

01924 428 030 (Advice Line)

admin@pers.org.uk

West Yorkshire Community Accounting Service (WYCAS)
0113 270 6269
info@wycas.org.uk

West Yorkshire Archive Service
0113 214 5814
leeds@wyjs.org.uk

6: ACKNOWLEDGEMENTS

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Voluntary Action Leeds

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