



# Frequently Asked Questions

## What is the Committee proposing.....?

During the last ten months the joint Committee of Bedford Rowing Club (BRC) and Bedford Rowing Social Club (BRSC) has conducted a thorough review of the governance structure of the clubs and concluded that it would be in the best interest of the members to revise their legal structure. It is proposed to transfer each Club's assets and operations to a corresponding, new, limited company. Members have been informed of this in principle at the 2019 AGM and in subsequent communications from the President.

## .....and why?

Since BRC was established in 1886 and BRSC in the early 1970s, both have been unincorporated associations. That means there is no legal entity separate from their individual members. Bedford Rowing Club is simply a group of individuals operating under that name. Likewise, for BRSC. An unavoidable consequence of this is that ultimately the Officers, Committee and members of each Club are personally responsible in law for its liabilities.

These risks are mitigated by insurance. The Clubs have public liability insurance to the tune of £10 million, and separate insurance against errors by the Officers and Committee. In the event of liabilities exceeding the insurance limits, however, personal responsibility would apply. Also, it is not realistically possible to insure against some business risks that might render either Club insolvent.

Fortunately, despite the current pandemic emergency, both Clubs' finances are reasonably healthy and we do not foresee any immediate threat. However in an increasingly litigious age the risks borne by members inevitably increase. It may become more difficult to recruit members and especially individuals willing to serve as Officers or on the Clubs' governing Committees.

It is therefore considered that the time is right to move to a new, corporate structure. This will better protect Officers, the Committee and members at large from personal responsibility for the Clubs' liabilities.

## What are the advantages/disadvantages of becoming a limited company?

Advantages	Disadvantages
Members are protected from financial risk; The Clubs gain status as registered companies; The Clubs have legal ownership of their registered names; and It may be easier to recruit members, and individuals willing to serve on the Clubs' Committees or as Officers.	The Clubs' annual accounts can be seen by the public; Details of changes in directors, and other formalities, must be filed at Companies House; The Club's affairs become more formalised; and Annual accountancy costs may be slightly increased.



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## **Who has been involved with the proposal?**

The Committee has been developing the proposals and draft documentation for the last ten months. The detailed proposals have been reviewed and approved by the Committee.

## **Has the Club taken legal and financial advice?**

Yes, creating a new company requires careful thought. Members of the committee have received both legal advice from solicitors and financial advice from the Clubs' accountant. Both have approved the proposed new structure.

## **What will the new company be called?**

The new rowing club company will be called *Bedford Rowing Club Limited* (BRC Ltd). The new social club company will be called *Bedford Rowing Social Club Limited* (BRSC Ltd).

## **How much will it cost the Club to create the proposed company structure?**

There will be an administrative cost associated with the creation of the companies, although a significant amount of the work is being done pro bono by committee members. Annual accountancy costs may be slightly higher under the new structure than at present.

## **What will the governance structure of the Club look like going forward?**

The Club Committee considered whether it was desirable to retain separate entities for the rowing and social activities. The issues remain the same as under the current structure. VAT was a material consideration, and the members of a social club could be excluded from the calculation of British Rowing capitation fees. Bedford Rowing Club is registered with HMRC as a Community Amateur Sports Club (CASC) which gives us tax benefits (business rates discount, gift aid eligibility and exemption from corporation tax). CASC registration under the new structure would only be available by keeping the trading turnover in an entity separate from the rowing club. Otherwise our trading turnover would exceed the threshold for CASC eligibility.

Though Bedford Rowing Club (BRC) and Bedford Rowing Social Club (BRSC) are technically freestanding organisations, neither owning the other, it was felt desirable that under an incorporated structure BRC Ltd should be the parent organisation and BRSC Ltd its wholly-owned subsidiary. As BRC Ltd would have a fluctuating membership, it should be incorporated as a company limited by guarantee (ie would not issue shares). Instead it would have members. The first members of BRC Ltd would be those who are members of the existing Club, in the same respective categories (full, family, recreational, junior....). Subsequently, individuals can join or leave as at present. Apart from juniors and those in temporary membership categories, all would be entitled to vote at AGMs when Officers are elected, EGMs when the Captain is elected and any other general meetings.

A limited company must have directors. For BRC Ltd they would be its five senior officers, listed below. They would delegate all day-to-day management to a Committee similar to the existing. The directors and the Committee would be elected by the members.

BRSC Ltd would be an 'off the shelf' commercial company that would issue shares which would all be owned by BRC Ltd. More details of its day-to-day management structure are given later in this paper.



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**Ultimate control is held by the members of BRC Ltd**, as they elect its directors and Committee, and are entitled to remove them at an AGM or by calling a special meeting. BRC Ltd in turn controls BRSC Ltd as it owns all of its shares.

## **How are the Directors of BRC Ltd elected?**

Directors will be appointed on the first formation of the company and will be the individuals in post following the Club's 2020 AGM, for the remainder of their term of office in the Club.

The board of directors will comprise:

The President;  
Deputy President;  
Secretary;  
Treasurer and  
Captain.

The President will serve for five years with the Deputy President serving for a concurrent term. Otherwise, directors and Committee members will be elected annually at the AGM, normally held in September. This reflects the current arrangements under the existing BRC constitution.

## **What is the role of the management committee?**

The Directors of BRC Ltd will delegate responsibility for the day to day running of the company to the management committee. It will be composed of members elected similarly to the current BRC Committee, though it is proposed that one of the three members without specific portfolio would be replaced by an elected Communications Officer.

There will also be a Committee for Bedford Rowing Social Club Ltd. The Chair, Vice-Chair and Committee members of the Social Club in post following its 2020 AGM will transfer to BRSC Ltd for the remainder of their term of office, and thereafter these posts will be elected annually at the company's AGM. In addition, the President, Deputy President, Secretary, Treasurer and Membership Secretary of BRC Ltd will be ex officio members of the BRSC Ltd Committee.

Currently the Committees of BRC and BRSC meet jointly to oversee all aspects of the two clubs. We anticipate that this will continue under the new arrangements and therefore we don't envisage that much will change in practice in the way the club is run.

## **Have the Club rules been amended to reflect the proposal?**

Yes, a thorough review of the club rules has been necessary to ensure they align with the new proposed structure, the rules for registration as a CASC and the requirements for affiliation to British Rowing. The Committee signed them off at a formal meeting, and is consulting with British Rowing to ensure its support.

## **What is the process to approve the proposal?**

Members are now asked to consider this outline of the proposal and, if they wish, the drafts of the key documents required to implement it, and to raise any questions. The draft documents are available on request from [president@bedfordrowing.co.uk](mailto:president@bedfordrowing.co.uk), to whom any questions should also be



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addressed. Any questions or observations must be submitted in writing no later than **Friday 21<sup>st</sup> August 2020**.

The Club AGM in September 2020 will be asked to formally approve the proposal including the key documents.

Assuming that the AGM approves the proposal, we will then apply formally for BRC Ltd to be affiliated to British Rowing and to be registered with HMRC as a CASC. Other practicalities will also need to be concluded such as the transfer of the lease of the Clubhouse to BRC Ltd, the opening of new bank accounts and the transfer of insurance and other longer-term arrangements to the new companies.

Although the AGM will be asked to approve the details in September 2020, it is proposed that the new structure should formally take effect immediately following the end of the Clubs' financial year on 31 March 2021. This should allow time to conclude the practicalities mentioned above, and enable the Clubs' closing balance sheets to be used as the opening ones for the new companies. To implement the changes mid-year would require the additional cost and effort of an extra set of accounts.

When the changes take effect, those who are then members of Bedford Rowing Club will automatically become members of BRC Ltd in corresponding categories (full, family, junior etc) and of BRSC Ltd. Individuals will be able to join and leave in much the same way as at present. Existing members of Bedford Rowing Social Club will also automatically become members of BRSC Ltd.

## **What are the main changes to the club rules?**

### **Rowing Club:**

BRC's current constitution can only be changed by a two-thirds majority at a general meeting of members. Under the Companies Act the Articles of Association of a limited company can only be changed by a 75% majority. The legal advice we received was that BRC Ltd's Articles should set out the essential framework, with details fleshed out in separate Rules that could more readily be amended from time to time to reflect changing needs. The Articles should provide for a small board of directors, delegating to a managing Committee whose composition could similarly be changed more readily. We have drawn up Articles and Rules accordingly with the Committee also having power to amend the Rules (but not the Articles).

The Club will still be open to all members of the community interested in rowing, without discrimination. The Committee may, however, introduce a limit on the number of members in any category (eg: to reflect the capacity of our facilities).

The Committee will be composed similarly to the existing, but with only two members elected without portfolio (instead of three) and a new elected post of Communications Officer. The Committee has full power to manage the Club.

Anyone refused membership, or who is expelled by the Committee, may appeal to a general meeting of members of BRC Ltd.



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All adult members (other than students and others who don't use the Club full-time, such as those on Learn to Row courses) and juniors will be entitled to vote at AGMs when directors and Committee members are elected, EGMs when the Captain is elected, and any other general meetings of members. Juniors may not vote themselves, but a parent/guardian may cast a vote on their behalf. The Rules provide for categories of membership largely reflecting the existing.

Subscriptions are to be determined by the Committee, and initially we don't anticipate any changes in the annual amounts.

Currently, notice of members' general meetings is given by posting on the noticeboard in the Clubhouse. The recent lockdown has highlighted that this may not always be a reliable way to communicate. The Rules therefore allow us to move to a system of electronic communication. We will be working to create a reliable database with an email address for every member for this purpose.

## **Social Club:**

The constitutional changes are more significant in the case of the Social Club, by virtue of it being wholly owned by the Rowing Club. It follows that BRC Ltd has power to control every aspect of BRSC Ltd's governance and management, within the limits laid down by companies' legislation. We have devised a somewhat more democratic approach as outlined below.

BRSC Ltd will adopt model Articles prescribed by the Companies Act. These are almost universally adopted by private companies ie: those not listed on the Stock Exchange and give the directors wide powers of management. In practice, as with BRC Ltd, the directors will delegate management to a Committee under separate Rules which can be amended by the Committee to reflect changing needs. The Committee will have majority representation by five senior BRC Ltd Officers, but will additionally have an elected Chair, Vice-Chair and two members without portfolio.

We anticipate that in practice the Committees of the two companies will generally meet jointly, as happens now, in order to manage the rowing and social operations seamlessly.

As all BRSC Ltd's shares will be owned by BRC Ltd, there is strictly no legal need for BRSC Ltd to have other members. To give Club members a voice in the affairs of BRSC Ltd and broadly to reflect existing arrangements, the Rules envisage categories of "membership." This has no statutory basis, but makes BRSC Ltd a proprietary club where membership confers specified privileges, but not ownership of the company. Thus membership of BRSC Ltd will be similar to joining a commercial gym or nightclub and will confer the right to use the company's facilities – notably, of course, the bar – under conditions regulated by the Committee.

Members will be entitled to vote at general meetings to elect the Officers and Committee members noted above. Membership of BRSC Ltd does not confer any right to use rowing or training facilities, or to receive any distribution of the club's funds or assets.

All adult members of BRC Ltd would automatically become members of BRSC Ltd. No additional subscription is required from them. Other current members of the existing Social Club would automatically become members of BRSC Ltd at the current subscription rate. New non-rowers may join as BRSC Ltd members without being members of the rowing club but must be nominated by an



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existing BRSC Ltd member and approved by the Committee (as at present). The Committee may designate membership categories, and determine subscription rates. Currently it is not anticipated that there would be junior members, other than by virtue of family membership.

Otherwise the Rules are largely modelled on those proposed for BRC Ltd.

## **What are the main documents intended to implement the proposal?**

Rowing Club:

*Articles of Association* – the constitutional document required by statute, setting out the essential constitutional framework and containing clauses thought to be required for British Rowing affiliation and for registration with HMRC as a CASC.

*Rules* – fleshing out the governance arrangements in more detail eg as to membership categories and voting rights, composition and election of the Officers and Committee and their terms of office.

*Asset Transfer Agreement* – this technical document is essentially a contract for the transfer of all of the assets of the existing unincorporated Club to BRC Ltd in consideration of BRC Ltd assuming all of the Club's liabilities.

**Social Club:**

*Articles of Association* – while these serve a similar purpose to those of BRC Ltd, they are in a standard statutory form. This is available from:

<https://www.gov.uk/government/publications/model-articles-for-private-companies-limited-by-shares>.

*Rules* – serving a similar purpose to the Rules for the new Rowing Club company.

*Asset Transfer Agreement* – the contract for the transfer of all of the unincorporated Social Club's assets to BRSC Ltd in consideration of BRSC Ltd assuming all of the Social Club's liabilities.

The draft Articles for BRSC Ltd can be downloaded as noted above. For drafts of the other documents please email [president@bedfordrowing.co.uk](mailto:president@bedfordrowing.co.uk).

## **Do you have a question?**

We recognise that the proposal is a significant change to the way that the club has previously been governed. If you have any questions relating to the proposal please email [president@bedfordrowing.co.uk](mailto:president@bedfordrowing.co.uk) no later than **Friday 21<sup>st</sup> August 2020** and we'll do our best to answer your question.



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*These FAQs are designed to be a dynamic document and will be added to with further questions where necessary.*