

COMMUNITY ACTION: MK

Closing your Unincorporated Association

This information sheet is for **unincorporated associations only**. It is not intended to be used by:

- Registered Charities
- Incorporated Organisations (e.g. Companies)
- Community Interest Companies
- Charitable Incorporated Organisations

Sometimes it is necessary to wind up a group. There are lots of names for this process (closing down, dissolving, dissolution, winding up), but whichever terms you use, it is the process of ceasing activity of the group.

There is no standard procedure for closing an unincorporated group but it is something you should have written into your constitution so use this document as your guide.

Things to consider when closing:

Liabilities – it is the responsibility of the management committee to make sure that debts and liabilities of the group have been addressed

Employment – If you employ staff, you need to ensure that any action you take is in accordance with employment legislation. The individuals on the management committee are individually liable if any action is taken against them for unfair or inappropriate dismissal

How to go about closing your group

The first thing to do is check the rules laid out in your constitution. This document should contain a 'Dissolution clause' which lays out your agreed rules for closing your group.

The standard procedure that groups would adopt is:

1. Management committee meet and agree to close the organisation (make sure you have this meeting minuted).

2. Management committee call a 'Special Meeting' (sometimes known as an Extraordinary General Meeting – EGM).
3. At the EGM, a vote should be taken to pass the motion on closing the group. A majority (as set out in the constitution) should agree, and this should be minuted. TIP: make sure that the meeting is 'quorate' (i.e. you have an agreed minimum number of people there) or the decision could be overturned.
4. If the members agree to closure, it should be minuted. It should also be noted how assets will be distributed or liabilities dealt with. Normally a nominated person (usually the Treasurer) will be put in charge of ensuring all debts, liabilities and assets are identified and dealt with appropriately).

If there are enough funds in the organisations to meet the financial obligations:

- financial obligations should be paid/met in full
- Contracts should be terminated
- Assets distributed in accordance with the group's decision.

If there aren't enough funds in the organisation to meet the financial obligations:

- the management committee should seek help to ensure that the assets are properly disposed of to reduce risk of personal liability on the management committee.

The final accounts should then be prepared before formally closing the group.

All appropriate agencies should be told:

- employers
- unions
- service users
- funders
- insurance providers
- bank account holders (you will need to close your group bank account)
- creditors
- other organisations connected to yours
- any other appropriate individuals (website providers, suppliers etc)

A final committee meeting should then be held to formally agree to the winding up of the group.

ACKNOWLEDGEMENTS

We are grateful to Voluntary Action Leeds for the use of their information sheet on 'Closing a voluntary organisation'.

This information sheet has been produced by Community Action:MK and was last updated in 2015. Community Action: MK has taken all reasonable precautions to ensure that information contained in this document is accurate, but stresses that the content is not intended to be legally comprehensive

