

## Questions and answers on conversion to a Company Limited by Guarantee

### Governance

If the Society becomes a Company Limited by Guarantee (CLG), it will operate in accordance with the statutory provisions of the Companies Act 2006, as amended from time to time. This is an Act of Parliament which forms the primary source of UK company law.

<b>Why are we doing this? Why aren't we becoming a charity?</b>	The Society needs to have a formal legal status which is recognised by other institutions. The CWP has previously set out the reasons why the CLG route is favoured over charity status. We have taken specialist legal advice on this proposal which supports our conclusions.
<b>What is a company limited by guarantee?</b>	It is a limited company, but instead of having shareholders for share capital, members agree to contribute a maximum amount of £1 in the event that the company becomes insolvent and is wound up. A CLG is a common route for organisations such as the Society.
<b>How do I become a member of the company?</b>	All paid-up members of the Society will become members of the new Company, unless they do not wish to join. But anyone not becoming a member of the Company will cease to be a member of the Society.
<b>How much am I liable for?</b>	Each member is liable for a maximum of £1 and only if the CLG's funds are insufficient to discharge its debts.
<b>How will the £1 be paid in or collected?</b>	We don't actually need to take the £1s to set the company up – it's not the same as paying for shares. There are no shares in the CLG that can be traded; thus, only Society members will have an interest in the new CLG.
<b>Will we still be known as the Richard III Society?</b>	For everyday purposes between members, including the Executive Board, we will. However, our letterheads, etc., will be required to give both the official name of the company and its registered address.
<b>A lot of the organisational rules in the Constitution aren't covered in the Articles of Association. Have they been abolished?</b>	The Articles permit the Directors of the CLG to establish rules for the conduct and governance of the company. The Directors will adopt a separate set of Procedures, which will continue many of the provisions of the current Constitution. Any significant changes or additions to the Procedures will be put to the AGM for approval.
<b>Why are we introducing proxy voting? Does this replace postal ballots on 'substantive issues'?</b>	The Companies Act requires all limited companies to allow members to vote by proxy at AGMs and other general meetings. Proxy voting allows members who cannot attend a meeting to have a vote on resolutions at the meeting. The arrangements for proxy voting will be specified in the new Procedures of the company. Proxy voting does not necessarily replace the current Constitution's requirement for postal ballots of all members on substantive issues.

### Branches and groups

<b>Will there still be branches and groups?</b>	Yes, branches and groups will operate in a similar way to which they do now.
<b>Will the Articles apply to branches and groups?</b>	No, but as under the present constitution, B&Gs will be required to conform to the aims and objectives of the Society and the requirements set out in the Procedures.
<b>Will branches and groups still be able to administer their own affairs?</b>	Yes, each branch and group is expected to organise its own affairs and must be financially self-supporting. As at present, the CLG will accept no responsibility for debts incurred or bank accounts opened by branches and groups.
<b>Do branches and groups still need to be aware of any new government legislation or will the CLG take care of that?</b>	Branches and groups administer their own affairs and are responsible for ensuring that they operate within any government legislation, e.g. Data Protection.
<b>Will it still be possible to form new groups if we become a CLG?</b>	Yes, there is no reason why new groups should not still be formed in the same way they are now, through consultation with the BGLO and provided there is a sufficient number of interested persons.
<b>Can a branch or group member speak on behalf of the Richard III Society or publish anything for the general public in the name of the CLG?</b>	Anything said or published in the name of the Society must be cleared with the Directors beforehand.
<b>Does every member of the branch or group have to be a member of the Richard III Society?</b>	No. However, as at present, officers of the branch or group i.e. Secretary, Treasurer, Chair must be a member of the Society. All members of a branch or group must support the aims of the CLG and abide by the rules of the CLG and not jeopardise the CLG's reputation or bring it into disrepute.

### The Executive/Board of Directors

<b>Would the new Board have greater powers than the current Executive Committee?</b>	No. Day to day activities would continue much as they are at present but Directors would have additional legal responsibilities. As well as being accountable to members for the management of the Society's business, as at present, they would be accountable individually, and as a group, to Companies House.
<b>What happens to the Executive Committee?</b>	The Executive Committee appointed in October 2019 will transition as the acting board of Directors once the CLG is formed. Further elections of Directors will take place at the AGM in 2020 and subsequent AGMs..
<b>Why do the Articles mention only five Directors?</b>	This is a standard clause with a minimum stated requirement, but the number of Directors will be defined in the company Procedures, much the same as the current Society constitution. We do not expect the numbers to differ significantly from the present arrangements.
<b>Why do the Articles state that a quorum for Directors' meetings is not less than three?</b>	This is another standard clause with a minimum stated requirement which links with the minimum number of Directors. There is no intention for the meeting quorum to be set at this level. The final number, which will be shown in the company Procedures, will be dependent upon the number of Directors appointed to the board.
<b>Will this affect our Grant of Arms?</b>	The College of Arms has advised the Chairman that the Grant can be transitioned to the new organisation.

Will being a CLG affect us having a Royal Patron?	It should not. The Patron is aware of the proposed change in status. As before, all contact with the Patron must be through the Chairman of the Society.
---	--

## Membership and subscriptions

Will this change my membership fee?	No. Membership fees are reviewed by the Executive Committee every two to three years to take account of inflation or increased costs that cannot be absorbed and put forward for approval at the AGM. The conversion to a CLG will not specifically affect membership fees.
-------------------------------------	---

Will this mean we can't have family memberships?	We can still have family memberships or whatever categories of membership we wish.
--	--

What happens to libraries, schools and university members?	They will be subscribers rather than individual members, which will still allow them to receive the publications they want and does not preclude any interested librarian, teacher or lecturer joining the Society.
--	---

Will I still receive the <i>Ricardian Bulletin</i> four times per year?	Yes, the <i>Ricardian Bulletin</i> will still be issued four times per year and <i>The Ricardian</i> once per year.
---	---

## Members

What control will members have over the activities of the Society as decided by the board of Directors?	The Articles state in Clause 9 (a) that 'The members may, by special resolution, direct the Directors to take, or refrain from taking, specified action.' Such a special resolution can be discussed and voted on at an AGM or special general meeting of the members.
---	--

Can members still propose resolutions?	Yes. The Procedures will set out the process for this and details will be published in the <i>Ricardian Bulletin</i> as at present.
--	---

## Accounts

Will we still see accounts for the Society?	Yes – a company must prepare and file accounts with Companies House where they can be inspected. It is envisaged the accounts will look much the same as the Society's do now. As in the past, the accounts will be reported to the AGM and a copy will be supplied to all members.
---	---

What happens to the funds that the Society has now?	All funds will be transferred to the new CLG.
---	---

What happens to surplus funds if the Society/Company is wound up?	Any surplus would have to be donated to an organisation with similar aims – educational, historical etc. – as the Society. The surplus cannot be given back to members.
---	---

There isn't much about Accounts in the Articles of Association that we have been sent.	That is because the Articles supplement what is in the Companies Acts; we do not need to do anything other than follow the Companies Acts rules as far as accounts are concerned.
--	---

## Costs

Surely being a company is going to cost the Society money?	There are costs involved in being a company, such as filing fees for the accounts. We may need to appoint someone external to be the formal Company Secretary and we may need an external auditor: the annual cost of this is likely to be a few hundred pounds. Although these are costs that the Society does not currently have to bear, they are a necessary price to pay for us to benefit from being a company – for example, being able to have direct debits, a proper PayPal account and being able to contract with third parties.
--	--

Will we have to pay tax as a company?	It is not envisaged that our activities will give rise to taxable income, but clearly future decisions may change the situation.
---------------------------------------	--

Wouldn't being a charity make sure we wouldn't have to pay tax?	Not necessarily, but we think that once we have safely transitioned to a company, we can, in the future, review whether becoming a charity (or setting up a related charity) is the way forward.
---	--

## Paying Directors and staff

Will Directors be paid?	No – our Articles specifically say we cannot pay Directors for being Directors. Executive Committee members are all volunteers and give their time unpaid. They may receive reimbursement for expenses to attend meetings, etc. This would continue under the Company.
-------------------------	--

What if a Director does something extra for the Society, such as presenting a lecture?	We can pay Directors, in the same way as anyone else, for work/services they provide beyond being a Director. There are careful rules in the Articles about how such things would be approved and how to manage any conflict of interest that arises.
--	---

Why do the Articles talk about hiring and paying staff? Surely, we don't need that?	We don't see the Society needing to employ anyone at the moment. But we are trying to set up the company in a way that will work for many years into the future. We can't rule out needing to have a staff member (perhaps a researcher?) at some point. Allowing the company to do such things in its constitution leaves things flexible – though any such major matters would always be discussed at an AGM.
---	---

Similarly, why do we need to be able to own assets?	Again, we don't think we currently need to own assets beyond books and similar things. But being able to sponsor (which might mean own) a memorial or sculpture could be something we decide to do in the future. This is just a sensible way of arranging matters.
---	---

## In conclusion

What happens if this doesn't pass?	Rejection of the proposal means that we would have to carry on as at present. However, this would give rise to difficulties and mean that we cannot enter into contracts with third parties, introduce direct debits or have a properly set up PayPal account. However, such restrictions on how we can operate are not appropriate for the twenty-first century and the Society would need to reassess its aspirations for the future, because without a formal legal status the Society would be extremely limited in what it could do. Because at present the Society itself is not a legal entity and cannot enter into contracts, EC members currently have to take on a personal/financial liability for contracts and this cannot continue.
------------------------------------	--

What does it mean for me?	Members would probably not notice any immediate difference. Publications, membership cards, etc., would continue as before.
---------------------------	---

What's the difference between the Articles and the Procedures?	Articles are the statutory requirement and changes would require a member ballot. Procedures are the rules for operating the Society and have a more informal change method.
--	--