



LOWTHER HILLS SKI CLUB

Changing the legal structure of the Club

1. What is being proposed

It is proposed to change the legal structure of the Lowther Hills Ski Club from the current status as an Unincorporated Association into a Community Interest Company (CIC).

At the 2015 AGM there will be a vote on this and you will be asked to support the proposed change in the legal structure of the Ski Club.

If two thirds of the members at the meetings support it, the Committee will start the procedure for the Lowther Hills Ski Club to adopt a CIC legal structure before the start of the ski season 2015/16. Once the CIC has been set up, the Unincorporated Association will be integrated into the CIC.

The name of the Lowther Hills Ski Club will remain the same as a CIC.

Membership of the Ski Club as a CIC will remain open to all.

As a member of the Lowther Hills Ski Club CIC, your rights are the same as what you currently enjoy under the Unincorporated Association status: Using the Ski Club facilities, attending and voting at general meetings, receiving the annual accounts of the Ski Club, electing the directors of the Ski Club, and voting on any fundamental changes to the nature of the CIC, its purposes, its policies or what happens to its surplus income. One member, one vote. The Lowther Hills Ski Club CIC is owned by its members.

2. Why is this being proposed

An Unincorporated Organisation is a voluntary coming-together of its members - literally, an association of members. The club does not have a separate and distinct legal identity. If something was to go seriously wrong - ALL the members of the association would be liable.

The Lowther Hills Ski Club has a Public Liability Insurance and Employer's Insurance policy for work parties. However this does not cover financial mismanagement of the club, and there is always a risk the insurer may refuse to pay up certain claims.

In addition to our current insurance, your Committee is keen to be protected by the Limited Liability which a CIC offers against the possible case scenarios:

- + There is a serious financial mismanagement of the club resulting in bankruptcy. The CIC is liable for its debts. The liability of the members is limited to £1.
- + The Ski Club becomes bankrupt after someone runs away with all the money. The liability of the members is limited to £1.
- + The lease at Lowther Hill is currently under the name of the Ski Club's chairman and his successors. As a CIC, the company will be legally responsible for the lease, not the chairman.
- + Skiing and snowboarding are classed as high risk sports. Some people take ski operators to court seeking financial compensation. Recent examples in Scotland include [Peter Alastair Struthers vs Nevis Range](#) and [Christopher Hutton vs Cairngorm](#). As a CIC, it is the company that is taken to court, not its members.

3. At a glance: Community Interest Companies limited by guarantee

A Community Interest Company limited by guarantee is a type of company, designed in particular for social enterprises that want to use their profits and assets for the public good. For example, the profits of the CICs are reinvested for its social purpose within the CIC or in the community, rather than being distributed amongst its members.

CICs limited by guarantee are owned by its members, have all the flexibility of the company form, but with some special features to ensure they are working for the benefit of the community. These are mainly:

1. The “Asset Lock”: CICs have an asset lock to prevent assets (including profits or other surpluses generated by its activities) from being used other than for the benefit of the community on dissolution of the CIC.
2. A Community Benefit Report to be filed annually to ensure the CIC provides benefit to the community it was set up to serve.

As a Social Enterprise, a CIC has access to sources of funding that Unincorporated Associations do not.

The downside of a CIC is that, being a company, its administration is more onerous as compared to an Unincorporated Association.

Please visit the website of the Office of the Regulator of Community Interest Companies:

<https://www.gov.uk/government/publications/community-interest-companies-introduction>

4. Comparison table: The Lowther Hills Ski Club as an Unincorporated Association or a Community Interest Company

	Unincorporated Association (UA)	Community Interest Company (CIC)
Who owns the Club?	The Ski Club is owned by all its members equally.	The Ski Club is owned by all its members equally.
Who manages the Club?	A voluntary Committee, made up from elected members of the club at the AGM.	A voluntary Board of Directors, made up from elected members of the club at the AGM.
Members' voting rights	One member, one vote.	One member, one vote.
Paperwork and administration	It is the simplest and less intimidating form of legal structure.	More onerous, subject to the provisions of Company Law. Annual accounts must be presented and lodged with Companies House.
Funding opportunities	Because it is a more informal structure, it is seen as “less professional” in the eyes of potential funders.	A trusted legal structure amongst funders, it has access to more funding sources than Unincorporated Associations.
Who owns the Ski Club's assets?	As the UA is not a legal person, ownership of assets or donations is interpreted to belong to all members of the UA, which can become problematic.	As a CIC, the company is the legal owner of the Ski Club's assets.
The Ski Club's lease on Lowther Hill	It is under the name of the Chairman, who is legally responsible for the lease as the UA does not have a distinct legal identity.	As a CIC, it will be under the name of the company, which will be legally responsible for the lease.
If anyone takes the Ski Club to court?	As the UA does not have a distinct legal identity, legal proceedings will be taken out against individual members.	Legal proceedings would be taken out against the company.
If the Ski Club goes bankrupt?	Members could be financially liable for the club's debts.	The liability of all the members is limited to £1.

5. Further information on Community Interest Companies

For further information, please visit the website of the Office of the Regulator of Community Interest Companies or contact a member of the Committee:

An overview of what community interest companies (CICs) are, how they are set up and how they work

<https://www.gov.uk/government/publications/community-interest-companies-introduction>

Comprehensive information for people who want to form a community interest company (CIC), other stakeholders and those giving professional advice about CICs

<https://www.gov.uk/government/publications/community-interest-companies-how-to-form-a-cic>

Examples of community interest company (CIC) success stories

<https://www.gov.uk/government/collections/community-interest-companies-case-studies>

Lowther Hills Ski Club Committee contacts

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