

REPORT ON LAUNCH OF COMPULSORY PURCHASE COMPANY

INTRODUCTION

This report sets out the case for setting up a company to run the CPA. The company will in due course replace the CPA and will be used as the vehicle to enter into Contracts. It will have the same objects as the CPA.

For ease of reference the report has been compiled as a series of questions to assist members in understanding the way the company will work.

Why have a CPA company?

At present the CPA operates as an unincorporated association with unlimited liability. By setting up a company and using the company to enter Contracts, members and the committee are protected from the risk of unlimited liability. The Company can also register intellectual property rights such as the CPA logo. If the accreditation proposals are taken forward, they would fit into the incorporated structure being proposed.

If the CPA continues in its present form members will continue to have unlimited liability for its debts and it will make it more difficult for it to enter into the contractual commitments necessary to take forward the accreditation proposals.

Who would own the company?

A company is owned by its shareholders where shares are issued, but it is intended that this company will operate as a company limited by guarantee. This means that the company would be owned by its members.

All members of the Association should be members of the Company limited by guarantee. However, unlike a normal limited company membership will be linked to the payment of a subscription (and will cease if the subs are not paid) and can also be cancelled by a member by notice.

The conversion of the Company would operate as follows,

1. A small number of members (founder members) set up the company limited by guarantee so it's in place ready for the conversion. These will be selected from the CPAs honorary members by invitation from the national committee.
2. At the end of the associations year we will transfer the undertaking of the association (i.e. its assets and name etc.) to the company limited by guarantee
3. Membership will then be renewed in the Company limited by guarantee and anyone who pays their dues then becomes a member of the company limited by guarantee for the year (subject to their right to cancel their membership). From a financial perspective it means that each member would be on the hook for a nominal amount (£1.00) if the association went into liquidation (contrasting with the position at the moment where they could have unlimited liability)
4. For the sake of clarity, going forward all members (i.e. founder and ordinary would be the same in terms of votes and having their membership dependent on the payment of subs etc.)

Members would therefore continue to have control over the national committee as occurs at the present time with the Constitution.

Who would run the company?

it is proposed that the national committee would in due course become directors of the company and as with the CPA their term of office would run for two years. They would not be remunerated but would be paid expenses.

For the first year the CPA committee would continue to function as at present but where company business needed to be transacted it would be dealt with at the end of the committee meetings or as convenient. Initially it is proposed that the national committee would appoint 5 directors being the past present and vice chairmen , the secretary and treasurer, with Mark Barlow at CPT acting as company secretary.

Would members be personally liable for the debts of the company?

No – CPA members would not have any liability for the company or its debts. It is expected the company will operate merely to administer the CPA.

What will it cost?

It will cost around £5000 to undertake the legal formalities to set up the company. Once set up its accounts will have to be audited and it will have to file returns to Companies House.

Are there any other financial consequences?

The CPA will have to fund the company from its resources but this will only to be to extent required by the company to fulfil its contractual obligations. A full report of the company's activities and accounts will be presented to the CPA AGM along with the CPA accounts so members can see what has taken place over the company's financial year.

RECOMMENDATION

Members are recommended to:

Authorise the Committee to set up a CPA company incurring expenditure as necessary to do so. Its Memorandum and articles of association should reflect the objectives of the CPA; and the company shall be controlled by and responsible to the CPA National Committee

Whilst the Company is trading, an annual report of the Company's activities together with details of its accounts shall be reported to the CPAs AGM.