

# Carmarthenshire Association of Voluntary Services

Your local county voluntary council

## 2. Running your organisation

### 2.4 Effective Annual General Meetings



The Annual General Meeting (AGM) is for many organisations a legal requirement and provides an opportunity to elect new members to the organisation and committee, as well as enabling members to have a say about running the organisation and helping its accountability.

Whatever the legal structure/form you have, it will have one or more individuals who have overall responsibility for the conduct of the organisation's affairs. This is the 'voluntary management committee' and in a limited company these individuals may be known as directors. Where office-bearers are liable for re-election or where a co-opted office-bearer's position needs to be confirmed, the procedure is most commonly carried out at the organisation's AGM.

An AGM also provides an opportunity for members or beneficiaries to review the financial position of their organisation; normal practice is for accounts relating to the previous year to be discussed at the yearly meeting. It also gives members an opportunity to vote on the appointment/retirement of office bearers and it also provides a forum for members to raise issues with their office-bearers in a group arena which may not otherwise be available.

## **Organisations**

For those organisations where members' participation is important, and accountability of office bearers is considered important, the role of elections and the AGM will be equally important. In these instances the constitution will need to be drafted in such a way as to provide for elections and the holding of Annual General Meetings.

The drafting will need to outline the business to be dealt with at the AGM - who may attend, who may vote, the information to be sent out in advance and a whole range of procedural issues. The important point is that these provisions can be drafted so as to suit the particular organisation's needs and requirements.

## **Companies**

The Companies Act 2006 brought in new laws that state there is no legal requirement to have an AGM now, unless your governing document specifically states that you should do.

Company business at an AGM will be defined either as Ordinary Business or Special Business.

## **Ordinary business**

- Presentation and consideration of the accounts, balance sheet, director's report and auditor's report (if the last is required).
- Election of directors.
- Appointment of auditors for the next financial year (if required).

Ordinary business requires an ordinary resolution, 21 days' notice for an AGM and needs a simple majority of the votes cast i.e. more than half the votes.

## **Special business**

This is any business, which is not ordinary business and, depending on what is proposed, requires a special, elective or ordinary resolution. Different types of resolution require different notice periods and majorities, and some must be notified to Companies House.

## **Organising the AGM**

The starting point for your AGM is to consult your organisation's articles of association. Where your articles of association do not cover an issue, you should refer to company law to find out what to do.

Company law sets down some very clear and specific rules for convening a company's AGM. For example:

- Notice of the AGM must be sent to all company members, all directors and the auditors.
- Unless the articles say otherwise, notice must be in writing and must be either posted to an agreed land or electronic address, delivered by hand or in person.
- Except in limited circumstances, the statutory period of notice for an AGM is 21 clear days.
- The annual accounts, auditor's report (if required) and the director's report must be sent not less than 21 days before the AGM (unless all members entitled to vote have agreed otherwise).
- Unless the articles of association require otherwise, the quorum for a general meeting of a company is two members personally present (i.e. not represented by proxies).
- Unless the articles of association state otherwise, decisions made at company meetings are made by voting on a show of hands or the giving of appropriate signals. However, members have the right to demand a poll or written ballot and you may wish to have a poll for certain resolutions anyway.

## **Information required in the notice of your AGM**

- Date/time and place of the meeting.
- A statement that it is an AGM.
- The exact wording of any special or extraordinary resolution and a statement making the nature of the resolutions clear.
- Exact wording or general explanation of ordinary resolutions.
- Details of postal voting (if allowed), proxy voting (if allowed) and a deadline for submitting a proxy form.
- Any members' resolutions that have been properly requisitioned, i.e., requested by 5% of voters, signed and delivered to the company at least 6 weeks before the AGM.

## **Some good practice tips for planning and convening an AGM:**

- Invite funders and partners.
- Be clear about whether you will accept nominations for trustees from the floor.
- Remember to keep an accurate, up-to-date list of members so that they are all invited and you know precisely who is eligible to vote.
- Accessibility including venue and facilities, crèche, clear language and papers available in translation.
- Give members a brief description of each person seeking election or re-election at the AGM and make each trustee the subject of a separate resolution.
- Ensure that the governing document and any standing orders are available at the meeting and that the meeting is properly minuted.
- Ensure all necessary information and forms are sent to Companies House within the required period after the AGM.

## **Elections**

One way for those involved in a voluntary organisation to monitor the performance of their respective office-bearers is through Annual General Meetings (AGMs) and regular elections for office-bearers.

The first officers appointed in any organisation are likely to be drawn from the group of enthusiasts involved in creating the new body, or in the case of a trust, by nomination by the individual(s) responsible for creating the trust. Thereafter, elections can play a useful role when, for example, more office bearers need to be appointed or replacements are required for those who have retired. Elections can take a variety of forms. In many trusts formal election of a new trustee by reference to the wishes of beneficiaries would be inappropriate, and the choice may be left in the hands of the remaining trustees. On the other hand it is increasingly common to find directors of companies required to give up office after a set period of tenure (e.g. three years) and required to offer themselves for re-election by the members if they wish to continue in office. This method of rolling appointment offers an attractive way of assessing the performance of office-bearers who will know that their role is subject to scrutiny by the members.

## Further information

Charity Commission for England & Wales

Tel: 0845 3000 218

<https://www.gov.uk/government/organisations/charity-commission>

Companies House

Tel: 0303 1234 500

<https://www.gov.uk/government/organisations/companies-house>

Regulator of CICs

Tel: 029 20346228

<https://www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies>

Financial Conduct Authority

<https://www.fca.org.uk/>

Prudential Regulation Authority

<http://www.bankofengland.co.uk/pru/Pages/default.aspx>

### Disclaimer

The information provided in this sheet is intended for guidance only. It is not a substitute for professional advice and we cannot accept any responsibility for loss occasioned as a result of any person acting or refraining from acting upon it.

### For further information contact

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