

Section 2
Annual General Meetings

2.1 Hold an A.G.M

It should be noted that some of the content of this section is referenced from NICVA's Advice Note 5: Running a Charitable Company - July 2013

What is an Annual General Meeting?¹

An Annual General Meeting (AGM) as the name suggests should be held once in every year.

At each AGM, make sure that all voting and other business is done according to whatever rules are contained within the governing document e.g. nominations, timescales, quorum. Some organisations may invite people in addition to their members to the AGM. If so, you need to know who your members are to ensure that only those entitled to vote do so.

It is now common practice for charities and other voluntary organisations to rotate the retirement and election of committee members to ensure continuity on the committee. You may have to change the clause in your governing document to permit this.

As well as electing new members on to the committee, the business transacted at an AGM includes the presentation and consideration of the annual accounts, balance sheet, directors/trustees report and the report of the auditor or independent examiner. You will also need to appoint the auditor(s) or independent examiner for the period until the next AGM.

Depending on what is contained within your governing document, the election of the office bearers may take place at the AGM or at the first meeting of the committee after the AGM.

If you are incorporated as a company limited by guarantee then you must hold an AGM within 15 months of the previous one (if newly established then within 18 months of incorporation) if required to do so by the articles of association.

Normally you will give your members at least three weeks' notice of the AGM. If your organisation is incorporated it is also a legal requirement to circulate details of any resolutions to all members in advance of the meeting.

Each individual organisation has a section of its Constitution which deals with AGMs, and this gives guidance as to how the AGM should be run and what matters should be dealt with. Although it is a formal meeting, it can also be a good opportunity to communicate with members, clients, partners and other interested parties.

The venue needs to be as accessible as possible. Try to find out beforehand if attendees have particular requirements, e.g. wheelchair access, translation services. It is useful if the venue has a microphone.

General Meetings

General meetings or company meetings are meetings of the members of the company (annual or otherwise) and should be held in accordance with the requirements of the articles of association.

¹ NICVA Advice Note 5- Running a Charitable Company – July 2013

1. Notice of General Meetings

A company is required to send a notice of a general meeting stating the date, time, place and business to take place to every member entitled to vote and the auditors. The new rules from the Companies Act reduce the notice period from 21 days to 14 clear days however if the articles state 21 days then you must give this notice or change the articles.

Clear days' notice is required which means that the day on which the notice is issued and the date of the meeting should not be counted as part of the 14 days. In addition, you should allow 48 hours for the notice to arrive by post:

if posted at the end of the week you should not calculate non-working days however you are permitted to count non-working days as part of the 14 day period. The new rules also state that 90%, rather than 95%, of members can agree to hold a general meeting on short notice, however, if the articles state 95% then you must abide by this. The notice should tell members of their statutory right to appoint a proxy.

2. Annual General Meeting (AGM)

Whilst the Companies Act 2006 dispenses with the need for a private company to hold an AGM, a company is still required to do so if stipulated in the articles (usually within 15 months of the previous AGM). It would also be considered good practice for charitable companies to continue to hold an AGM.

2.1 Before the AGM

Allow sufficient time prior to the AGM:

- If planning to change charitable objects, send any proposed changes to the Charity Commission well in advance of the meeting for approval
- The audited/examined accounts for the previous year are ready, remember to give your auditor/examiner sufficient time to carry out their work
- Make sure the register of members is up to date
- Prepare nomination forms (if relevant) as they may need to be sent out long before the AGM so that the nominees can be sent out along with the notice
- Send out a notice of the AGM to all members and the auditors.

Send the following along with the notice:

- Copies of any proposed ordinary or special resolutions to be put to the meeting
- A list of the present directors and details of those who will be seeking election or re-election
- The minutes of the last general meeting

2.2 At the AGM

- Present the annual accounts for consideration by the members
- Present the annual report which must give a fair review of the development of the company. (This should include the names of the directors, describe the company's principle activities, any changes in those activities or in its assets, and planned future developments)
- Ensure that all voting and other business is done according to whatever rules are contained in the articles

- Appoint the auditor/examiner for the incoming year (if required to by the articles)
- Make sure proper minutes are taken
- Take a supply of forms and at the end of the meeting, get the new and retiring directors to fill them in
- Update the register of directors.

2.3 After the AGM

- Write up the minutes
- Send copies of any special resolutions to Companies House within 15 days
- Attach a copy of any special resolution to the original memorandum of association and any copies issued to members from then on
- Send forms to Companies House with details of the retiring and the newly elected directors within 15 days
- Send the annual accounts and report to each member before the accounts are filed at Companies House.

3. General Meetings

The new regulations also stipulate that there is no longer a need for private companies to hold a general meeting, except where there is a motion to dispense with an auditor or a director or if required to do so by the articles. A written resolution can be passed in place of the general meeting (see 5.3 below).

Send a copy of the proposed resolutions to be put to the meeting along with the notice of the meeting to all of the members and the auditors of the company and after send copies of the special resolutions to Companies House in the same way as for an AGM.

4. Proxy Voting

All company members now have a statutory right to appoint a proxy to attend, speak and vote (either on a show of hands or on a poll) on their behalf at general meetings of the company - even if the articles say otherwise.

All companies need to:

- Update/create proxy forms to include the right of the proxy to speak as well as to attend and vote or create a proxy
- Update the notice of the general meeting to tell members of their statutory right to appoint a proxy (directors risk being fined if they fail to do so)
- State on the proxy form the date and/or time when it has to be returned before the general meeting (the return date must not be more than 48 hours before the meeting)
- Consider updating the articles of if proxies haven't been permitted in the past, to avoid confusion.

5. Resolutions

Resolutions are agreements or decisions made by the members of the company which can only be passed by the members either in a general meeting or by written resolution.

Private companies are no longer required to pass extraordinary or elective resolutions, but instead are only required to pass ordinary or special resolutions:

5.1 Ordinary Resolution

An ordinary resolution requires a simple majority vote 50%. It can be used for any decision (not requiring a special resolution) such as electing directors.

5.2 Special Resolution

A special resolution needs a 75% majority vote (e.g. to change the name of the company, or to make a change to its articles).

5.3 Written Resolution

A written resolution enables a company to pass a resolution without having to hold a general meeting. The Companies Act 2006 provides that it is no longer necessary for companies to have unanimous approval - even if the articles say otherwise – to pass a written resolution. The company can circulate a written resolution to pass a special resolution to be signed or agreed by 75% of members entitled to vote or 50% of voting members signing or agreeing a written resolution to pass an ordinary resolution. Written resolutions cannot be used to remove a director or an auditor.

Companies can use electronic communications (in accordance with the provisions for the use of electronic communications below) to seek and receive agreement for a written resolution. In the case of an electronic version of the written resolution, it is sufficient that the member signifies agreement to as opposed to signing a paper copy.

If the company passes any special or written resolutions, copies must send copies to Companies House within 15 days after they are passed. (Failing to register resolutions with Companies House is a criminal offence for which the directors may be fined.)

Running the AGM²

The AGM is normally conducted by the Chair of the organisation. Minutes of the meeting should be taken by the Secretary. A typical AGM agenda will cover the following items:

1. Opening remarks/Welcome	2. Apologies
3. Minutes of previous AGM	4. Matters arising from the Minutes
5. Presentation of Annual Report (Chair/Secretary)	6. Adoption of Annual Report
7. Presentation of Accounts (Treasurer)	8. Adoption of Accounts
9. Appointment of Auditors/Independent examiner	10. Election of Management Committee/Office Bearers
11. Motions to be put to the AGM	12. Any Other Competent Business
13. Closing remarks	

Apologies

Apologies from individuals who have been unable to attend are read out and recorded.

² <http://www.cvsfife.org/publications/agm.htm> - extracts from

Minutes / Matters Arising

It is usual to place copies of the minutes, the annual accounts and any other papers, on the seats of those attending, if it has not been possible to send them out beforehand. Matters arising from the minutes should be taken in the order they appear. In some cases the Chair may ask that matters arising be dealt with during the course of the meeting. The minutes of the previous AGM should be formally adopted by a proposer and a seconder, whose names should be recorded.

Presentation of Annual Report

The annual report can be presented by either the Chair or the Manager/ Coordinator. It should give an overview of the main achievements of the year. (Check for specific requirements from an annual report in the new charities regulations through the Charity Commission for Northern Ireland web site. <http://www.charitycommissionni.org.uk/>)

Presentation of Accounts

The accounts are presented by the Treasurer. It is usual for copies of the accounts to be given to those attending. The Treasurer will highlight some of the figures in the accounts, explaining any that need explanation, and give a general overview of the financial position of the organisation. It is usual for them to thank the auditor/independent examiner if appropriate.

Appointment of Auditors

If an organisation is happy with the performance of its auditors it is usual to move for adoption of the existing auditors. If for some reason there is to be a change of auditor, this can be arranged by the committee during the coming year.

Election of Management Committee/Office Bearers

The constitution will provide guidance on the election of committee or Board members, including the length of time they should serve. Each individual wishing to stand needs to have a proposer and a seconder.

Voting Procedure

Check your constitution to find out who is eligible to vote at the AGM. If the constitution does not provide clear guidance on what to do in the event of a tie, then it is usual practice for the Chair of the organisation to have a casting vote. The existing committee need to be clear about voting procedures as laid out by the constitution before attending the AGM.

Motions to be put to the AGM

A Motion to be put to an AGM should usually be received by the organisation an agreed time before the AGM, so that it might be included with the papers sent out to those attending.

Amendments

Any proposed amendments to the constitution are also discussed at the AGM. These have usually been discussed by the present committee and the Chair may wish to

take a few moments to explain why the Committee believe that the change is needed. Amendments are often made to update the constitution in the light of new legislation or new circumstances. When the motion or amendment has been presented a vote should take place.

Any Other Competent Business

Some organisations choose not to include this on the agenda. AOCB can double the length of a meeting and throw up many unexpected questions and comments. On the other hand, it can be a useful opportunity for those who are involved with, or interested in your organisation to have their say.

Conclusion of Business

The meeting is formally brought to a close by the Chair.

2.2 Writing an Annual Report

An Annual Report is a review of your organisation's services and financial activities over the last year. Its main aim is to inform people about what you do. For community groups, an Annual Report offers an excellent opportunity to promote its work and generate support – especially to those people who have an interest in the group. It should explain what you have done and the difference that your work has made to the local community and area; the support you get from the local community and your ability to manage finances successfully.

Focus on the difference made rather than the activities

People who read your annual report are more interested in the answer to the “so what” question – They want to know what you did, but more importantly, they want to know what difference it made. What were the results? Why did you spend your time and money in that manner? What difference did it make? Connect the everyday activities of your organisation to your mission statement. Don't assume that readers will automatically understand how your activities help you achieve your mission. You need to join the dots for them and walk them through the story.

Tell Human Stories

Think firstly about who will read the annual report and make sure you tell stories that interest these different types of stakeholders. Highlight the benefits you have provided to the community and the support you have received. It's not enough to show your constituents that your non profit is a good money manager. You must also touch their hearts with the people you have served, the community improvements you have made and the community support you receive. Nothing does this like anecdotes about real people. Intersperse them among the facts and figures. Always acknowledge funders and partners.

Financials

Many of your readers won't know how to read a financial statement or won't take the time to read it. Include a paragraph or two that explains in plain English what the tables say. From where does your money come and how do you spend it? What are your main fundraising strategies? Did you implement any cost-savings measures this year?

Create a consistent style

Use headlines for each section and subheads for greater detail. This helps people who skim your annual report quickly grasp the substance. While everyone on staff can provide information, it's a good idea to have one person draft the final report so the writing style and tone are consistent. Write in the active voice to give your text more energy and make your words convincing.

Focus on Highlights

Select highlights from the key accomplishments gathered during your brainstorming session. Quantify your highlights: how many people were helped, how much money was raised, the level of community support received or the number of hours your volunteers worked.

Be Accurate

Accuracy is critical to your credibility and image. Double checking only takes a few minutes. Always have two people proofread the document, especially the financials and people's names.

Write Powerful Photo captions

Photos are worth a thousand words. Captions are the second most-read item of any report (headlines are first). Use captions to provide pertinent, valuable information. For example, write captions for photos of VIPs so readers do not miss the significance of their support. That being said, not all photos need a caption if they are explained in the text.

Annual Report planning for production

When planning your annual report, estimate at least 3 months ahead as part of your planning.

Tasks	Time period ahead
Recruit sponsors	3 months
Brainstorm theme, content, photos	3 months
Select consultants (if needed)	2 1/2 months
Draft, refine, proofread copy	2 1/2 months
Approve initial design concept	2 months
Draft layout	1 1/2 months
Request quotes from printers	7 weeks
Choose printer	6 weeks
Prepare final art for printer and proofread	4 weeks
Send to printer	3 weeks
Receive finished reports	due date
Distribute to database	Completed report

Put your report on-line

Add your report to your web site so that people can read it on line. This saves paper and also protects the environment as well. You will always have a copy.

Note if you are a Charity³

At present, the Charity Commission for Northern Ireland does not require charities to submit annual returns or accounts (*as per July 2013*). This will change after compulsory charity registration begins later this year. This may have specific guidelines in regard of the need and content of an annual report like for instance the guidance offered currently by the Charity Commission for England and Wales.⁴ This has a useful annual report structure which includes sections on a summary of the main activities undertaken for the public benefit in relation to the objects of the charity and a summary of the main achievements of the charity during the year. Suffice to

³ The Charity Commission for Northern – Ireland-
http://www.charitycommissionni.org.uk/Manage_your_charity/Submit_annual_return_index.aspx?Type=PAGE#

⁴ <http://www.charitycommission.gov.uk/detailed-guidance/money-and-accounts/accruals-accounts-pack-cc17/download/>

say that this guides the content and structure of the annual report required and its content and depth will be dependent on the gross income of the charity as well.

The Charities Act (Northern Ireland) 2008 provides the general income thresholds for registered charities and the subsequent reporting requirements these charities will have to meet when new accounting and reporting regulations are commenced. These income thresholds are:

Gross annual income	Requirements
£100,000 or less	<ul style="list-style-type: none"> • Receipts and payments accounts, and • A statement of assets and liabilities • Signed by an independent person
£100,001 to £500,000	<ul style="list-style-type: none"> • Accrued accounts, signed by an independent examiner
Above £500,000	<ul style="list-style-type: none"> • Audited accounts

The Department for Social Development are responsible for developing the accounting and reporting regulations. They are expected to consult on these regulations during 2014, giving charities more information on the required form and content of their accounts and the type of accounting practices to be followed.

Charities registered before these regulations come into force will be required to provide annual information to the Charity Commission on their finance, governance and activities. The Commission will therefore implement interim annual reporting requirements, prior to the full regulations coming into effect.

The Commission will open a public consultation on proposals for the interim reporting requirements in the autumn of 2013. Further information on this consultation will be available on our website soon.

Please note that if your charity is a company, you must still comply with Company House accounts requirements.

Here are some links to information on other websites, which set out some best practice guidelines on charity accounting:

- Charity Commission for England and Wales, http://webarchive.nationalarchives.gov.uk/+http://www.charitycommission.gov.uk/charity_requirements_guidance/accounting_and_reporting/default.aspx
- Northern Ireland Council for Voluntary and Community Action - <http://www.nicva.org/publications/managing-your-money/oNICVA%20accounting%20guidance>
- Association of Chartered Certified Accountants (ACCA) – the global body for professional accountants - <http://uk.accaglobal.com/>
- The Charity Commission for Northern Ireland - <http://www.charitycommissionni.org.uk/>

New Charity SORP – Statement of Recommended Practice for Charities

Although charity law in Northern Ireland does not currently require charities to follow the charity SORP when preparing their accounts, those charities using the current SORP (2005) will need to understand what will be required by the new one.

CCEW and OSCR, the joint SORP-making body, have developed a draft SORP in partnership with the Charities SORP Committee and are inviting anyone interested to take part in the consultation on the Exposure Draft of the new SORP.

The Charity Commission for Northern Ireland has an observer member on the SORP Committee and sees the SORP as an invaluable contribution to the charity sector, providing sector specific guidance to ensure charities meet requirements in law and accounting standards alike. The charity SORP is recommended best practice for unincorporated charities in Northern Ireland and a must for charities that want to show a 'true and fair view' of their financial position and activities.

It provides a comprehensive framework for charity accounts prepared on an accruals basis (also known as SORP accounts) and enables charities to adopt a consistent interpretation of UK Financial Reporting Standards (FRS) as well as account for those transactions that arise when undertaking charitable activities.

The decision to issue a new SORP was not taken lightly. However, new UK financial reporting standards come into effect on 1 January 2015 and changes in accounting standards require a new SORP.

The new Exposure Draft SORP is written in a modular format and is intended to provide greater help to practitioners and charities alike, with a view to making the SORP more accessible for smaller charities. Changes from the current SORP (SORP 2005) include a new look Statement of Financial Activities with investment gains and losses included in the net income/expenditure figure, an explanation of the approach taken to risk management will be required of larger charities in their trustees' annual report, and there are some changes to accounting policies.

The Department for Social Development is currently developing accounting and reporting regulations for Northern Ireland charities, on which there will be further public consultation.

These regulations are expected to come into operation from 1 January 2015, with the new charities SORP taking effect for financial years beginning on or after 1 January 2015.

Charities that register with the Charity Commission for Northern Ireland before the accounting and reporting regulations come into effect will have to adhere to interim reporting requirements. The interim requirements, which will be the subject of a consultation in the autumn, will last until the new charities SORP takes effect.

Keep up to date through the Charity Commission for Northern Ireland web site.

<http://www.charitycommissionni.org.uk/>