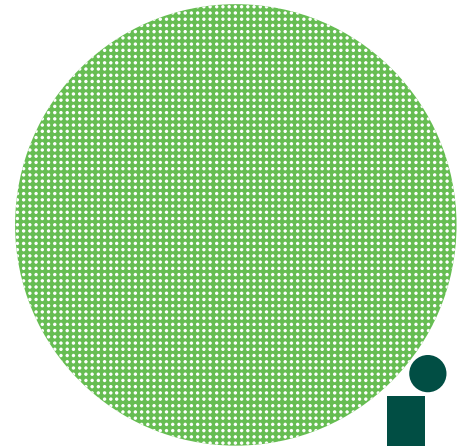


COMPANIES LIMITED BY GUARANTEE WITHOUT A SHARE CAPITAL

FACTSHEET



KEY FEATURES

COMPANIES LIMITED BY GUARANTEE WITHOUT A SHARE CAPITAL (A "CLG" COMPANY)

Key Features	Commentary	Ref. in Act
Governing legislation	Part 18 of the Companies Act 2014 (the "Act")	Part 18
Definition	Means a company which does not have a share capital and whose members liability in the event of a winding up is set out in its constitution	s.1172
Contractual capacity	As set out in the company's objects clause of its Memorandum	s.1182(1)
Corporate Governance	Constitution document which includes a Memorandum and Articles of Association	Sch. 10 and s.1176(1)
Name	The name of the company must end in "Company Limited by Guarantee", "clg" or "CLG" or "Cuideachta faoi Theorainn Ráthaíochta", "ctr" or "CTR", unless exempted	s.1178 et ff
Liability of members	Limited to the amount a member undertakes to contribute in the event of a company being wound-up	s.1172
Share Capital - Statutory Provisions	None	s.1172
Members - minimums	1	s.1199(3)
Members - maximum	Unlimited otherwise stated	s.1199(6)
Directors	Minimum of 2 over the age of 18	s.1194(1)
Company Secretary	Minimum of 1	s.129
Resolutions	Ordinary Resolutions by simple majority, Special Resolutions 75% or more of members	s.191
Annual General Meeting	One every year	s.178
Financial Statements	Can claim audit exemption and dormant company audit exemption	

Is a CLG the right set up for you?

Find out how UHY FDW can assist your business



Richard Windrum
Director
UHY FDW Corporate Compliance Limited
Phone +353 42 933 9955
Email info@fdw.ie
Web www.fdw.ie

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TYPICAL USES

A company limited by guarantee without a share capital ("CLG"), i.e. one that has members rather than shareholders, are typically used in circumstances which require a separate legal entity and corporate protection in organisations such as:

- charities
- trade associations
- societies
- sports and social clubs
- social housing associations
- property management

CLG's are also frequently used for the not for profit promotion of:

- education
- commerce
- art

CLGs may also be used for managing semi-governmental and regulatory functions, including where a former government or local authority function has been privatised.

SOME OF THE ADVANTAGES OF USING A CLG

Legal Personality

- Having a separate legal entity means that the company can enter into contracts in its own name
- Can hold property in its own name
- Members rights to the property of the company are determined by company law and the Memorandum & Articles of Association

Liability

- Members are only liable to contribute the amount they have guaranteed to pay as set out in the company's Memorandum.
- A company cannot increase the amount of the guarantee or alter

any provision in the Memorandum or Articles of Association without the express agreement of its members in writing.

- If a creditor sues a CLG and is awarded a sum of money (simple debt or award of damages) then the creditor cannot pursue and enforce the order against the personal assets of the members.

Perpetual Succession

- Perpetual succession arises by virtue of the company having a separate legal personality.
- No transfer of assets is required when a person involved in the company (either as a member or director) leaves and a new person joins.

Commercial Funding

- The company can provide a creditor with security over the company's assets without necessarily hindering their use.

SOME OF THE DISADVANTAGES OF USING A CLG

Funding

- A member's contribution to providing funds to a company are a fixed sum set on becoming a member or by way of guarantee in the event of a company being wound-up and thus the company does not have the ability to raise finance by issuing shares at par or at a premium.
- Loan funding becomes the norm rather than the exception.

Statutory Obligations

- There are statutory obligations on forming a company, approval of its name, filing of accounts and their content.