

Checklist for dissolution/winding up of a co-operative

Before the decision

Make sure the members make an informed decision.

Information to gather/check before you take the decision:

- Is it the right decision to wind up the co-op? What has prompted the proposal? Is winding up a reaction to a problem that could otherwise be resolved? Are you considering all the options that are open to you? Is it in the best interests of the company or the members?
- What is the financial position of the co-operative. Do you have an up to date statement of the financial position – profit and loss and balance sheet – of the company?
- Check outstanding liabilities or contractual obligations such as leases, delivery of services etc. Does anyone have a claim against any of the co-operatives assets? Will members have to contribute towards settling debts? How much?
- Check location of assets held on the asset register.
- Ownership of assets – are they held in common or may they be distributed to members? If held in common, to which sort of organisations can assets be passed? If distributed among members, what formula should be applied?
- Does anyone owe money to the co-operative? How much? What is the likelihood of it being obtained.

Make sure the decision is taken correctly

- Check how much notice is required to be given for the meeting. Ensure all members and the auditor (if you have one) are invited.
- Make sure the meeting is quorate.
- Make sure all options are discussed properly and all information gathered above is set out clearly. If possible put everything out in writing to members before the meeting so they can fully consider the issues.
- Make sure you make clear the proposal and what taking the decision means – financial implications, what is being lost when the co-op is wound up etc.
- Make sure the meeting is fully minuted.
- Make sure the decision is supported by the requisite percentage or number of members as described in the Memorandum & Articles or Rules.
- Ensure that roles are clear for who will carry out the administration of the winding up process (often the Company Secretary) and whether

they need to receive remuneration.

- Encourage proposals for distribution of assets. Ensure a decision is taken about where assets will be passed.

After the decision has been taken

- Make public the decision in writing to all members, directors, officers, employees, people with whom the co-op has traded and regulatory bodies such as Companies House or FCA, HMRC etc.
- Contact all creditors and debtors

If the co-operative is unable to meet its liabilities (i.e. it owes money to people/organisations and can't pay it):

- Hold a meeting of creditors