Charities Act 2006

2006 CHAPTER 50

PART 2

REGULATION OF CHARITIES

CHAPTER 7

CHARITABLE COMPANIES

31 Relaxation of restriction on altering memorandum etc. of charitable company

(1) Section 64 of the 1993 Act (alteration of objects clause etc.) is amended as follows.

(2) For subsection (2) substitute—

"(2) Where a charity is a company, any regulated alteration by the company—

(a) requires the prior written consent of the Commission, and

(b) is ineffective if such consent has not been obtained.

(2A) The following are "regulated alterations"—

(a) any alteration of the objects clause in the company's memorandum of association,

(b) any alteration of any provision of its memorandum or articles of association directing the application of property of the company on its dissolution, and

(c) any alteration of any provision of its memorandum or articles of association where the alteration would provide authorisation for any benefit to be obtained by directors or members of the company or persons connected with them.

(2B) For the purposes of subsection (2A) above—

(a) "benefit" means a direct or indirect benefit of any nature, except that it does not include any remuneration (within the meaning of

section 73A below) whose receipt may be authorised under that section; and

(b) the same rules apply for determining whether a person is connected with a director or member of the company as apply, in accordance with section 73B(5) and (6) below, for determining whether a person is connected with a charity trustee for the purposes of section 73A."

(3) In subsection (3) (documents required to be delivered to registrar of companies), for "any such alteration" substitute "a regulated alteration".

32 Annual audit or examination of accounts of charitable companies

(1) In section 249A(4) of the Companies Act 1985 (c. 6) (circumstances in which charitable company's accounts may be subject to an accountant's report instead of an audit)—

(a) in paragraph (b) (gross income between £90,000 and £250,000) for "£250,000" substitute "£500,000"; and

(b) in paragraph (c) (balance sheet total not more than £1.4 million) for "£1.4 million" substitute "£2.8 million".

(2) In section 249B(1C) of that Act (circumstances in which parent company or subsidiary not disqualified for exemption from auditing requirement), in paragraph (b) (group's aggregate turnover not more than £350,000 net or £420,000 gross in case of charity), for "£350,000 net (or £420,000 gross)" substitute "£700,000 net (or £840,000 gross)".

33 Duty of auditor etc. of charitable company to report matters to Commission

After section 68 of the 1993 Act insert—

"**68A Duty of charity's auditors etc. to report matters to Commission**

(1) Section 44A(2) to (7) above shall apply in relation to a person acting as—

(a) an auditor of a charitable company appointed under Chapter 5 of Part 11 of the Companies Act 1985 (auditors), or

(b) a reporting accountant appointed by a charitable company for the purposes of section 249C of that Act (report required instead of audit),

as they apply in relation to a person such as is mentioned in section 44A(1).

(2) For this purpose any reference in section 44A to a person acting in the capacity mentioned in section 44A(1) is to be read as a reference to his acting in the capacity mentioned in subsection (1) of this section.

(3) In this section "charitable company" means a charity which is a company."