



Charities Act 2011

2011 CHAPTER 25

PART 10

CHARITABLE COMPANIES ETC.

Restrictions on alteration of objects

197 Alteration of objects by bodies corporate and charitable status

- (1) Subsection (2) applies where a charity—
 - (a) is a company or other body corporate, and
 - (b) has power to alter the instruments establishing or regulating it as a body corporate.
- (2) No exercise of the power which has the effect of the body ceasing to be a charity is valid so as to affect the application of—
 - (a) any property acquired under any disposition or agreement previously made otherwise than for full consideration in money or money's worth, or any property representing property so acquired,
 - (b) any property representing income which has accrued before the alteration is made, or
 - (c) the income from any such property.

198 Alteration of objects by companies and Commission's consent

- (1) Any regulated alteration by a charitable company—
 - (a) requires the prior written consent of the Commission, and
 - (b) is ineffective if such consent has not been obtained.
- (2) The following are regulated alterations—
 - (a) an amendment of the company's articles of association [^{F1}which alters the charitable purposes of the company,]

Changes to legislation: Charities Act 2011, Cross Heading: Restrictions on alteration of objects is up to date with all changes known to be in force on or before 19 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (b) any alteration of any provision of its articles of association directing the application of property of the company on its dissolution, and
- (c) any alteration of any provision of its 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.

[^{F2}(2A) In considering whether to consent to an alteration falling within subsection (2)(a) the Commission must have regard to—

- (a) the purposes of the company when it was established, if and so far as they are reasonably ascertainable,
- (b) the desirability of securing that the purposes of the company are, so far as reasonably practicable, similar to the purposes being altered, and
- (c) the need for the company to have purposes which are suitable and effective in the light of current social and economic circumstances.]

(3) Where a company that has made a regulated alteration in accordance with subsection (1) is required—

- (a) by section 26 of the Companies Act 2006 to send to the registrar of companies a copy of its articles as amended,
- (b) by section 30 of that Act to forward to the registrar a copy of the special resolution effecting the alteration, or
- (c) by section 31 of that Act to give notice to the registrar of the amendment, the copy or notice must be accompanied by a copy of the Commission's consent.

(4) If more than one of those provisions applies and they are complied with at different times, the company need not send a further copy of the Commission's consent if a copy was sent on an earlier occasion.

(5) Subsections (2) to (4) of section 30 of that Act (offence of failing to comply with section 30) apply in relation to a failure to comply with subsection (3) as in relation to a failure to comply with that section.

Textual Amendments

- F1** Words in s. 198(2)(a) substituted (7.3.2024) by [Charities Act 2022 \(c. 6\), ss. 1\(2\), 41\(4\)](#); S.I. 2024/265, [reg. 3, Sch. 1 para. 1](#) (with [reg. 6](#))
- F2** S. 198(2A) inserted (7.3.2024) by [Charities Act 2022 \(c. 6\), ss. 1\(3\), 41\(4\)](#); S.I. 2024/265, [reg. 3, Sch. 1 para. 1](#) (with [reg. 6](#))

199 Meaning of “benefit” in s.198(2)

For the purposes of section 198(2)(c) “benefit” means a direct or indirect benefit of any nature, except that it does not [^{F3}include—

- (a) any remuneration whose receipt may be authorised under section 185, or
- (b) the purchase of any insurance which may be authorised under section 189.]

Textual Amendments

- F3** Words in s. 199 substituted (7.3.2024) by [Charities Act 2022 \(c. 6\), s. 41\(4\), Sch. 2 para. 43](#); S.I. 2024/265, [reg. 3, Sch. 1 para. 13\(n\)](#)

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200 Meaning of “connected person” in s.198(2)

- (1) For the purposes of section 198(2)(c), the following persons are connected with a director or member of a charitable company—
- (a) a child, parent, grandchild, grandparent, brother or sister of the director or member;
 - (b) the spouse or civil partner of the director or member or of any person falling within paragraph (a);
 - (c) a person carrying on business in partnership with the director or member or with any person falling within paragraph (a) or (b);
 - (d) an institution which is controlled—
 - (i) by the director or member or by any person falling within paragraph (a), (b) or (c), or
 - (ii) by two or more persons falling within sub-paragraph (i), when taken together.
 - (e) a body corporate in which—
 - (i) the director or member or any connected person falling within any of paragraphs (a) to (c) has a substantial interest, or
 - (ii) two or more persons falling within sub-paragraph (i), when taken together, have a substantial interest.
- (2) Sections 350 to 352 (meaning of child, spouse, civil partner, controlled institution and substantial interest) apply for the purposes of subsection (1).

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 106(1)-(1B) substituted for s. 106(1) by [2022 c. 6 s. 16\(a\)](#)
- s. 322(2)(ea) inserted by [2022 c. 6 Sch. 2 para. 26](#)
- s. 331A331B and cross-heading inserted by [2022 c. 6 s. 15](#)