



# Charities Act 2011

## 2011 CHAPTER 25

### PART 13

#### UNINCORPORATED CHARITIES

##### *Power to transfer all property of unincorporated charity*

#### **267 Introduction**

- (1) Section 268 (resolution to transfer all property) applies to a charity if—
  - (a) (subject to subsection (2)) its gross income in its last financial year did not exceed £10,000,
  - (b) it does not hold any designated land, and
  - (c) it is not a company or other body corporate.“Designated land” means land held on trusts which stipulate that it is to be used for the purposes, or any particular purposes, of the charity.
- (2) Subsection (1)(a) does not apply in relation to a resolution by the charity trustees of a charity—
  - (a) to transfer all its property to a CIO, or
  - (b) to divide its property between two or more CIOs.
- (3) Where a charity has a permanent endowment, sections 268 to 272 have effect in accordance with sections 273 and 274.
- (4) In sections 268 to 274 references to the transfer of property to a charity are references to its transfer—
  - (a) to the charity,
  - (b) to the charity trustees,
  - (c) to any trustee for the charity, or
  - (d) to a person nominated by the charity trustees to hold it in trust for the charity, as the charity trustees may determine.

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## **268 Resolution to transfer all property**

- (1) The charity trustees of a charity to which this section applies (see section 267) may resolve for the purposes of this section—
  - (a) that all the property of the charity should be transferred to another charity specified in the resolution, or
  - (b) that all the property of the charity should be transferred to two or more charities specified in the resolution in accordance with such division of the property between them as is so specified.
- (2) Any charity so specified may be either a registered charity or a charity which is not required to be registered.
- (3) But the charity trustees of a charity (“the transferor charity”) do not have power to pass a resolution under subsection (1) unless they are satisfied—
  - (a) that it is expedient in the interests of furthering the purposes for which the property is held by the transferor charity for the property to be transferred in accordance with the resolution, and
  - (b) that the purposes (or any of the purposes) of any charity to which property is to be transferred under the resolution are substantially similar to the purposes (or any of the purposes) of the transferor charity.
- (4) Any resolution under subsection (1) must be passed by a majority of not less than two-thirds of the charity trustees who vote on the resolution.
- (5) Where charity trustees have passed a resolution under subsection (1), they must send a copy of it to the Commission, together with a statement of their reasons for passing it.

## **269 Notice of, and information about, resolution to transfer property**

- (1) Having received the copy of the resolution under section 268(5), the Commission—
  - (a) may direct the charity trustees to give public notice of the resolution in such manner as is specified in the direction, and
  - (b) if it gives such a direction, must take into account any representations made to it—
    - (i) by persons appearing to it to be interested in the charity, and
    - (ii) within the period of 28 days beginning with the date when public notice of the resolution is given by the charity trustees.
- (2) The Commission may also direct the charity trustees to provide the Commission with additional information or explanations relating to—
  - (a) the circumstances in and by reference to which they have decided to act under section 268, or
  - (b) their compliance with any obligation imposed on them by or under section 268 or this section in connection with the resolution.

## **270 General rule as to when s.268 resolution takes effect**

Subject to section 271, a resolution under section 268(1) takes effect at the end of the period of 60 days beginning with the date on which the copy of it was received by the Commission.

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## **271 S.268 resolution not to take effect or to take effect at later date**

- (1) A resolution does not take effect under section 270 if before the end of—
  - (a) the 60-day period, or
  - (b) that period as modified by subsection (4) or (5),the Commission notifies the charity trustees in writing that it objects to the resolution, either on procedural grounds or on the merits of the proposals contained in the resolution.
- (2) “The 60-day period” means the period of 60 days mentioned in section 270.
- (3) “On procedural grounds” means on the grounds that any obligation imposed on the charity trustees by or under section 268 or 269 has not been complied with in connection with the resolution.
- (4) If under section 269(1) the Commission directs the charity trustees to give public notice of a resolution, the running of the 60-day period is suspended by virtue of this subsection—
  - (a) as from the date on which the direction is given to the charity trustees, and
  - (b) until the end of the period of 42 days beginning with the date on which public notice of the resolution is given by the charity trustees.
- (5) If under section 269(2) the Commission directs the charity trustees to provide any information or explanations, the running of the 60-day period is suspended by virtue of this subsection—
  - (a) as from the date on which the direction is given to the charity trustees, and
  - (b) until the date on which the information or explanations is or are provided to the Commission.
- (6) Subsection (7) applies once the period of time, or the total period of time, during which the 60-day period is suspended by virtue of either or both of subsections (4) and (5) exceeds 120 days.
- (7) At that point the resolution (if not previously objected to by the Commission) is to be treated as if it had never been passed.

## **272 Transfer of property in accordance with s.268 resolution**

- (1) Subsection (2) applies where a resolution under section 268(1) has taken effect.
- (2) The charity trustees must arrange for all the property of the transferor charity to be transferred in accordance with the resolution, and on terms that any property so transferred—
  - (a) is to be held by the charity to which it is transferred (“the transferee charity”) in accordance with subsection (3), but
  - (b) when so held is nevertheless to be subject to any restrictions on expenditure to which it was subject as property of the transferor charity;and the charity trustees must arrange for the property to be so transferred by such date after the resolution takes effect as they agree with the charity trustees of the transferee charity or charities concerned.
- (3) The charity trustees of any charity to which property is transferred under this section must secure, so far as is reasonably practicable, that the property is applied for such of its purposes as are substantially similar to those of the transferor charity.

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But this requirement does not apply if those charity trustees consider that complying with it would not result in a suitable and effective method of applying the property.

- (4) For the purpose of enabling any property to be transferred to a charity under this section, the Commission may, at the request of the charity trustees of that charity, make orders vesting any property of the transferor charity—
- (a) in the transferee charity, in its charity trustees or in any trustee for that charity, or
  - (b) in any other person nominated by those charity trustees to hold property in trust for that charity.

### **273 Transfer where charity has permanent endowment: general**

- (1) This section and section 274 provide for the operation of sections 268 to 272 where a charity within section 267(1) has a permanent endowment (whether or not the charity's trusts contain provision for the termination of the charity).
- (2) If the charity has both a permanent endowment and other property (“unrestricted property”)—
  - (a) a resolution under section 268(1) must relate to both its permanent endowment and its unrestricted property, and
  - (b) sections 268 to 272 apply—
    - (i) in relation to its unrestricted property, as if references in those sections to all or any of the property of the charity were references to all or any of its unrestricted property, and
    - (ii) in relation to its permanent endowment, in accordance with section 274.
- (3) If all of the property of the charity is comprised in its permanent endowment, sections 268 to 272 apply in relation to its permanent endowment in accordance with section 274.

### **274 Requirements relating to permanent endowment**

- (1) Sections 268 to 272 apply in relation to the permanent endowment of the charity (as mentioned in section 273(2)(b)(ii) and (3)) with the following modifications.
- (2) References in sections 268 to 272 to all or any of the property of the charity are references to all or any of the property comprised in its permanent endowment.
- (3) If the property comprised in its permanent endowment is to be transferred to a single charity, the charity trustees must (instead of being satisfied as mentioned in section 268(3)(b)) be satisfied that the proposed transferee charity has purposes which are substantially similar to all of the purposes of the transferor charity.
- (4) If the property comprised in its permanent endowment is to be transferred to two or more charities, the charity trustees must (instead of being satisfied as mentioned in section 268(3)(b)) be satisfied—
  - (a) that the proposed transferee charities, taken together, have purposes which are substantially similar to all of the purposes of the transferor charity, and
  - (b) that each of the proposed transferee charities has purposes which are substantially similar to one or more of the purposes of the transferor charity.

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- (5) In the case of a transfer to which subsection (4) applies, the resolution under section 268(1) must provide for the property comprised in the permanent endowment of the charity to be divided between the transferee charities in such a way as to take account of such guidance as may be given by the Commission for the purposes of this section.
- (6) For the purposes of sections 268 to 272, the references in sections 269(2)(b) and 271(3) to any obligation imposed on the charity trustees by or under section 268 or 269 includes a reference to any obligation imposed on them by virtue of any of subsections (3) to (5).
- (7) The requirement in section 272(3) applies in the case of every such transfer, and in complying with that requirement the charity trustees of a transferee charity must secure that the application of property transferred to the charity takes account of such guidance as may be given by the Commission for the purposes of this section.
- (8) Any guidance given by the Commission for the purposes of this section may take such form and be given in such manner as the Commission considers appropriate.

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