

---

# Agreement for short notice of general meeting (company)

---

## Introduction

---

General meetings of the members of a company are subject to a range of rules and procedural requirements. The most important of these arise from the provisions of CA 2006 and associated regulations, although there is some limited scope for divergence within the individual company's articles.

The statutory notice period for general meetings may usually be shortened, provided the consent of relevant members is obtained.

The members in question must together represent not less than 90% of the total voting rights at that meeting of all the members (CLG). (This can be altered by the individual company's articles to a higher percentage, not exceeding 95%.)

## Checklist

---

- ▶ Can consent to short notice be requested or does the particular situation require a full period of notice?
- ▶ It is not permissible to propose a resolution to remove a director or to remove an auditor on short notice.
- ▶ Is it practical to seek the consent, considering the total number of members and the practicalities and costs of contacting them to seek consent?

ss. 168 and 510  
Companies Act 2006

## Procedure

---

- ▶ Draft the consent to short notice.
- ▶ Consider applicable provisions of the company's articles in relation to communications with members.
- ▶ If electronic communications are being used, consider the relevant provisions of the CA 2006.
- ▶ Circulate the draft consent to the members (either with the notice of the general meeting or cross referring to the notice, if the notice has already been circulated to the members).

Schedules 4 and 5  
Companies Act 2006

- ▶ Ensure the deadline for replies is stated and adequate guidance is given to the members about completion, signature and return.
- ▶ It is advisable to ask consenting members to print their names against their signatures (many signatures are illegible).
- ▶ Monitor responses and ensure a sufficient percentage of members give consent to enable the meeting to be held on the proposed shorter notice period.

## Filing requirements

---

- ▶ Consent to short notice of a general meeting does not need to be filed at Companies House.
- ▶ The signed consent should be kept in the company's own records of the meeting.

## Notes

---

- ▶ Although consent could be provided verbally, a written record must be made of the consent and of the members who provided it. It is clearly more appropriate to obtain a signed written consent.
- ▶ In other types of membership charity, there may be the possibility of members agreeing a shorter period of notice for a members' meeting than the standard notice period applicable for that meeting in the particular charity. If so, the relevant procedures are likely to be set out in the particular charity's constitution.

---

# Annual accounts and annual trustees' report

---

## Introduction

---

A charity holds funds and assets in order to pursue its charitable purposes for the public benefit. So the wider public, as well as donors, funders and charity regulator(s), have an interest in the correct custody and application of those funds. Timely filing of annual accounts and the annual trustees' report is also a key driver of public trust and confidence. Those are key reasons why charity regulators are so insistent that annual accounts and trustees' reports must be properly prepared, in compliance with the law, and filed within relevant time limits.

Annual accounts and trustees' reports are an integral part of a charity's public accountability.

Oversight of public accounting and reporting compliance by charities is a key function of charity regulators.

## Checklist

---

- ▶ Most charities must prepare an annual trustees' report to accompany their annual accounts.
- ▶ Most charities have a statutory obligation to have either an audit or an independent examination of their annual accounts. (Sometimes this is an obligation imposed by the charity's own constitution.)
- ▶ Annual accounts are a matter of public record and the public have the right to access these documents. The method of access may be via the charity regulators' websites or via Companies House or by a request to the charity for a copy of the most recent accounts.
- ▶ Every copy of the accounts issued should be accompanied by the relevant trustees' report.
- ▶ Every copy of the accounts issued by a CLG must also state the names of the signatories to the trustees' report and the balance sheet.
- ▶ The main legal and reporting requirements and standards are as follows:

## England and Wales

Unincorporated charities	Charities Act 2011 Charities (Accounts and Reports) Regulations 2008 SI 2008/629 Charities SORP
CLGs	As above and Companies Act 2006
CIOs	The Charitable Incorporated Organisations (General) Regulations 2012 SI 2012/3013 Charities SORP

## Scotland

Unincorporated charities	Charities and Trustee Investment (Scotland) Act 2005 Charities Accounts (Scotland) Regulations 2006 SSI 2006/218 Charities Accounts (Scotland) Amendment Regulations SSI 2010/287 CA 2006 Charities SORP
CLGs	As above and Companies Act 2006
SCIOs	Charities and Trustee Investment (Scotland) Act 2005 Charities Accounts (Scotland) Regulations 2006 SSI 2006/218 Charities Accounts (Scotland) Amendment Regulations SSI 2010/287 CA 2006 Charities SORP The Scottish Charitable Incorporated Organisations Regulations 2011 SSI 2011/44

## Table of accounting thresholds (England and Wales)

Annual gross income	Type of accounts	Type of scrutiny
Below £25,000	Receipts and payments option ( <i>not</i> : companies)	None (unless audit required)
Above £25,000 but below £250,000**	Receipts and payments option ( <i>not</i> : companies)	Independent examination option unless audit required for any reason
Above £250,000 but below the current Charities Act audit threshold of £500,000	Accruals	Independent examination option unless accounts value of gross assets more than £3.26m** or audit required for any other reason
Above £500,000	Accruals	Charities Act audit – unless Companies Act audit is required

The Charities Act accounts scrutiny requirement is for a statutory audit (unless, in the case of a charitable company, a Companies Act audit is required for any reason) if the year's gross income for any charity exceeds £500,000, or if it exceeds £250,000\*\* and the balance sheet value of the charity's gross assets exceeds £3.26m, with an option for independent examination below that level and above £25,000 gross income.

Above £250,000 gross income, only an appropriately professionally qualified examiner is eligible to carry out an independent examination of the charity.

\*\* The 'accounts threshold' of £250,000 gross income and all the other Charities Act accounting thresholds are amendable by statutory instrument.

Those charities with an annual gross income of up to £10,000, i.e. those within the 'light touch' regulatory regime, need not submit a copy of their annual report and accounts to the Charity Commission unless they are specifically asked for them – as is also the case for all excepted charities and for all registered charities with up to £25,000 gross income.

## Scotland

- ▶ Scotland has its own accounting legislation to underpin the Charities SORP and to regulate the accounts and reports of charitable companies, as well as to regulate accounts prepared on the alternative basis of receipts and payments for small non-company charities. Chapter 6 of the Charities and Trustee Investment (Scotland) Act 2005 requires all charities to maintain 'proper' accounting records and to prepare from them and file with the OSCR within nine months an annual 'statement of account', including a trustees' report, in accordance with Regulations made under s. 44(4) of the 2005 Act, and to retain all this information for at least six years from the end of the financial year to which it relates.
- ▶ The main differences from the SORP's English 2008 Regulations are that its related Scottish Regulations (SSI 2006/218, as amended by SSI 2010/287) require:
  - ▷ full compliance with the SORP's 'methods and principles' for all accruals-based accounts (charitable companies included) as well as for the trustees' report accompanying them;
  - ▷ accounts on the alternative receipts and payments basis permitted by reg 9 to be drawn up as specified in Part 1 of Sch 3 thereto, with certain additional information as set out in Part 2 of Sch 3 unless provided in the accompanying trustees' report, for which Sch 2 specifies the minimum information to be disclosed;
  - ▷ a statutory audit of all accruals accounts where the balance sheet value of the charity's gross assets exceeds £3.26m (£2.8m for financial years starting before 1 April 2011); and
  - ▷ an independent examination in all cases where a statutory audit is not required.

- ▶ The Scottish Regulations permit (but do not require) the combining of annual accounts into a single set, covered by a single trustees report, for all ‘connected charities’ (meaning those with common or related charitable purposes or which are under common trusteeship or are administered in common). In that circumstance, the statutory audit or independent examination requirement is determined by reference to the charity with the highest gross income (not the aggregate for all of them).
- ▶ There is no statutory or non-statutory concession for the OSCR to be able to dispense with a parent charity’s own SoFA if it files group consolidated accounts with the OSCR. This is because, unlike the English Regulations, the SORP’s Scottish Regulations overlay the Companies Act’s accounting provisions and specifically require consolidated accounts in addition to the parent charity’s own accounts.
- ▶ Instead of English charity law’s requirement of a list of assets and liabilities where receipts and payments accounting is adopted, Part 1 of Sch 3 to reg 9 of the Scottish Regulations requires a year-end ‘statement of balances’.
- ▶ For the trustees’ report, accompanying accounts prepared under reg 9, Sch 2 specifies similar information to that required by the SORP where the charity is below the statutory audit threshold, but also requires an analysis of donated facilities and services, if any, that the charity received during the financial year. (These non-cash transactions will not be reported in the receipts and payments account.)

## Procedure

---

- ▶ Prepare accounts and trustees’ report in accordance with relevant legal requirements and applicable reporting standards.
- ▶ Arrange approval of accounts and approval of the annual trustees’ report, also arrange authorisation of signatories for the accounts and for the trustees’ report. (Note members’ approval of the accounts may be required in some unincorporated membership charities; see checklist ‘Annual accounts – approval’.)
- ▶ Ensure audit or independent examination of the accounts is completed as required by law or by the constitution.
- ▶ Arrange distribution of copies to members (if applicable).
- ▶ Ensure filing deadlines are met (note that filing with more than one regulator may be necessary and filing deadlines are *not* the same for all regulators).

## Filing requirements

---

- ▶ See checklist: ‘Annual accounts – approval’.

## Notes

---

- ▶ The Charity Commission makes all filed accounts and reports available online on its website. So does Companies House.
- ▶ The OSCR does not yet make all charity accounts available online. However, for charities that are companies it does provide a live link to the Companies House website, where a search can locate the company and copies of its filed accounts can be accessed.

## More information

---

- ▶ Charities SORP: [www.charitySORP.org](http://www.charitySORP.org).