



# Charities Act 2006

## 2006 CHAPTER 50

### PART 2

#### REGULATION OF CHARITIES

### CHAPTER 6

#### AUDIT OR EXAMINATION OF ACCOUNTS WHERE CHARITY IS NOT A COMPANY

#### **28 Annual audit or examination of accounts of charities which are not companies**

- (1) Section 43 of the 1993 Act (annual audit or examination of accounts of charities which are not companies) is amended as follows.
- (2) For subsection (1) substitute—
  - “(1) Subsection (2) below applies to a financial year of a charity if—
    - (a) the charity’s gross income in that year exceeds £500,000; or
    - (b) the charity’s gross income in that year exceeds the accounts threshold and at the end of the year the aggregate value of its assets (before deduction of liabilities) exceeds £2.8 million.  
“The accounts threshold” means £100,000 or such other sum as is for the time being specified in section 42(3) above.”
- (3) In subsection (2) (accounts required to be audited) for paragraph (a) substitute—
  - “(a) would be eligible for appointment as auditor of the charity under Part 2 of the Companies Act 1989 if the charity were a company, or”.
- (4) In subsection (3) (independent examinations instead of audits)—
  - (a) for the words from “and its gross income” to “subsection (4) below)” substitute “but its gross income in that year exceeds £10,000,”; and
  - (b) at the end insert—

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*Status: This is the original version (as it was originally enacted).*

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“This is subject to the requirements of subsection (3A) below where the gross income exceeds £250,000, and to any order under subsection (4) below.”

(5) After subsection (3) insert—

“(3A) If subsection (3) above applies to the accounts of a charity for a year and the charity’s gross income in that year exceeds £250,000, a person qualifies as an independent examiner for the purposes of paragraph (a) of that subsection if (and only if) he is an independent person who is—

- (a) a member of a body for the time being specified in section 249D(3) of the Companies Act 1985 (reporting accountants);
- (b) a member of the Chartered Institute of Public Finance and Accountancy; or
- (c) a Fellow of the Association of Charity Independent Examiners.”

(6) For subsection (8) substitute—

“(8) The Minister may by order—

- (a) amend subsection (1)(a) or (b), (3) or (3A) above by substituting a different sum for any sum for the time being specified there;
- (b) amend subsection (3A) by adding or removing a description of person to or from the list in that subsection or by varying any entry for the time being included in that list.”