



# Charities Act 2011

## 2011 CHAPTER 25

### PART 16

#### CHARITY MERGERS

##### *Registration*

#### **305 Register of charity mergers**

- (1) There continues to be a register of charity mergers, to be kept by the Commission in such manner as it thinks fit and maintained by it.
- (2) The register must contain an entry in respect of every relevant charity merger which is notified to the Commission in accordance with section 307 and such procedures as it may determine.

#### **306 Meaning of “relevant charity merger” etc.**

- (1) In this Part “relevant charity merger” means—
  - (a) a merger of two or more charities in connection with which one of them (“the transferee”) has transferred to it all the property of the other or others, each of which (a “transferor”) ceases to exist, or is to cease to exist, on or after the transfer of its property to the transferee, or
  - (b) a merger of two or more charities (“transferors”) in connection with which both or all of them cease to exist, or are to cease to exist, on or after the transfer of all of their property to a new charity (“the transferee”).
- (2) In the case of a merger involving the transfer of property of any charity—
  - (a) which has both a permanent endowment and other property (“unrestricted property”), and
  - (b) whose trusts do not contain provision for the termination of the charity,subsection (1)(a) or (b) applies subject to the modifications in subsection (3).

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*Status: Point in time view as at 14/03/2012.*

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- (3) The modifications in relation to any such charity are—
  - (a) the reference to all of its property is to be treated as a reference to all of its unrestricted property, and
  - (b) any reference to its ceasing to exist is to be treated as omitted.
- (4) In this section and sections 307 and 308—
  - (a) any reference to a transfer of property includes a transfer effected by a vesting declaration, and
  - (b) “vesting declaration” means a declaration to which section 310(2) applies.

### **307 Notification of charity mergers**

- (1) A notification under section 305(2) may be given in respect of a relevant charity merger at any time after—
  - (a) the transfer of property involved in the merger has taken place, or
  - (b) (if more than one transfer of property is so involved) the last of those transfers has taken place.
- (2) If a vesting declaration is made in connection with a relevant charity merger, a notification under section 305(2) must be given in respect of the merger once the transfer, or the last of the transfers, mentioned in subsection (1) has taken place.
- (3) A notification under section 305(2) is to be given by the charity trustees of the transferee and must—
  - (a) specify the transfer or transfers of property involved in the merger and the date or dates on which it or they took place,
  - (b) include a statement that appropriate arrangements have been made with respect to the discharge of any liabilities of the transferor charity or charities, and
  - (c) in the case of a notification required by subsection (2), set out the matters mentioned in subsection (4).
- (4) The matters are—
  - (a) the fact that the vesting declaration in question has been made,
  - (b) the date when the declaration was made, and
  - (c) the date on which the vesting of title under the declaration took place by virtue of section 310(2).

### **308 Details to be entered in register of charity mergers**

- (1) Subsection (2) applies to the entry to be made in the register of charity mergers in respect of a relevant charity merger, as required by section 305(2).
- (2) The entry must—
  - (a) specify the date when the transfer or transfers of property involved in the merger took place,
  - (b) if a vesting declaration was made in connection with the merger, set out the matters mentioned in section 307(4), and
  - (c) contain such other particulars of the merger as the Commission thinks fit.

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### **309 Right to inspect register of charity mergers**

- (1) The register of charity mergers must be open to public inspection at all reasonable times.
- (2) Where any information contained in the register is not in documentary form, subsection (1) is to be read as requiring the information to be available for public inspection in legible form at all reasonable times.

*Vesting declarations and effect of merger on certain gifts*

### **310 Pre-merger vesting declarations**

- (1) Subsection (2) applies to a declaration which—
  - (a) is made by deed for the purposes of this section by the charity trustees of the transferor,
  - (b) is made in connection with a relevant charity merger, and
  - (c) is to the effect that (subject to subsections (3) and (4)) all of the transferor's property is to vest in the transferee on such date as is specified in the declaration (“the specified date”).
- (2) The declaration operates on the specified date to vest the legal title to all of the transferor's property in the transferee, without the need for any further document transferring it.

This is subject to subsections (3) and (4).

- (3) Subsection (2) does not apply to—
  - (a) any land held by the transferor as security for money subject to the trusts of the transferor (other than land held on trust for securing debentures or debenture stock),
  - (b) any land held by the transferor under a lease or agreement which contains any covenant (however described) against assignment of the transferor's interest without the consent of some other person, unless that consent has been obtained before the specified date, or
  - (c) any shares, stock, annuity or other property which is only transferable in books kept by a company or other body or in a manner directed by or under any enactment.
- (4) In its application to registered land within the meaning of the Land Registration Act 2002, subsection (2) is subject to section 27 of that Act (dispositions required to be registered).

### **311 Effect of registering charity merger on gifts to transferor**

- (1) This section applies where a relevant charity merger is registered in the register of charity mergers.
- (2) Any gift which—
  - (a) is expressed as a gift to the transferor, and
  - (b) takes effect on or after the date of registration of the merger,takes effect as a gift to the transferee, unless it is an excluded gift.

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- (3) A gift is an excluded gift if—
- (a) the transferor is a charity within section 306(2), and
  - (b) the gift is intended to be held subject to the trusts on which the whole or part of the charity's permanent endowment is held.

### **312 “Transferor” and “transferee” etc. in s.310 and s.311**

- (1) In sections 310 and 311—
- (a) any reference to the transferor, in relation to a relevant charity merger, is a reference to the transferor (or one of the transferors) within the meaning of section 306, and
  - (b) any reference to all of the transferor's property, where the transferor is a charity within section 306(2), is a reference to all of the transferor's unrestricted property (within the meaning of section 306(2)(a)).
- (2) In sections 310 and 311, any reference to the transferee, in relation to a relevant charity merger, is a reference to—
- (a) the transferee (within the meaning of section 306), if it is a company or other body corporate, and
  - (b) otherwise, the charity trustees of the transferee (within the meaning of section 306).

### *Supplementary*

### **313 Effect of provisions relating to vesting or transfer of property**

No vesting or transfer of any property in pursuance of any provision of this Part operates as a breach of a covenant or condition against alienation or gives rise to a forfeiture.

### **314 Exception for CIOs**

Nothing in this Part applies in a case where section 235 (amalgamation of CIOs) or 240 (transfer of CIO's undertaking to another CIO) applies.

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