

Do the government's announcements in relation to companies apply to charities and social enterprises?

On 28 March 2020 the government announced a number of measures to prevent companies from going insolvent. This announcement will apply to those charities and social enterprise that are registered companies (Companies Limited by Guarantee, Companies Limited by Shares and Community Interest Companies).

The changes in relation to wrongful trading in the Insolvency Act 1986 also apply Charitable Incorporated Organisations, which have the same insolvency regime as companies formed under the Companies Act 2006.

The new measures include:

1. Temporary suspension of the wrongful trading rules under the Insolvency Act 1986 to remove the threat of directors incurring personal liability during Covid-19. This will apply for three months and can be applied retrospectively from 1 March 2020. Legislation bring in broader changes to the insolvency regime will include these amendments; and
2. Legislation will be introduced to allow companies greater flexibilities including holding Annual General Meetings ("AGMs") online or postponing meetings due to the current restrictions on gatherings. However, it is likely that this legislation will mainly be relevant for Public Limited Companies which are required to hold AGMs in accordance with the Companies Act 2006. For those charities and social enterprises that may have AGMs planned the most relevant document to consult is likely to remain the Articles of Association, firstly to check whether you are actually required to hold an AGM and secondly what options there may be to postpone or hold the meeting electronically. The Charity Commission has confirmed it would be acceptable to do either provided it is recorded appropriately.

The above measures are in addition to an earlier announcement on 25 March 2020 that provided an extension of three months for companies to file accounts following a fast-track online process. If a charity or social enterprise wants to rely on this extension then it can be applied for via the Companies House web filing page, which will then be automatically granted. If an extension is not applied for then the fines will still apply. However, charities will need to remember that currently the Charity Commission have stated that they require annual returns to be submitted to them on time wherever possible or if an extension of time is required then to email: filingextension@charitycommission.gov.uk.

Please see the announcement on the government website:

<https://www.gov.uk/government/news/regulations-temporarily-suspended-to-fast-track-supplies-of-ppe-to-nhs-staff-and-protect-companies-hit-by-covid-19>