

Chapter 8

Obligations & Process



8.1 Summary of obligations

8.1 **I** This chapter outlines a society’s obligations under the Act and highlights the post-registration legal processes a society may use.

8.1.1 **G** Once a society is registered it must:

- (1) continue to meet the conditions for registration;
- (2) have at least three members (or two members who are societies);
- (3) maintain a registered office in Great Britain or the Channel Islands, and tell us of any change to the registered office address;
- (4) maintain a register of members;
- (5) maintain accounts;
- (6) submit an annual return and accounts to us within seven months of their financial year end;
- (7) notify us of any change to the financial year-end date;
- (8) register any rule changes with us;
- (9) pay us an annual fee (see ■ RFCCBS 3.3.6).

Obligations on names

8.1.2 **G** A society must make sure it displays its registered name outside its registered office and in every other place where it carries out its business. The notice should be in a conspicuous position and clearly legible.

8.1.3 **G** A society must also include its registered name in legible characters:

- (1) in all of its notices, advertisements and other official publications;
- (2) in all of its business correspondence;
- (3) in all bills of exchange, promissory notes, endorsements, cheques and orders for money or goods, purporting to be signed by or on behalf of the society;
- (4) in all its other business documentation; and

(5) on all its websites, including any content about the society on another website if the society either provided it or authorised it.

8.1.4 **G** Any charitable society whose registered name does not include the word ‘charity’ or ‘charitable’ must also state it is a charity on all of the above, and in all conveyances purporting to be executed by or on behalf of the society.

Duties of directors

8.1.5 **G** The Act is generally silent on the duties of directors, but common law duties have been established over time. Here we provide a summary of some of those common law duties.

8.1.6 **G** Directors, executives and employees are entrusted with control over the society’s assets and should not use those assets for their own benefit. The ultimate duty is to act in the best interests of the society – even if a director has been appointed by a particular member or elected by a particular group.

8.1.7 **G** The society’s rules and the law must be used to deal with any conflict between the personal interests of a director and the society’s interests.

8.1.8 **G** Directors should act prudently, lawfully and comply with the society’s rules. They should use their powers only for the purpose they were given.

8.1.9 **G** Directors have a duty to bring to the role of director the skills that they have and the skills reasonably required to perform the role. This is determined by the definition of the role of director in the rules and governance arrangements of the society. It is important that the powers and duties of directors and executives are made clear in the society’s rules and governance arrangements.

Disqualification of directors

8.1.10 **G** The Company Directors Disqualification Act 1986 (‘CDDA’) applies to society directors.

[Note: s22E, Company Director Disqualifications Act 1986]

8.1.11 **G** The grounds for disqualification include:

- (1) persistent breaches of the Act’s requirements, e.g. by failing to submit annual returns to us;
- (2) being convicted an offence involving a society;
- (3) unfit behaviour involving the insolvency of a society; and
- (4) Fraud.