

Capacity not limited by a DAC's constitution

973. (1) The validity of an act done by a DAC shall not be called into question on the ground of lack of capacity by reason of anything contained in the DAC's objects.

(2) A member of a DAC may bring proceedings to restrain the doing of an act which, but for subsection (1), would be beyond the DAC's capacity but no such proceedings shall lie in respect of any act to be done in fulfilment of a legal obligation arising from a previous act of the DAC.

(3) Notwithstanding the enactment of subsection (1), it remains the duty of the directors to observe any limitations on their powers flowing from the DAC's objects and action by the directors which, but for subsection (1), would be beyond the DAC's capacity may only be ratified by the DAC by special resolution.

(4) A resolution ratifying such action shall not affect any liability incurred by the directors or any other person; if relief from any such liability is to be conferred by the DAC it must be agreed to separately by a special resolution of it.

(5) A party to a transaction with a DAC is not bound to enquire as to whether it is permitted by the DAC's objects.