



# Charities Act 2011

## 2011 CHAPTER 25

### PART 8

#### CHARITY ACCOUNTS, REPORTS AND RETURNS

#### CHAPTER 2

#### GROUP ACCOUNTS

#### 137 Accounting records

- (1) The charity trustees of a parent charity or of any charity which is a subsidiary undertaking must ensure that the accounting records kept in respect of the charity under—
  - (a) section 130(1) (individual accounts: accounting records), or
  - (b) (as the case may be) section 386 of the Companies Act 2006 (duty to keep accounting records),are such as to enable the charity trustees of the parent charity to ensure that, where any group accounts are prepared by them under section 138(2), those accounts comply with the requirements of regulations under section 142.
- (2) The duty in subsection (1) is in addition to the duty to ensure that the accounting records comply with the requirements of—
  - (a) section 130(1), or
  - (b) section 386 of the Companies Act 2006.
- (3) Subsection (4) applies if a parent charity has a subsidiary undertaking in relation to which the requirements of—
  - (a) section 130(1), or
  - (b) section 386 of the Companies Act 2006,do not apply.

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- (4) The charity trustees of the parent charity must take reasonable steps to secure that the undertaking keeps such accounting records as to enable the trustees to ensure that, where any group accounts are prepared by them under section 138(2), those accounts comply with the requirements of regulations under section 142.

### **138 Preparation of group accounts**

- (1) This section applies in relation to a financial year of a charity if—
- (a) the charity is a parent charity at the end of that year, and
  - (b) (where it is a company) it is not required to prepare consolidated accounts for that year under section 399 of the Companies Act 2006 (duty to prepare group accounts), whether or not such accounts are in fact prepared.
- (2) The charity trustees of the parent charity must prepare group accounts in respect of that year.
- (3) If the requirement in subsection (2) applies to the charity trustees of a parent charity (other than a parent charity which is a company) in relation to a financial year—
- (a) that requirement so applies in addition to the requirement in section 132(1) (statement of accounts), and
  - (b) the option of preparing the documents mentioned in section 133 (account and statement) is not available in relation to that year (whatever the amount of the charity's gross income for that year).
- (4) If—
- (a) the requirement in subsection (2) applies to the charity trustees of a parent charity in relation to a financial year, and
  - (b) the charity is a company,
- that requirement so applies in addition to the requirement in section 394 of the Companies Act 2006 (duty to prepare individual accounts).
- (5) Subsection (2) is subject to section 139.

### **139 Exceptions to requirement to prepare group accounts**

- (1) The requirement in section 138(2) does not apply to the charity trustees of a parent charity in relation to a financial year if at the end of that year it is itself a subsidiary undertaking in relation to another charity.
- (2) The requirement in section 138(2) does not apply to the charity trustees of a parent charity in relation to a financial year if the aggregate gross income of the group for that year does not exceed such sum as is specified in regulations made by the [<sup>F1</sup>Secretary of State].
- (3) Regulations made by the [<sup>F1</sup>Secretary of State] may prescribe circumstances in which a subsidiary undertaking may or (as the case may be) must be excluded from group accounts required to be prepared under section 138(2) for a financial year.
- (4) Where, by virtue of such regulations, each of the subsidiary undertakings which are members of a group is—
- (a) permitted to be excluded from any such group accounts for a financial year, or
  - (b) required to be so excluded,

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the requirement in section 138(2) does not apply to the charity trustees of the parent charity in relation to that year.

**Annotations:**

**Amendments (Textual)**

- F1** Words in s. 139(2)(3) substituted (9.11.2016) by [The Transfer of Functions \(Elections, Referendums, Third Sector and Information\) Order 2016 \(S.I. 2016/997\)](#), art. 1(2), **Sch. 2 para. 25(2)(u)** (with art. 12)

**140 Preservation of group accounts**

- (1) The charity trustees of a charity must preserve any group accounts prepared by them under section 138(2) for at least 6 years from the end of the financial year to which the accounts relate.
- (2) Subsection (3) applies if a charity ceases to exist within the period of 6 years mentioned in subsection (1) as it applies to any group accounts.
- (3) The obligation to preserve the accounts in accordance with subsection (1) must continue to be discharged by the last charity trustees of the charity, unless the Commission consents in writing to the accounts being destroyed or otherwise disposed of.

**141 “Parent charity”, “subsidiary undertaking” and “group”**

- (1) This section applies for the purposes of this Part.
- (2) A charity is a parent charity if it is (or is to be treated as) a parent undertaking in relation to one or more other undertakings in accordance with the provisions of section 1162 of, and Schedule 7 to, the Companies Act 2006.
- (3) Each undertaking in relation to which a parent charity is (or is to be treated as) a parent undertaking in accordance with those provisions is a subsidiary undertaking in relation to the parent charity.
- (4) But subsection (3) does not have the result that any of the following is a subsidiary undertaking—
  - (a) any special trusts of a charity,
  - (b) any institution which, by virtue of a direction under section 12(1), is to be treated as forming part of a charity for the purposes of this Part, or
  - (c) any charity to which a direction under section 12(2) applies for the purposes of this Part.
- (5) “The group”, in relation to a parent charity, means that charity and its subsidiary undertaking or undertakings, and any reference to the members of the group is to be read accordingly.
- (6) For the purposes of this section and the operation for those purposes of section 1162 of, and Schedule 7 to, the Companies Act 2006 “undertaking” means—
  - (a) an undertaking as defined by section 1161(1) of the 2006 Act, or
  - (b) a charity which is not an undertaking as so defined.

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## 142 “Group accounts”

- (1) For the purposes of this Part, “group accounts” means consolidated accounts—
  - (a) relating to the group, and
  - (b) complying with such requirements as to their form and contents as may be prescribed by regulations made by the [<sup>F2</sup>Secretary of State].
- (2) Regulations under subsection (1) may in particular make provision—
  - (a) for any such accounts to be prepared in accordance with such methods and principles as are specified or referred to in the regulations;
  - (b) for dealing with cases where the financial years of the members of the group do not all coincide;
  - (c) as to any information to be provided by way of notes to the accounts.
- (3) Regulations under subsection (1) may also make provision—
  - (a) for determining the financial years of subsidiary undertakings for the purposes of this Part;
  - (b) for imposing on the charity trustees of a parent charity requirements with respect to securing that such financial years coincide with that of the charity.

### Annotations:

#### Amendments (Textual)

- F2** Words in s. 142(1)(b) substituted (9.11.2016) by [The Transfer of Functions \(Elections, Referendums, Third Sector and Information\) Order 2016 \(S.I. 2016/997\)](#), art. 1(2), **Sch. 2 para. 25(2)(v)** (with art. 12)

## 143 Exempt charities

Nothing in sections 137 to 142 (preparation and preservation of group accounts) applies to an exempt charity.

**Changes to legislation:**

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 178(3)(4) inserted by 2016 c. 4 s. 9(6)
- s. 178A inserted by 2016 c. 4 s. 9(7)
- s. 179(7) added by 2016 c. 4 s. 9(10)
- s. 181(2A) inserted by 2016 c. 4 s. 9(12)
- s. 182(1A) words in s. 182(1) renumbered as s. 182(1A) by 2016 c. 4 s. 11(3)
- s. 182(1A) words inserted by 2016 c. 4 s. 11(4)
- s. 184A inserted by 2016 c. 4 s. 12
- s. 348(4)(za) inserted by 2016 c. 4 s. 9(21)