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STATUTORY INSTRUMENTS

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**2008 No. 629**

**The Charities (Accounts and Reports) Regulations 2008**

**PART 3**

**PREPARATION OF GROUP ACCOUNTS**

**CHAPTER 1**

**GENERAL**

**Meaning of “aggregate gross income”**

**9.—(1)** For the purposes of Schedule 5A to the 1993 Act the aggregate gross income for a financial year of a group consisting of a parent charity and its subsidiary undertaking or undertakings is to be determined by eliminating all group transactions for that year from the group income for that year.

(2) For the purposes of this regulation—

- (a) “corresponding financial year” has the meaning given by paragraph (3);
- (b) “gross income” means, in relation to a non-charitable subsidiary undertaking, the amount of income of that undertaking that would be construed as its gross income were it a charity;
- (c) “group income” means the aggregate of—
  - (i) the gross income of the parent charity for the financial year;
  - (ii) the gross income of each charitable subsidiary undertaking of that parent charity for the corresponding financial year; and
  - (iii) the gross income of each non-charitable subsidiary undertaking of that parent charity for the corresponding financial year.
- (d) “group transactions” means—
  - (i) all income and expenditure relating to transactions between members of the group;
  - (ii) all gains and losses relating to transactions between members of the group;
- (e) “member of a group” is to be construed in accordance with paragraph 1 of Schedule 5A to the 1993 Act;

(3) Subject to paragraph (4), “corresponding financial year” in relation to a subsidiary undertaking means—

- (a) in the case of a subsidiary undertaking whose financial year ends with that of the parent charity, that year;
- (b) in any other case, the financial year of the subsidiary undertaking ending immediately before the end of the financial year of the parent charity.

(4) If the figures for the corresponding financial year of a subsidiary undertaking cannot be obtained without disproportionate expense or undue delay, the latest available figures are to be taken.

### **Financial years of subsidiary undertakings**

**10.**—(1) For the purposes of Schedule 5A to the 1993 Act the financial years of subsidiary undertakings are to be determined in accordance with this regulation.

(2) The financial year of a charitable subsidiary undertaking is to be determined in accordance with section 97 of the 1993 Act.

(3) The financial year of a non-charitable subsidiary undertaking is a period in respect of which a profit and loss account of the undertaking is required to be made up (by its constitution or by the law under which it is established), whether that period is a year or not.

### **Requirement for financial years of a parent charity and its subsidiary undertakings to coincide**

**11.** The charity trustees of a parent charity must secure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiary undertakings coincides with its own financial year.