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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 2**

**FORM AND CONTENT OF GROUP ACCOUNTS**

**Form and content of group accounts: general**

**12.** The requirements as to the form and content of group accounts to be prepared under paragraph 3(2) of Schedule 5A to the 1993 Regulations are prescribed—

- (a) in the case of a parent charity that is an investment fund, in regulation 13;
- (b) in the case of a parent charity that is a special case charity, in regulation 14;
- (c) in the case of any other parent charity, in regulation 15.

**Form and content of group accounts: parent charities that are investment funds**

**13.—**(1) This regulation applies to the group accounts prepared by the charity trustees of a parent charity that is an investment fund under paragraph 3(2) of Schedule 5A to the 1993 Act.

(2) The requirements as to the form and content of the group accounts to which this regulation applies are prescribed in paragraphs (3) and (4) and regulation 16.

(3) The group accounts must consist of—

- (a) a consolidated statement of total return dealing with the total return of the parent charity and its subsidiary undertakings in the relevant financial year;
- (b) a consolidated statement of changes in net assets dealing with the changes in the net assets of the parent and its subsidiary undertakings in the relevant financial year;
- (c) a consolidated balance sheet dealing with the state of affairs of the parent and its subsidiary undertakings as at the end of the relevant financial year.

(4) The group accounts must be prepared in accordance with the following principles—

- (a) the consolidated statement of total return must give a true and fair view of the total return of the parent charity and its subsidiary undertakings in the relevant financial year;
- (b) the consolidated statement of changes in net assets must give a true and fair view of the changes in the net assets of the parent charity and its subsidiary undertakings between their position at the beginning of the relevant financial year and their position at the end of that year;
- (c) the consolidated balance sheet must give a true and fair view of the state of affairs of the parent charity and its subsidiary undertakings at the end of the relevant financial year.

(5) The group accounts must comply so far as practicable with—

- (a) paragraphs (3) and (4) of;
- (b) in so far as it relates to paragraphs 14 and 15 of Schedule 1, paragraph (5); and
- (c) paragraph (6) of,

regulation 6 as if the parent charity and its subsidiary undertakings required to be included in the group accounts were a single charity.

#### **Form and content of group accounts: parent charities that are special case charities**

**14.**—(1) This Regulation applies to the group accounts prepared by the charity trustees of a parent charity that is a special case charity under paragraph 3(2) of Schedule 5A to the 1993 Act.

(2) The requirements as to the form and content of the group accounts to which this regulation applies are prescribed in paragraphs (3) and (4) and regulation 16.

(3) The group accounts must consist of—

- (a) a consolidated income and expenditure account dealing with the income and expenditure of the parent charity and its subsidiary undertakings for the relevant financial year;
- (b) a consolidated balance sheet dealing with the state of affairs of the parent charity and its subsidiary undertakings as at the end of the relevant financial year.

(4) The group accounts must be prepared in accordance with the following principles—

- (a) the consolidated income and expenditure account must give a true and fair view of the income and expenditure of the parent charity and its subsidiary undertakings as a whole in the relevant financial year;
- (b) the consolidated balance sheet must give a true and fair view of the state of affairs of the parent charity and its subsidiary undertakings as at the end of the relevant financial year.

(5) The group accounts must comply with the requirements of paragraph (5) of regulation 7 as if the parent charity and its subsidiary undertakings required to be included in the group accounts were a single charity.

#### **Form and content of group accounts: parent charities that are not investment funds or special case charities**

**15.**—(1) This regulation applies to the group accounts prepared by the charity trustees of a parent charity other than a parent charity to which regulation 13 or 14 applies under paragraph 3(2) of Schedule 5A to the 1993 Act.

(2) The form and content of the group accounts to which this regulation applies are prescribed in paragraphs (3) to (5) and regulation 16.

(3) The group accounts must consist of—

- (a) a consolidated statement of financial activities showing the total incoming resources and application of the resources, together with any other movements in the total resources, of the parent charity and its subsidiary undertakings in the relevant financial year; and
- (b) a consolidated balance sheet showing the state of affairs of the parent charity and its subsidiary undertakings as at the end of the relevant financial year.

(4) The group accounts must be prepared in accordance with the following principles—

- (a) the consolidated statement of financial activities must give a true and fair view of the total incoming resources of the parent charity and its subsidiary undertakings and the movements in the total resources of the group during the relevant financial year;
- (b) the consolidated balance sheet gives a true and fair view of the state of affairs of the parent charity and its undertakings as at the end of the relevant financial year.

- (5) The group accounts prepared under this regulation must—
  - (a) so far as practicable comply with the requirements of paragraphs (6) to (10) of regulation 8 as if parent charity and its subsidiary undertakings were a single charity; and
  - (b) in any case where the parent charity is a company, be prepared as if its charity trustees had been required to prepare a statement of accounts under section 42(1) of the 1993 Act.
- (6) Where paragraph (5)(b) applies, there is substituted for paragraph 1(w) of Schedule 2—
  - “(w) where the company has exercised its power under section 225 of the 1985 Act to determine an accounting reference date earlier or later than 12 months from the beginning of the financial year, a statement of their reasons for doing so.”.

### **Form and content of group accounts: general requirements**

**16.**—(1) In addition to complying with regulation 13, 14 or 15, as the case may be, the group accounts prepared by the charity trustees of any parent charity under paragraph 3(2) of Schedule 5A to the 1993 Act must comply with the requirements prescribed in this regulation.

(2) The group accounts must be prepared in accordance with applicable accounting principles and in particular must make the adjustments or include the information prescribed in this regulation.

(3) The group accounts must incorporate in full the information contained in the individual accounts of the parent charity and its relevant subsidiary undertakings, subject to such consolidation adjustments, if any, as may be appropriate in accordance with applicable accounting principles.

(4) Where the financial year of a relevant subsidiary undertaking differs from that of the parent charity, the group accounts must be made up from—

- (a) the accounts of the relevant subsidiary undertaking for its most recent financial year ending before the last day of the parent financial year, provided that financial year ended no more than three months before the parent financial year ended; or
- (b) interim accounts prepared by the relevant subsidiary undertaking as at the end of the parent financial year.

(5) Where an undertaking becomes a subsidiary undertaking of a parent charity, that event must be accounted for in the group accounts by the acquisition method or merger method of accounting as appropriate in accordance with applicable accounting principles.

(6) Where the parent charity or a relevant subsidiary undertaking—

- (a) has an interest in an associated undertaking or participates in the management of a joint venture and that associated undertaking or joint venture is not itself a subsidiary undertaking of the parent charity; or
- (b) participates in a joint arrangement,

the interest of the parent charity or subsidiary undertaking in that associated undertaking, joint venture or joint arrangement must appear in the group accounts as appropriate in accordance with applicable accounting principles.

(7) The consolidated balance sheet must identify as a separate item any minority interest in the net assets or liabilities of any relevant subsidiary undertaking as appropriate in accordance with applicable accounting principles.

(8) The consolidated statement of financial activities, consolidated income and expenditure account or consolidated statement of changes in net assets, as relevant, must identify as a separate item any minority interest in the net movement of the funds of a relevant subsidiary undertaking as appropriate in accordance with applicable accounting principles.

(9) In this regulation—

- (a) “applicable accounting principles” means, in relation to a parent charity that is required to prepare group accounts, the methods and principles set out in—
  - (i) the financial reporting standards and statements of standard accounting practice issued by the body known as The Accounting Standards Board<sup>(1)</sup> (“the Board”) that are relevant to the preparation of those accounts by that parent charity;
  - (ii) any abstract issued by the committee of the Board known as the Urgent Issues Task Force which is relevant to the preparation of those accounts by that parent charity; and
  - (iii) any statement of recommended practice (including the SORP) issued by a body recognised by the Board for the purpose of issuing guidance on the standards in paragraph (i) relevant to the preparation of those accounts by that parent charity.
- (b) “parent financial year” means the financial year of the parent charity in respect of which the group accounts are prepared;
- (c) “relevant subsidiary undertaking” means a subsidiary undertaking of the parent charity which is not excluded under regulation 19 from the group accounts required to be prepared for the parent financial year.

#### **Group Accounts: departure from the general rules**

17.—(1) Where compliance with the group accounts requirements is not sufficient to comply with any requirement to give a true and fair view, the necessary additional information must be given in the group accounts or a note to them.

(2) If in special circumstances compliance with any of the group accounts requirements is inconsistent with a requirement to give a true and fair view, the charity trustees must depart from the relevant provision to the extent necessary to give a true and fair view.

(3) Particulars of any departure under paragraph (2), the reasons for it and its effect must be given in a note to the group accounts.

(4) In this regulation “group accounts requirements” mean the requirements prescribed by regulation 13, 14 or 15, as the case may be, and regulation 16.

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(1) The Accounting Standards Board was established under the articles of association of The Accounting Standards Board Limited.