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DRAFT STATUTORY INSTRUMENTS

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**2008 No.**

**The Charities Act 2006 (Charitable Companies  
Audit and Group Accounts Provisions) Order 2008**

**Amendments of the Charities Act 1993**

- 8.**—(1) Schedule 5A(1) to the Charities Act 1993 (group accounts) is amended as follows.
- (2) In paragraph 1 (interpretation) for sub-paragraph (2) substitute—
- “(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 258 of, and Schedule 10A to, the Companies Act 1985.”.
- (3) In paragraph 2 (accounting records)—
- (a) in sub-paragraph (1) after “of this Act” insert “or, as the case may be, section 221 of the Companies Act 1985 (duty to keep accounting records)”; and
- (b) in sub-paragraph (2) after “of this Act” insert “or section 221 of the Companies Act 1985”.
- (4) In paragraph 3 (preparation of group accounts) for sub-paragraph (1) substitute—
- “(1) This paragraph 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 227 of the Companies Act 1985 (duty to prepare group accounts), whether or not such accounts are in fact prepared.”.
- (5) In paragraph 3(6), after “parent charity”, insert “(other than a parent charity which is a company)”.
- (6) After paragraph 3(6) insert—
- “(6A) If the requirement in sub-paragraph (2) applies to the charity trustees of a parent charity in relation to a financial year and the charity is a company, that requirement so applies in addition to the requirement in section 226 of the Companies Act 1985 (duty to prepare individual accounts).”.
- (7) In paragraph 5 (preservation of group accounts) after sub-paragraph (2) insert—
- “(3) For the purposes of sub-paragraph (2), section 41 applies as if subsection (5) of that section were omitted.”.
- (8) In paragraph 6 (audit of accounts of larger groups) for sub-paragraph (8) substitute—
- “(8) If this paragraph applies in relation to a financial year of a parent charity by virtue of sub-paragraph (1)—
- (a) (subject to paragraph (b) below) the appropriate audit provision shall apply in relation to the parent charity’s own accounts for that year (whether or not it would otherwise so apply);

- (b) where the parent charity is a company and its own accounts for that year are not required to be audited in accordance with Part 7 of the Companies Act 1985, section 43(2) of this Act shall apply in relation to those accounts (whether or not it would otherwise so apply).”
- (9) In paragraph 6(9)(a), for “(b) or (c)” substitute “(b), (c) or (d)”.
- (10) After paragraph 6(9)(c) insert –
  - “(d) if the parent charity is a company, section 43(2) of this Act or Part 7 of the Companies Act 1985 (as the case may be).”.