

Status: Point in time view as at 01/04/2010.

Changes to legislation: There are currently no known outstanding effects for the Charities Act 1993 (repealed), SCHEDULE 5A. (See end of Document for details)

SCHEDULES

[^{F1}SCHEDULE 5A

Section 49A

GROUP ACCOUNTS

Textual Amendments

- F1** Sch. 5A inserted (27.2.2007 for the insertion of Sch. 5A paras. 3(3)(b)(4)(5), 4(2)(3), 6(2), 8, 10(2)(3), 15 for specified purposes, 1.4.2008 in so far as not already in force) by [Charities Act 2006 \(c. 50\)](#), s. 79(2), [Sch. 6](#) (with [Sch. 10](#) para. 17); [S.I. 2007/309](#), art. 2, [Sch.](#); [S.I. 2008/945](#), art. 2, [Sch. 1](#)

Interpretation

- 1 (1) This paragraph applies for the purposes of this Schedule.
- [^{F2}(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 [^{F3}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 sub-paragraph (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 96(5) of this Act, is to be treated as forming part of a charity for the purposes of this Part of this Act, or
 - (c) any charity to which a direction under section 96(6) of this Act applies for those purposes.
- (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 construed accordingly.
- (6) For the purposes of—
- (a) this paragraph, and
 - (b) the operation of the provisions mentioned in sub-paragraph (2) above for the purposes of this paragraph,
- “undertaking” has the meaning given by sub-paragraph (7) below.
- (7) For those purposes “undertaking” means—
- (a) an undertaking as defined by [^{F4}section 1161(1) of the Companies Act 2006], or
 - (b) a charity which is not an undertaking as so defined.

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Textual Amendments

- F2** Sch. 5A para. 1(2) substituted (with effect in accordance with art. 1(3) of the amending S.I.) by [The Charities Act 2006 \(Charitable Companies Audit and Group Accounts Provisions\) Order 2008 \(S.I. 2008/527\)](#), arts. 1(1), **8(2)**
- F3** Words in Sch. 5A para. 1(2) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 192(10)(a)** (with arts. 6, 11, 12)
- F4** Words in Sch. 5A para. 1(7)(a) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 192(10)(b)** (with arts. 6, 11, 12)

Accounting records

- 2 (1) The charity trustees—
- (a) of a parent charity, or
 - (b) of any charity which is a subsidiary undertaking,
- must ensure that the accounting records kept in respect of the charity under section 41(1) [^{F5}or, as the case may be, [^{F6}section 386 of the Companies Act 2006] (duty to keep accounting records)] not only comply with the requirements of that provision but also are such as to enable the charity trustees of the parent charity to ensure that, where any group accounts are prepared by them under paragraph 3(2), those accounts comply with the relevant requirements.
- (2) If a parent charity has a subsidiary undertaking in relation to which the requirements of section 41(1) [^{F7}or [^{F8}section 386 of the Companies Act 2006]] do not apply, 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 paragraph 3(2), those accounts comply with the relevant requirements.
- (3) In this paragraph “the relevant requirements” means the requirements of regulations under paragraph 3.

Textual Amendments

- F5** Words in Sch. 5A para. 2(1) inserted (with effect in accordance with art. 1(3) of the amending S.I.) by [The Charities Act 2006 \(Charitable Companies Audit and Group Accounts Provisions\) Order 2008 \(S.I. 2008/527\)](#), arts. 1(1), **8(3)(a)**
- F6** Words in Sch. 5A para. 2(1) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 192(10)(c)** (with arts. 6, 11, 12)
- F7** Words in Sch. 5A para. 2(2) inserted (with effect in accordance with art. 1(3) of the amending S.I.) by [The Charities Act 2006 \(Charitable Companies Audit and Group Accounts Provisions\) Order 2008 \(S.I. 2008/527\)](#), arts. 1(1), **8(3)(b)**
- F8** Words in Sch. 5A para. 2(2) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 192(10)(c)** (with arts. 6, 11, 12)

Preparation of group accounts

- 3 [^{F9}(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

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- (b) (where it is a company) it is not required to prepare consolidated accounts for that year under [^{F10}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) “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 Minister.
- (4) Without prejudice to the generality of sub-paragraph (3), regulations under that sub-paragraph may 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.
- (5) Regulations under that sub-paragraph may also make provision—
- (a) for determining the financial years of subsidiary undertakings for the purposes of this Schedule;
 - (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.
- (6) If the requirement in sub-paragraph (2) applies to the charity trustees of a parent charity [^{F11}(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 42(1) of this Act, and
 - (b) the option of preparing the documents mentioned in section 42(3) of this Act is not available in relation to that year (whatever the amount of the charity's gross income for that year).
- [If the requirement in sub-paragraph (2) applies to the charity trustees of a parent ^{F12}(6A) charity in relation to a financial year and the charity is a company, that requirement so applies in addition to the requirement in [^{F13}section 394 of the Companies Act 2006] (duty to prepare individual accounts).]
- (7) Sub-paragraph (2) has effect subject to paragraph 4.

Textual Amendments

- F9** Sch. 5A para. 3(1) substituted (with effect in accordance with art. 1(3) of the amending S.I.) by [The Charities Act 2006 \(Charitable Companies Audit and Group Accounts Provisions\) Order 2008 \(S.I. 2008/527\)](#), arts. 1(1), **8(4)**
- F10** Words in Sch. 5A para. 3(1)(b) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 192(10)(d)(i)** (with arts. 6, 11, 12)
- F11** Words in Sch. 5A para. 3(6) inserted (with effect in accordance with art. 1(3) of the amending S.I.) by [The Charities Act 2006 \(Charitable Companies Audit and Group Accounts Provisions\) Order 2008 \(S.I. 2008/527\)](#), arts. 1(1), **8(5)**

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- F12** Sch. 5A para. 3(6A) inserted (with effect in accordance with art. 1(3) of the amending S.I.) by [The Charities Act 2006 \(Charitable Companies Audit and Group Accounts Provisions\) Order 2008 \(S.I. 2008/527\)](#), arts. 1(1), **8(6)**
- F13** Words in Sch. 5A para. 3(6A) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 192(10)(d)(ii)** (with arts. 6, 11, 12)

Exceptions relating to requirement to prepare group accounts

- 4 (1) The requirement in paragraph 3(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 paragraph 3(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 Minister.
- (3) Regulations made by the Minister 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 paragraph 3(2) for a financial year.
- (4) Where, by virtue of such regulations, each of the subsidiary undertakings which are members of a group is either permitted or required to be excluded from any such group accounts for a financial year, the requirement in paragraph 3(2) does not apply to the charity trustees of the parent charity in relation to that year.

Preservation of group accounts

- 5 (1) The charity trustees of a charity shall preserve any group accounts prepared by them under paragraph 3(2) for at least six years from the end of the financial year to which the accounts relate.
- (2) Subsection (4) of section 41 of this Act shall apply in relation to the preservation of any such accounts as it applies in relation to the preservation of any accounting records (the references to subsection (3) of that section being construed as references to sub-paragraph (1) above).
- [^{F14}(3) For the purposes of sub-paragraph (2), section 41 applies as if subsection (5) of that section were omitted.]

Textual Amendments

- F14** [Sch. 5A para. 5\(3\)](#) inserted (with effect in accordance with art. 1(3) of the amending S.I.) by [The Charities Act 2006 \(Charitable Companies Audit and Group Accounts Provisions\) Order 2008 \(S.I. 2008/527\)](#), arts. 1(1), **8(7)**

Audit of accounts of larger groups

- 6 (1) This paragraph applies where group accounts are prepared for a financial year of a parent charity under paragraph 3(2) and—
- (a) the aggregate gross income of the group in that year exceeds the relevant income threshold, or
- (b) the aggregate gross income of the group in that year exceeds the relevant income threshold and at the end of the year the aggregate value of the assets

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of the group (before deduction of liabilities) exceeds the relevant assets threshold.

(2) In sub-paragraph (1)—

- (a) the reference in paragraph (a) or (b) to the relevant income threshold is a reference to the sum prescribed as the relevant income threshold for the purposes of that paragraph, and
- (b) the reference in paragraph (b) to the relevant assets threshold is a reference to the sum prescribed as the relevant assets threshold for the purposes of that paragraph.

“Prescribed” means prescribed by regulations made by the Minister.

(3) This paragraph also applies where group accounts are prepared for a financial year of a parent charity under paragraph 3(2) and the appropriate audit provision applies in relation to the parent charity's own accounts for that year.

(4) If this paragraph applies in relation to a financial year of a parent charity by virtue of sub-paragraph (1) or (3), the group accounts for that year shall be audited—

- (a) (subject to paragraph (b) or (c) below) by a person within section 43(2)(a) or (b) of this Act;
- (b) if section 43A of this Act applies in relation to that year, by a person appointed by the Audit Commission (see section 43A(7));
- (c) if section 43B of this Act applies in relation to that year, by the Auditor General for Wales.

(5) Where it appears to the Commission that sub-paragraph (4)(a) above has not been complied with in relation to that year within ten months from the end of that year—

- (a) the Commission may by order require the group accounts for that year to be audited by a person within section 43(2)(a) or (b) of this Act, and
- (b) if it so orders, the auditor shall be a person appointed by the Commission.

(6) Section 43(6) of this Act shall apply in relation to any such audit as it applies in relation to an audit carried out by an auditor appointed under section 43(5) (reading the reference to the funds of the charity as a reference to the funds of the parent charity).

(7) Section 43A(4) and (6) of this Act apply in relation to any appointment under sub-paragraph (4)(b) above as they apply in relation to an appointment under section 43A(2).

[^{F15}(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 [^{F16}Part 16 of the Companies Act 2006], section 43(2) of this Act shall apply in relation to those accounts (whether or not it would otherwise so apply).]

(9) In this paragraph “the appropriate audit provision”, in relation to a financial year of a parent charity, means—

- (a) (subject to paragraph [^{F17}(b), (c) or (d)] below) section 43(2) of this Act;

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- (b) if section 43A of this Act applies in relation to that year, section 43A(2);
- (c) if section 43B of this Act applies in relation to that year, section 43B(2).
- [^{F18}(d) if the parent charity is a company, section 43(2) of this Act or [^{F19}Part 16 of the Companies Act 2006] (as the case may be).]

Textual Amendments

- F15** Sch. 5A para. 6(8) substituted (with effect in accordance with art. 1(3) of the amending S.I.) by [The Charities Act 2006 \(Charitable Companies Audit and Group Accounts Provisions\) Order 2008 \(S.I. 2008/527\)](#), arts. 1(1), **8(8)**
- F16** Words in Sch. 5A para. 6(8)(b) substituted (6.4.2008) by virtue of [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 192(10)(e)** (with arts. 6, 11, 12)
- F17** Words in Sch. 5A para. 6(9)(a) substituted (with effect in accordance with art. 1(3) of the amending S.I.) by [The Charities Act 2006 \(Charitable Companies Audit and Group Accounts Provisions\) Order 2008 \(S.I. 2008/527\)](#), arts. 1(1), **8(9)**
- F18** Sch. 5A para. 6(9)(d) inserted (with effect in accordance with art. 1(3) of the amending S.I.) by [The Charities Act 2006 \(Charitable Companies Audit and Group Accounts Provisions\) Order 2008 \(S.I. 2008/527\)](#), arts. 1(1), **8(10)**
- F19** Words in Sch. 5A para. 6(9)(d) substituted (6.4.2008) by virtue of [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 192(10)(e)** (with arts. 6, 11, 12)

Examination of accounts of smaller groups

- 7 (1) This paragraph applies where—
- (a) group accounts are prepared for a financial year of a parent charity under paragraph 3(2), and
 - (b) paragraph 6 does not apply in relation to that year.
- (2) If—
- (a) this paragraph applies in relation to a financial year of a parent charity, and
 - (b) sub-paragraph (4) or (5) below does not apply in relation to it,
- subsections (3) to (7) of section 43 of this Act shall apply in relation to the group accounts for that year as they apply in relation to the accounts of a charity for a financial year in relation to which subsection (2) of that section does not apply, but subject to the modifications in sub-paragraph (3) below.
- (3) The modifications are—
- (a) any reference to the charity trustees of the charity is to be construed as a reference to the charity trustees of the parent charity;
 - (b) any reference to the charity's gross income in the financial year in question is to be construed as a reference to the aggregate gross income of the group in that year; and
 - (c) any reference to the funds of the charity is to be construed as a reference to the funds of the parent charity.
- (4) If—
- (a) this paragraph applies in relation to a financial year of a parent charity, and
 - (b) section 43A of this Act also applies in relation to that year,

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subsections (3) to (6) of that section shall apply in relation to the group accounts for that year as they apply in relation to the accounts of a charity for a financial year in relation to which subsection (2) of that section does not apply.

- (5) If—
- (a) this paragraph applies in relation to a financial year of a parent charity, and
 - (b) section 43B of this Act also applies in relation to that year,
- subsection (3) of that section shall apply in relation to the group accounts for that year as they apply in relation to the accounts of a charity for a financial year in relation to which subsection (2) of that section does not apply.
- (6) If the group accounts for a financial year of a parent charity are to be examined or audited in accordance with section 43(3) of this Act (as applied by sub-paragraph (2) above), section 43(3) shall apply in relation to the parent charity's own accounts for that year (whether or not it would otherwise so apply).
- (7) Nothing in sub-paragraph (4) or (5) above affects the operation of section 43A(3) to (6) or (as the case may be) section 43B(3) in relation to the parent charity's own accounts for the financial year in question.

Supplementary provisions relating to audits etc.

- 8 (1) Section 44(1) of this Act shall apply in relation to audits and examinations carried out under or by virtue of paragraph 6 or 7, but subject to the modifications in sub-paragraph (2) below.
- (2) The modifications are—
- (a) in paragraph (b), the reference to section 43, 43A or 43B of this Act is to be construed as a reference to paragraph 6 above or to any of those sections as applied by paragraph 7 above;
 - (b) also in paragraph (b), the reference to any such statement of accounts as is mentioned in sub-paragraph (i) of that paragraph is to be construed as a reference to group accounts prepared for a financial year under paragraph 3(2) above;
 - (c) in paragraph (c), any reference to section 43, 43A or 43B of this Act is to be construed as a reference to that section as applied by paragraph 7 above;
 - (d) in paragraphs (d) and (e), any reference to the charity concerned or a charity is to be construed as a reference to any member of the group; and
 - (e) in paragraph (f), the reference to the requirements of section 43(2) or (3) of this Act is to be construed as a reference to the requirements of paragraph 6(4)(a) or those applied by paragraph 7(2) above.
- (3) Without prejudice to the generality of section 44(1)(e), as modified by sub-paragraph (2)(d) above, regulations made under that provision may make provision corresponding or similar to any provision made by [F20 section 499 or 500 of the Companies Act 2006] in connection with the rights exercisable by an auditor of a company in relation to a subsidiary undertaking of the company.
- (4) In section 44(2) of this Act the reference to section 44(1)(d) or (e) includes a reference to that provision as it applies in accordance with this paragraph.

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Textual Amendments

F20 Words in Sch. 5A para. 8(3) substituted (6.4.2008) by virtue of [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 192\(10\)\(f\)](#) (with arts. 6, 11, 12)

Duty of auditors etc. to report matters to Commission

- 9 (1) Section 44A(2) to (5) and (7) of this Act shall apply in relation to a person appointed to audit, or report on, any group accounts under or by virtue of paragraph 6 or 7 above as they apply in relation to a person such as is mentioned in section 44A(1).
- (2) In section 44A(2)(a), as it applies in accordance with sub-paragraph (1) above, the reference to the charity or any connected institution or body is to be construed as a reference to the parent charity or any of its subsidiary undertakings.

Annual reports

- 10 (1) This paragraph applies where group accounts are prepared for a financial year of a parent charity under paragraph 3(2).
- (2) The annual report prepared by the charity trustees of the parent charity in respect of that year under section 45 of this Act shall include—
- (a) such a report by the trustees on the activities of the charity's subsidiary undertakings during that year, and
 - (b) such other information relating to any of those undertakings, as may be prescribed by regulations made by the Minister.
- (3) Without prejudice to the generality of sub-paragraph (2), regulations under that sub-paragraph may make provision—
- (a) for any such report as is mentioned in paragraph (a) of that sub-paragraph to be prepared in accordance with such principles as are specified or referred to in the regulations;
 - (b) enabling the Commission to dispense with any requirement prescribed by virtue of sub-paragraph (2)(b) in the case of a particular subsidiary undertaking or a particular class of subsidiary undertaking.
- (4) Section 45(3) to (3B) shall apply in relation to the annual report referred to in sub-paragraph (2) above as if any reference to the charity's gross income in the financial year in question were a reference to the aggregate gross income of the group in that year.
- (5) When transmitted to the Commission in accordance with sub-paragraph (4) above, the copy of the annual report shall have attached to it both a copy of the group accounts prepared for that year under paragraph 3(2) and—
- (a) a copy of the report made by the auditor on those accounts; or
 - (b) where those accounts have been examined under section 43, 43A or 43B of this Act (as applied by paragraph 7 above), a copy of the report made by the person carrying out the examination.
- (6) The requirements in this paragraph are in addition to those in section 45 of this Act.

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Excepted charities

- 11 (1) This paragraph applies where—
- (a) a charity is required to prepare an annual report in respect of a financial year by virtue of section 46(5) of this Act,
 - (b) the charity is a parent charity at the end of the year, and
 - (c) group accounts are prepared for that year under paragraph 3(2) by the charity trustees of the charity.
- (2) When transmitted to the Commission in accordance with section 46(7) of this Act, the copy of the annual report shall have attached to it both a copy of the group accounts and—
- (a) a copy of the report made by the auditor on those accounts; or
 - (b) where those accounts have been examined under section 43, 43A or 43B of this Act (as applied by paragraph 7 above), a copy of the report made by the person carrying out the examination.
- (3) The requirement in sub-paragraph (2) is in addition to that in section 46(6) of this Act.

Exempt charities

- 12 Nothing in the preceding provisions of this Schedule applies to an exempt charity.

Public inspection of annual reports etc.

- 13 In section 47(2) of this Act, the reference to a charity's most recent accounts includes, in relation to a charity whose charity trustees have prepared any group accounts under paragraph 3(2), the group accounts most recently prepared by them.

Offences

- 14 (1) Section 49(1) of this Act applies in relation to a requirement within sub-paragraph (2) as it applies in relation to a requirement within section 49(1)(a).
- (2) A requirement is within this sub-paragraph where it is imposed by section 45(3) or (3A) of this Act, taken with—
- (a) section 45(3B), (4) and (5), and
 - (b) paragraph 10(5) or 11(2) above,
- as applicable.
- (3) In sub-paragraph (2) any reference to section 45(3), (3A) or (3B) of this Act is a reference to that provision as applied by paragraph 10(4) above.
- (4) In section 49(1)(b) the reference to section 47(2) of this Act includes a reference to that provision as extended by paragraph 13 above.

Aggregate gross income

- 15 The Minister may by regulations make provision for determining for the purposes of this Schedule the amount of the aggregate gross income for a financial year of a group consisting of a parent charity and its subsidiary undertaking or undertakings.]

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