

26. Charities as subsidiaries

Introduction

- 26.1. On occasion, a company or other incorporated body may act as a charity's corporate trustee, or a charity's trustees may be appointed by another entity. In these circumstances, the charity can be viewed for accounting purposes as a subsidiary because it is being 'controlled' by another entity through the trusteeship arrangements. This module applies to charities that are treated as a subsidiary in the accounts of another entity.
- 26.2. A subsidiary is an entity that is controlled by a parent entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Although a charity is controlled and managed by its trustees, it can be a subsidiary for accounting purposes when the criteria for control are met.
- 26.3. A charity that is a subsidiary, for accounting purposes, of another charity or other entity, must make the disclosures required by this module in its own accounts.
- 26.4. Charities should refer to section 33 of FRS 102 for more information.

Disclosure requirements

- 26.5. A charity that is a subsidiary must disclose in a note to its own accounts the name of its parent entity.
- 26.6. This SORP also requires that a subsidiary must also disclose:
- the country of incorporation of its parent entity, if it is outside the UK or the Republic of Ireland;
 - if unincorporated, the address of its parent's place of business;
 - if the parent is a charity, its charity registration number and, if applicable, its company registration number in the jurisdiction of its registration;
 - the parent's principal purposes and activities;
 - how control can be exercised by the parent, for example through corporate trusteeship or through a power to appoint or remove the majority of trustees; and
 - the address from which the public can obtain the consolidated accounts that include the subsidiary charity's accounts.
- 26.7. Where for accounting purposes the parent entity is itself a subsidiary of another entity, this SORP requires that the notes to the accounts must disclose the same information about the subsidiary charity's ultimate parent entity.
- 26.8. Charities must also make the applicable disclosures set out in the SORP module '[Disclosure of trustee and staff remuneration, related party and other transactions](#)'.