

## Selection 4: Accounting for branches, charity groups and combinations

### 23. Overview of charity combinations or interests in other entities

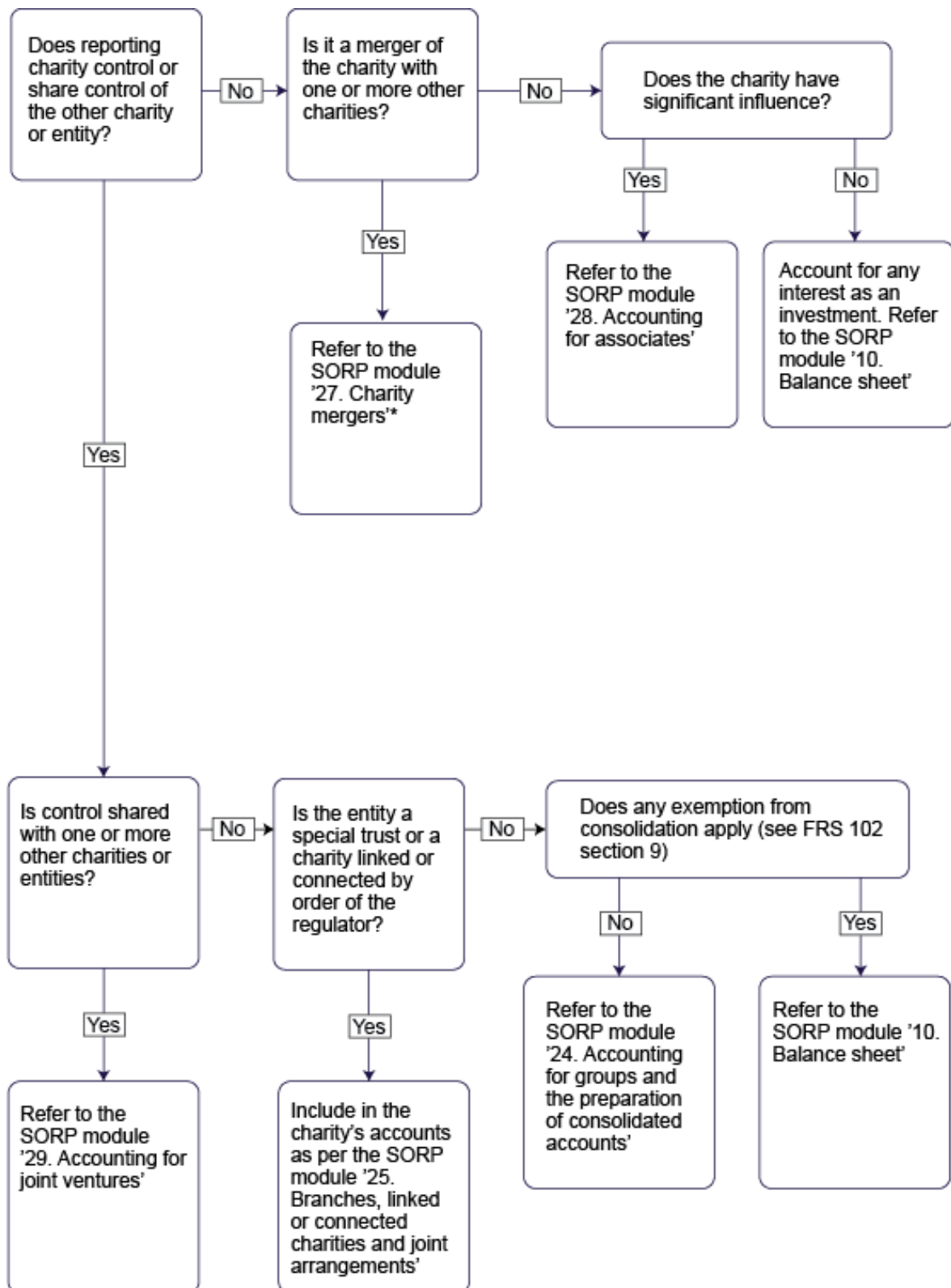
23.1. The reporting tiers applied for module 23 are as specified in the table below.

**Table 23.1A: Tiered reporting requirements for module 23**

All tiers	The requirements for charity combinations or interests in other entities apply to all charities
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- 23.2. Charities may operate through branches or group structures or share resources, knowledge or service arrangements by working with other charities or non-charity entities to further shared objectives by establishing joint arrangements, activities and operations.
- 23.3. The accounting to be followed for the combination or joint venture depends on the substance of the arrangement and what form it takes, the nature and level of control exercised and whether that control is exercised over the other entity. Figure 2 provides a guide to which module to refer to when deciding on the accounting for a charity combination or interests in other entities. Depending on the nature of the arrangement, the charity must refer to:
- the SORP module 27 '*Charity mergers*'
  - the SORP module 28 '*Accounting for associates*'
  - the SORP module 10 '*Balance sheet*'
  - the SORP module 29 '*Accounting for joint ventures*'
  - the SORP module 25 '*Branches, linked or connected charities and joint arrangements*'
  - the SORP module 24 '*Accounting for groups and the preparation of consolidated accounts*'
- 23.4. If the reporting charity is itself a subsidiary, it must refer to the SORP module 26 '*Charities as subsidiaries*'.
- 23.5. This SORP requires that related party transactions between a parent charity and its subsidiaries, associates and joint ventures must be disclosed. Similarly, in those circumstances where charities have trustees in common, consideration should be given as to whether the circumstances are such that related party disclosures are required. Refer to the SORP module 9 '*Disclosure of trustee and staff remuneration, related party and other transactions*'.

**Figure 2: Guide to accounting for charity combinations or interests in other entities**



\*Charitable companies should refer to paragraph 27.5 of SORP module 27 'Charity mergers' and section A3.30A of FRS 102 to determine if they are permitted to use merger accounting