



CHARITY COMMISSION
FOR ENGLAND AND WALES

Checklist 1: charities operating with a non-charity as a subsidiary

You can use this checklist to help you to test if your connection to a non-charity is set up or run in line with our [guidance for charities with a connection to a non-charity](#). Use this checklist to help you to make that decision where your charity:

- already has or
- is setting up

one or more subsidiary companies, irrespective of

- which legal form your charity has chosen for the subsidiary
- the purpose of having the subsidiary

Using this checklist is optional and you can adapt it to meet your charity's circumstances. It is not a substitute for reading the guidance and applying it your charity's circumstances.

The other checklists published with the [guidance for charities with a connection to a non-charity](#) may also be relevant to your charity if it is:

- set up and funded by a non-charity
- is in a regular partnership or funding relationship with a non-charity (that is not its subsidiary or founder)

You can tell us if you decided to use this checklist, and if it has been useful for your charity. We welcome all comments through our [anonymous feedback survey](#).

Checklist 1: charities operating with a subsidiary

	Yes No N/A	Action to take	Target date	Comments
A. The purpose of the connection				
For all charities with a connection to a non-charity, the purpose of the connection must be to help the charity to make a positive difference for its beneficiaries. The connection must be set up and managed in the charity's best interests.				
<ul style="list-style-type: none"> • we know why we are connected to the non-charity. It is because it carries out one or more of the following <ul style="list-style-type: none"> ○ trading to raise money for our charity ○ carrying out activities which our charity could carry out ○ helping us to manage our charity and its resources more effectively • we have set a purpose and direction for the non-charity so that it delivers for our charity • the non-charity is a suitable organisation to carry out the purpose and direction we have set for it 				
B. Recognise the risks				
<ul style="list-style-type: none"> • we have used the Commission's guidance and this checklist to help us identify any risks to our charity from the connection with the non-charity • we have assessed any risks identified and set an appropriate plan to address and review them 				
C. Do not further non-charitable purposes				
Read principle 2 of the guidance. For charities operating with a subsidiary, following this principle is largely about ensuring that any investment by the charity in the company can be justified as charitable expenditure and that the interests of the parent charity are protected.				
Financial support				
<ul style="list-style-type: none"> • any investment we make in the non-charity is within our charity's investment powers and policy 				

<ul style="list-style-type: none"> • we regularly monitor our investment and we can justify any financial support we provide • where we buy services from the non-charity, the arrangements provide best value for our charity's money 				
Oversight				
<ul style="list-style-type: none"> • we regularly monitor the performance of the non-charity, and its effectiveness at delivering for our charity • we always put the interests of our charity first and we are prepared to assert its rights as shareholder • we, and the non-charity, are clear about the circumstances in which our funding or involvement may be terminated 				
D. Operate independently Read principle 3. For charities operating with a subsidiary, following this principle is largely about recognising that although the interests of the parent charity must be protected, the subsidiary is a legally separate organisation.				
<ul style="list-style-type: none"> • the directors of the non-charity are responsible for its management • the financial structures of the charity and the non-charity are kept separate 				
E. Address trustee benefit and conflicts of interest Read principle 4. For charities operating with a subsidiary, following this principle is largely about identifying and addressing any trustee benefits and conflicts of interests which come where trustees also serve as directors of the company.				
<ul style="list-style-type: none"> • we have identified any conflicts of interest for any of our trustees who also serve as directors of the non-charity • any benefits to directors who are also trustees of our charity are authorised in advance, and the associated conflict of interest is addressed 				

<ul style="list-style-type: none"> our systems, including our conflicts of interest policy, help us to identify and properly address conflicts of interest 				
<p style="text-align: center;">F. Maintain your charity's separate identity</p> <p>Read principle 5. For charities operating with a subsidiary, following this principle is largely about assessing and addressing the risks of a shared identity, as well as the benefits. The position of donors is key.</p>				
<ul style="list-style-type: none"> we have considered if, and how, sharing an identity with the non-charity is in our charity's best interests if we have decided that sharing an identity with the non-charity is in our best interests, we have also identified, and will address, any risks to our charity that this sharing brings our donors can tell whether our charity or the non-charity is asking for their money or support we take reasonable steps to help people outside our charity understand that it works with, but is separate from, the non-charity 				
<p style="text-align: center;">G. Protect your charity</p> <p>Read principle 6. For charities operating with a subsidiary, following this principle is largely about being satisfied that the arrangements for working together and for any resource sharing are in the charity's best interests. The arrangements and agreements must protect the charity's assets, reputation and beneficiaries.</p>				
<p>When sharing resources (such as staff, premises or data) or communicating jointly with the non-charity, we:</p> <ul style="list-style-type: none"> know and address the risks as well as the benefits of the sharing or joint work only agree payment arrangements which provide value for our charity's money have systems to control communication which is about our charity, or issued on its behalf do not renew sharing arrangements without considering our charity's best interests 				

<ul style="list-style-type: none">we have appropriate written agreements in place to protect our charity				
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