Group Consolidated Accounts and Annual Reports

For PCCs whose combined gross income (including all subsidiaries) exceeds the Charities Act current audit threshold of £1m for the year, group consolidated accounts and Annual Reports are a statutory requirement. Thus a PCC having trustee-body control of a connected charity from which it can draw benefit for its mission in the parish, but which it does not have

Modules 28 and 29 of SORP (FRS 102) paragraphs 407-418, which deal with compliance with FRS 9, also applies to any PCC not exempted from preparation of their own entity accounts.

The SORP explains that the accounting treatment depends on whether the investing charity prepares consolidated accounts (when the 'equity' method must be used for 'subsidiary undertakings') or only its own entity accounts.

(*The equity method of accounting requires the charity's interest in the investee-entity to be 'initially recognised at its cost (the transaction price paid) in its own entity accounts, however, the charity's interest in the investee-entity must be included in the accounts at cost less impairment (the cost model). Modules 28 and 29 set out detailed disclosure requirements that include naming each such investee-entity, the accounting policy adopted for it and the amount of its investment in such entities, as well as other information needed for strict compliance with FRS 102.

Parent charities invariably combine their group accounts with their entity accounts in the same publication, as this minimises the paperwork entailed.

The group accounts must be accompanied by a group Annual Report, which replaces the usual PCC Annual Report. This group report includes specific references to the published statutory accounts of the PCC and contained in the 2011 Act and SI 2008/629.

---

**Buy the Book**

**Buy for Kindle**

A Kindle edition is also available

---

**Source URL:** https://www.churchofengland.org/resources/clergy-resources/pcc-accountability-guide/chapter-10