# FINANCIAL POLICIES AND PROCEDURES

## SECTION 3: CAPITAL EXPENDITURE, INVESTMENTS & RESERVES

## POLICY 6: SUBSIDIARY / ASSOCIATED TRUST / FOUNDATION FUNDS

### Policy Rationale

[Organisation] may establish subsidiaries, associated trusts or foundations funds where those entities may be able to enhance the delivery of the [Organisation]’s long-term goals and strategies. E.g. Events [Organisation]’s, or Charitable Foundations etc.

### Policy Statement(s)

[Organisation] may establish Subsidiaries, Associated Trusts and Foundation Funds where the:

1. Establishment of such an entity is in accordance with [Organisation]’s constitution
2. The establishment of such an entity is deemed essential to the achievement of [Organisation]’s long-term goals and strategies
3. The establishment (and longevity) of such an entity is appropriately documented
4. Control of the entity can be sufficiently maintained by [Organisation]’s Board
5. Board is able to receive timely, relevant and reliable information on such entities, as deemed appropriate
6. Operation of the entity will not have potential reputational or other risks to [Organisation]
7. Required contributions to the entity will not impact on the [Organisation]’s financial security or ability to deliver its services
8. Tax consequences (if applicable) for [Organisation] are acceptable

Establishment of any Subsidiaries, Associated Trusts or Foundation Funds should be approved by [Organisation]’s Board.

[Organisation] may be required to prepare financial reports consolidating the operations of such Subsidiaries, Associated Trusts or Foundation Funds. In these cases, [Organisation] should ensure sufficient and appropriate information is made available to do so.

### Policy Implementation and Related Procedure Documents

The implementation and review of these Subsidiary / Associated Trust / Foundation Funds policies are the responsibility of [Organisation]’s Audit & Risk Committee.

The [Organisation]’s Board will be responsible for the establishment of any Subsidiaries, Associated Trusts and Foundation Funds.

The following [Organisation] policies and frameworks should be referred to in this regard:

* Budgeting & Forecasting Policy
* Financial Reporting & Monitoring Policy
* Accountability, Internal Controls & Audit Policy
* Financial Systems & Procedures Policy
* Unsecured Loan to Related Parties Policy
* Tax & Charitable Status Policy
* Tax (Non-Charitable Entity) Policy
* Risk Management Policy

### Legislative Compliance Considerations

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* Constitution [if a company]
* Companies Act 1993
* Incorporated Societies Act 1908 [if an Incorporated Society]
* Incorporated Societies Act 2022 [applicable if an Incorporated Society registered under the new Act. Reregistration is available from 5 October 2023]
* Incorporated Society Rules [if an Incorporated Society under the 1908 Act]
* Incorporated Societies Constitution [if an Incorporated Society registered under the 2022 Act]
* Trust Deed [if a Trust]
* Trusts Act 2019 [if a Trust]
* Charitable Trusts Act 1957 [if a Charitable Trust]
* Charities Act 2005 [if a registered Charity]
* Financial Reporting Act 2013 [if appropriate]
* Income Tax Act 2007

### Review Protocol

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| --- | --- |
| Policy Reviewed By: | Audit, Finance & Risk Committee |
| Date Reviewed: | [Date] |
| Next Review Date: | [Date] |
| Revokes Policy Reviewed: | [Date] |