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.**				

• we know why we are connected to the non-charity. It is because it carries out one or more of the following
  ○ 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
	Yes		Complete	Imperial Union Trading Limited (IUT) will trade in order to raise money for Imperial College Union (the charity), and to provide protection for the charity by ringfencing certain activities.
				Purpose is to undertake the key non-primary purpose activities (including but not limited to food & beverage, shared service/partnerships (Imprinted), future temp agency.
				Organisation is suitable as it has been established by and for the charity.

B. Recognise the risks				
• 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	Yes		Complete	Guidance and checklist reviewed and referred to throughout the set-up phase of IUT.

				Working group met regularly to assess and address risks. Governance framework has been established. A framework agreement sets out key requirements for IUT, such as use and protection of data, use of logos, compliance with charity policies and procedures, and payment for shared resources.
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				
• any investment we make in the non-charity is within our charity's investment powers and policy • 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	Yes		Complete	Article 1.26 gives power to establish IUT. Articles 1.18 and 1.23 give power to provide credit to IUT. IUT will be subject to scrutiny and oversight by the Finance, Audit and Risk Committee (FAR) on behalf of the Board of Trustees of the charity (BOT). Each regular meeting of FAR will receive an update from

				the Board of IUT, including management accounts. No services are expected to be bought from subsidiary.
Oversight				
• 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	Yes Yes O/S	FAR to document circumstances under which the charity would cease funding and other involvement	Complete Complete 31/12/25	See above. A loan agreement has been entered into for the charity to provide initial funding to IUT. An associated debenture in favour of the charity provides security over the funds provided.
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.**				
• the directors of the non-charity are responsible for its management • the financial structures of the charity and the non-charity are kept separate	Yes		Complete	IUT will not commence trading until it has its own separate bank account, and relevant supplier and customer contracts have been transferred from the charity to IUT. The charity and IUT will maintain separate financial records. See above re credit agreement.

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.**				
• 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 • our systems, including our conflicts of interest policy, help us to identify and properly address conflicts of interest	Yes	The chair of FAR is a director of IUT (to support establishment of the entity and launch of the business), but is planned to resign from the board of IUT once trading has commenced to allow FAR to exercise proper oversight avoid conflicts.	Complete	IUT will be subject to the risk framework and other risk management policies and procedures of the charity, including those related to conflicts. Conflict procedures include annual declarations, and each meeting of FAR and BOT include the requirement for declarations. The board of IUT has been established. It does not have the same membership as the BOT or FAR, in particular: -the Board of IUT includes non-trustees (currently two senior managers of the trading activities). It also includes an officer trustee and a student representative (giving the beneficiaries of the charity representation on the board of IUT)

				-FAR includes trustees not on the Board of IUT No benefits are intended to directors of IUT over and above any benefit (such as remuneration as a manager of the charity). No trustees are intended to receive any benefit. The Board of IUT and the BOT will monitor whether IUT and the charity could benefit from an independent non-executive director (that is, one that is not a trustee or charity manager).
F. Maintain your charity's separate identity **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.**				
• 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	Yes		Complete	IUT's sole purpose is to trade on behalf of the charity, so sharing part of a name is the best interests of the charity. The full name of IUT is deliberately different to that of the charity (so, including 'Trading' but excluding 'College') so that third parties can readily identify

				with which entity they are dealing. A web-page is available to students and the public explaining IUT Ltd: - https://www.imperialcolleg eunion.org/blog/trading-subsidiary.
G. Protect your charity **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.**				
When sharing resources (such as staff, premises or data) or communicating jointly with the non-charity, we: • 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 • we have appropriate written agreements in place to protect our charity	Yes		Complete	Key resources expected to be shared: -staff: all staff are employed by Imperial College on behalf of ICU and recharged to the charity. Separation of these employment and payroll arrangements would cause significant disruption, not be a good use of the charity's assets, and provide limited risk mitigation. -premises: all premises are owned by Imperial College and provided to the charity. -data: the framework (see below) specifically provides protection to the charity.

				The charity will recharge any relevant costs to IUT. The charity and IUT have entered into a framework agreement governing this.