

Chapter 5

Defining a community benefit society



5.2 Subsidiaries

- 5.2.1 **G** Where a community benefit society is a subsidiary (whether of a parent that is a community benefit society or not) the subsidiary's business must be conducted for the benefit of the community.
- 5.2.2 **G** The rules of a society which is a subsidiary must still comply with the Act. In particular, society rules must not contravene statutory thresholds, irrespective of the parent-subsidary relationship. For instance, a parent cannot have more than one vote on conversion of the society. ■ RFCCBS 3.4.10 of this guidance sets out further details on this subject.
- 5.2.3 **G** Where a community benefit society is to be a parent of another entity (whether that entity is a community benefit society or not), we expect the parent society to still be conducting its business for the benefit of the community, both in its own right and through its subsidiary. To avoid compromising the parent's ability to conduct its business for the benefit of the community the subsidiary must also be conducting its business for the benefit of the community in line with the parent's objects.
- 5.2.4 **G** A community benefit society must be able to demonstrate that the decision to become a parent, or a subsidiary, furthers its objects.