

---

STATUTORY INSTRUMENTS

---

**1995 No. 2724**

**CHARITIES**

**The Charities (Accounts and Reports) Regulations 1995**

*Made* - - - - *17th October 1995*  
*Laid before Parliament* *20th October 1995*  
*Coming into force* - - *1st March 1996*

The Secretary of State, in exercise of the powers conferred upon him by sections 42, 44, 45 and 86(3) of the Charities Act 1993<sup>(1)</sup>, and after such consultation as is mentioned in section 86(4) of that Act, hereby makes the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Charities (Accounts and Reports) Regulations 1995 and shall come into force on 1st March 1996.

**Interpretation**

2.—(1) In these Regulations, the expression—

“common deposit fund” means a common deposit fund established by a scheme under section 25 of the 1993 Act;

“common investment fund” means a common investment fund established by a scheme under section 24 of the 1993 Act, other than a fund the trusts of which provide for property to be transferred to the fund only by or on behalf of a participating charity of which the charity trustees are the trustees appointed to manage the fund;

“financial year” shall be construed in accordance with regulation 5 below;

“institution or body corporate connected with the charity”, in relation to a charity, means an institution or body corporate which—

(a) in the case of an institution, is controlled by,

(b) in the case of a body corporate, in which a substantial interest is held by,

the charity or any one or more of the charity trustees acting in his or their capacity as such;

---

<sup>(1)</sup> 1993 c. 10; section 42 was amended by the Charities Act 1993 (Substitution of Sums) Order 1995 (S.I. 1995/2696) and section 45 was amended by section 29 of the Deregulation and Contracting Out Act 1994 (c. 40) and by Part II of Schedule 1 to the Companies Act 1985 (Audit Exemption) Regulations 1994 (S.I. 1994/1935).

“recognised stock exchange” has the meaning assigned to it by section 841 of the Income and Corporation Taxes Act 1988(2); and

“the 1993 Act” means the Charities Act 1993.

- (2) For the purposes of these Regulations, a person is connected with a charity trustee if —
- (a) he is the child, parent, grandchild, grandparent, brother or sister of the charity trustee;
  - (b) he is the spouse of the charity trustee or of any person connected with him by virtue of sub-paragraph (a) above;
  - (c) he is a trustee of any trust, not being a charity, the beneficiaries or potential beneficiaries of which include the charity trustee or any person connected with him by virtue of sub-paragraph (a) or (b) above and is acting in his capacity as such;
  - (d) he is a partner of the charity trustee or of any person connected with him by virtue of sub-paragraph (a), (b) or (c) above and is acting in his capacity as such; or
  - (e) the person is a body corporate, not being a company which is connected with a charitable institution within the meaning of section 58(5) of the Charities Act 1992(3), in which the charity trustee has, or the charity trustee and any other charity trustee or trustees or person or persons connected with him by virtue of sub-paragraph (a), (b), (c) or (d) above, taken together, have, a substantial interest.
- (3) Any expression in this regulation which also appears in Schedule 5 to the 1993 Act shall be construed in accordance with paragraphs 2 to 4 of that Schedule.

#### **Form and content of statements of accounts**

3.—(1) Subject to regulation 4 below, the requirements as to form and contents of a statement of accounts prepared in accordance with section 42(1) of the 1993 Act are those set out in the following provisions of this regulation.

- (2) The statement shall consist of the following, that is to say—
- (a) a statement of financial activities which satisfies the requirements set out in Part I of Schedule 1 to these Regulations; and
  - (b) a balance sheet which satisfies the requirements set out in Part II of that Schedule.
- (3) The statement shall be prepared in accordance with the methods and principles specified and referred to in Part III of Schedule 1 to these Regulations.
- (4) There shall be provided by way of notes to the accounts the information specified in Part IV of Schedule 1 to these Regulations.
- (5) Part V of Schedule 1 to these Regulations shall have effect for the purposes of defining expressions used in that Schedule.
- (6) The balance sheet shall be signed by one or more of the charity trustees of the charity, each of whom has been authorised to do so, and shall specify the date on which the accounts to which the statement relates were approved by the charity trustees.

#### **Form and contents: special cases**

4.—(1) In the case of a common investment fund or a common deposit fund which is deemed to be a charity by virtue of section 24(8), including that subsection as applied by section 25(2), of the 1993 Act, the requirements as to form and contents of a statement of accounts prepared in accordance with section 42(1) of the 1993 Act are those set out in paragraphs (2) to (6) below.

---

(2) 1988 c. 1.  
(3) 1992 c. 41.

- (2) Subject to paragraph (8) below, the statement shall consist of the following, that is to say—
- (a) a statement of total return which satisfies the requirements set out in Part I of Schedule 2 to these Regulations;
  - (b) a statement of movement in funds which satisfies the requirements set out in Part II of Schedule 2 to these Regulations; and
  - (c) a balance sheet which satisfies the requirements set out in Part III of Schedule 2 to these Regulations.
- (3) The statement shall be prepared in accordance with the methods and principles specified and referred to in Part IV of Schedule 2 to these Regulations.
- (4) There shall be provided by way of notes to the accounts the information specified in Part V of Schedule 2 to these Regulations.
- (5) Part VI of Schedule 2 to these Regulations shall have effect for the purposes of defining expressions used in that Schedule.
- (6) The balance sheet shall be signed by one or more of the trustees appointed to manage the fund, each of whom has been authorised to do so, and shall specify the date on which the accounts to which the statement relates were approved by the trustees appointed to manage the fund in accordance with the scheme by which the fund was established.
- (7) In the case of a charity which—
- (a) is a registered housing association within the meaning of the Housing Associations Act 1985<sup>(4)</sup> and whose registration has been recorded under section 5(3) of that Act; or
  - (b) has during the financial year in question—
    - (i) conducted an institution in relation to which a designation made, or having effect as if made, under section 129 of the Education Reform Act 1988<sup>(5)</sup> or section 28 of the Further and Higher Education Act 1992<sup>(6)</sup> has effect;
    - (ii) received financial support from funds administered by a higher education funding council or further education funding council within the meaning of that Act of 1992 in respect of expenditure incurred or to be incurred by the charity in connection with that institution; and
    - (iii) incurred no expenditure for charitable purposes other than the purposes of that institution or any other such institution,
- the requirements as to form and contents of a statement of accounts prepared in pursuance of section 42(1) of the 1993 Act are that the statement shall consist of a balance sheet as at the end of the financial year in respect of which the statement of accounts is prepared and an income and expenditure account.
- (8) In the case of any financial year of a common deposit fund in which there are no gains or losses on disposal or revaluation of assets, paragraph (2) above shall have effect as if sub-paragraph (b) were omitted.

### **Financial year**

- 5.—(1) The financial year of a charity shall, for the purposes of the 1993 Act and regulations made thereunder, be determined in accordance with the following provisions of this regulation.
- (2) The first financial year of a charity shall be—

---

(4) 1985 c. 69; the expressions “housing association” and “registered” are defined in accordance with section 102.

(5) 1988 c. 40; section 129 was amended by section 72(1) of the Further and Higher Education Act 1992.

(6) 1992 c. 13.

- (a) in the case of a charity which is established before the date on which these Regulations come into force, the period beginning with the day immediately following the end of the period in respect of which a statement of accounts was required to be prepared under any statutory provision contained in or having effect under an Act of Parliament applicable to that charity before the coming into force of section 42 of the 1993 Act and ending with the accounting reference date of the charity or such other date, not more than seven days before or after the accounting reference date, as the charity trustees may determine;
  - (b) in the case of a charity which is established on or after the date on which these Regulations come into force, the period beginning with the day on which the charity is established and ending with the accounting reference date of the charity or such other date, not more than seven days before or after the accounting reference date, as the charity trustees may determine.
- (3) Subsequent financial years of a charity begin with the day immediately following the end of the charity's previous financial year and end with its accounting reference date or such other date, not more than seven days before or after the accounting reference date, as the charity trustees may determine.
- (4) The accounting reference date of a charity shall, for the purposes of this regulation, be—
- (a) in the first financial year of a charity which is established before the date on which these Regulations come into force, such date, not less than 6 months nor more than 18 months after the date on which that financial year began, as the charity trustees may determine;
  - (b) in the first financial year of a charity which is established on or after the date on which these Regulations come into force, such date, not less than 6 months nor more than 18 months after the date on which the charity was established, as the charity trustees may determine;
  - (c) in any subsequent financial year of a charity, the date 12 months after the previous accounting reference date of the charity or such other date, not less than 6 months nor more than 18 months after the previous accounting reference date of the charity as the trustees may determine:

Provided that—

- (i) the charity trustees shall not exercise their powers under sub-paragraph (c) of this paragraph so as to determine an accounting reference date in respect of any financial year which is consecutive, or follows immediately after a financial year which is consecutive, to a previous financial year in respect of which that power was exercised; and
- (ii) the charity trustees shall exercise their powers under sub-paragraph (a) or (c) of this paragraph so as to determine a date earlier or later than 12 months from the beginning of the financial year only where satisfied that there are exceptional reasons to do so (which reasons shall, in the case of a charity subject to the requirements of regulation 3(4) or 4(4) above, be disclosed in a note to the accounts).

### **Annual audit of charity accounts**

**6.—(1)** The duties of an auditor carrying out an audit of the accounts of a charity under section 43 of the 1993 Act<sup>(7)</sup> shall be those specified in the following provisions of this regulation.

(2) Where a statement of accounts has been prepared under section 42(1) of the 1993 Act for the financial year in question the auditor shall make a report on that statement to the charity trustees which—

- (a) states the name and address of the auditor and the name of the charity concerned;

---

(7) Section 43 was amended by section 28 of the Deregulation and Contracting Out Act 1994.

- (b) is signed by him or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf and states that the auditor is a person falling within paragraph (a) or, as the case may be, (b) of section 43(2) of the 1993 Act;
- (c) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
- (d) specifies that it is a report in respect of an audit carried out under section 43 of the 1993 Act and in accordance with regulations made under section 44 of that Act;
- (e) states whether in the auditor's opinion the statement of accounts complies with the requirements of regulation 3 or, as the case may be, 4, above and gives a true and fair view of the state of affairs of the charity at the end of the financial year in question and of the incoming resources and application of the resources of the charity in that year;
- (f) where the auditor has formed the opinion—
  - (i) that accounting records have not been kept in respect of the charity in accordance with section 41 of the 1993 Act; or
  - (ii) that the statement of accounts does not accord with those records; or
  - (iii) that any information contained in the statement of accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 45 of the 1993 Act in respect of the financial year in question; or
  - (iv) that any information or explanation to which he is entitled under regulation 8 below has not been afforded to him,

contains a statement of that opinion and of his grounds for forming it.

(3) Where a receipts and payments account and statement of assets and liabilities have been prepared under section 42(3) of the 1993 Act for the financial year in question the auditor shall make a report on that account and statement to the charity trustees which—

- (a) states the name and address of the auditor and the name of the charity concerned;
- (b) is signed by him or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf and states that the auditor is a person falling within paragraph (a) or, as the case may be, (b) of section 43(2) of the 1993 Act;
- (c) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
- (d) specifies that it is a report in respect of an audit carried out under section 43 of the 1993 Act and in accordance with regulations made under section 44 of that Act;
- (e) states whether in the auditor's opinion—
  - (i) the account and statement properly present the receipts and payments of the charity for the financial year in question and its assets and liabilities as at the end of that year; and
  - (ii) the account and statement adequately distinguish any material special trust or other restricted fund of the charity;
- (f) where the auditor has formed the opinion—
  - (i) that accounting records have not been kept in respect of the charity in accordance with section 41 of the 1993 Act; or
  - (ii) that the account and statement do not accord with those records; or
  - (iii) that any information or explanation to which he is entitled under regulation 8 below has not been afforded to him,

contains a statement of that opinion and of his grounds for forming it.

(4) The auditor shall, in preparing his report for the purposes of paragraph (2) or, as the case may be, (3) above, carry out such investigations as will enable him to form an opinion as to the matters specified in sub-paragraph (e) and (f) of that paragraph.

(5) The auditor shall communicate to the Commissioners, in writing, any matter of which the auditor becomes aware in his capacity as such which relates to the activities or affairs of the charity or of any institution or body corporate connected with the charity and which the auditor has reasonable cause to believe is, or is likely to be, of material significance for the exercise, in relation to the charity of the Commissioners' functions under section 8 (general power to institute inquiries) or 18 (power to act for protection of charities) of the 1993 Act.

(6) Where an auditor appointed by charity trustees ceases for any reason to hold office he shall send to the charity trustees a statement of any circumstances connected with his ceasing to hold office which he considers should be brought to their attention or, if he considers that there are no such circumstances, a statement that there are none; and the auditor shall send a copy of any statement sent to the charity trustees under this paragraph (except a statement that there are no such circumstances) to the Commissioners.

(7) In the case of an auditor appointed by the Commissioners, the report required by paragraph (2) or, as the case may be, (3) above shall be made to the Commissioners instead of to the charity trustees.

### **Independent examination of charity accounts**

7. An independent examiner who has carried out an examination of the accounts of a charity under section 43 of the 1993 Act shall make a report to the charity trustees which—

- (a) states his name and address and the name of the charity concerned;
- (b) is signed by him and specifies any relevant professional qualifications or professional body of which he is a member;
- (c) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
- (d) specifies that it is a report in respect of an examination carried out under section 43 of the 1993 Act and in accordance with any directions given by the Commissioners under subsection (7)(b) of that section which are applicable;
- (e) states whether or not any matter has come to the examiner's attention in connection with the examination which gives him reasonable cause to believe that in any material respect—
  - (i) accounting records have not been kept in respect of the charity in accordance with section 41 of the 1993 Act; or
  - (ii) the accounts do not accord with those records; or
  - (iii) in the case of an examination of accounts a statement of which has been prepared under section 42(1) of the 1993 Act, the statement of accounts does not comply with any of the requirements of regulation 3 or, as the case may be, 4 above except the requirements specified in paragraph 1 of Part III of Schedule 1 to these Regulations;
- (f) states whether or not any matter has come to the examiner's attention in connection with the examination to which, in his opinion, attention should be drawn in the report in order to enable a proper understanding of the accounts to be reached;
- (g) where any of the following matters has become apparent to the examiner during the course of the examination, namely, that—
  - (i) there has been any material expenditure or action which appears not to be in accordance with the trusts of the charity; or
  - (ii) any information or explanation to which he is entitled under regulation 8 below has not been afforded to him; or

(iii) in the case of an examination of accounts a statement of which has been prepared under section 42(1) of the 1993 Act, any information contained in the statement of accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 45 of the 1993 Act in respect of the financial year in question, contains a statement to that effect.

#### **Audit and independent examination: supplementary provisions**

**8.—**(1) An auditor or independent examiner carrying out an audit or examination of the accounts of a charity under section 43 of the 1993 Act shall have a right of access to any books, documents and other records (however kept) which relate to the charity concerned and which the auditor or examiner in question considers it necessary to inspect for the purposes of carrying out the audit or, as the case may be, examination.

(2) Such an auditor or independent examiner shall be entitled to require, in the case of the charity concerned, such information and explanations from past or present charity trustees or trustees for the charity, or from past or present officers or employees of the charity, as he considers it necessary to obtain for the purposes of carrying out the audit or, as the case may be, examination.

#### **Dispensations from audit or examination requirements**

**9.—**(1) The Commissioners may, in the circumstances specified in paragraph (2) below, dispense with the requirements of section 43(2) or (3) of the 1993 Act in the case of a particular charity or of a particular financial year of a charity.

(2) The circumstances referred to in paragraph (1) above are where the Commissioners:

- (a) are satisfied that the accounts of the charity concerned are required to be audited in accordance with any statutory provision contained in or having effect under an Act of Parliament which, in the opinion of the Commissioners, imposes requirements which are sufficiently similar to the requirements of section 43(2) for those requirements to be dispensed with;
- (b) are satisfied that the accounts of the charity concerned have been audited by the Comptroller and Auditor General;
- (c) are satisfied that the accounts of the charity concerned for the financial year in question have been audited or, as the case may be, examined in accordance with requirements or arrangements which, in the opinion of the Commissioners, are sufficiently similar to the relevant requirements of section 43 of the 1993 Act applicable to that financial year of that charity for those requirements to be dispensed with;
- (d) are satisfied that there has in the financial year in question been no transaction on the part of the charity concerned which would be required to be shown and explained in the accounting records kept in pursuance of section 41 of the 1993 Act;
- (e) consider that, although the financial year in question of the charity concerned is one to which subsection (2) of section 43 of the 1993 Act applies, there are exceptional circumstances which justify the examination of the accounts by an independent examiner instead of their audit in accordance with that subsection, and the accounts have been so examined,

and where the charity trustees of the charity concerned have supplied to the Commissioners any report made to them with respect to the accounts of that charity for the financial year in question which the Commissioners have requested.

## Annual reports

10.—(1) Subject to paragraph (4) below, the report on the activities of a charity during the year which is required to be contained in the annual report in respect of each financial year of the charity prepared under section 45 of the 1993 Act shall specify the financial year to which it relates and shall—

- (a) in the case of any financial year of a charity in which its gross income does not exceed £100,000, be a brief summary of the main activities and achievements of the charity during the year in relation to its objects;
- (b) in the case of any financial year of a charity in which its gross income exceeds £100,000, be a review of all activities, including material transactions, significant developments, and achievements, of the charity during the year in relation to its objects, any significant changes in those activities during the year, any important events affecting those activities which have occurred since the end of the year and any likely future developments in those activities; and
- (c) in either case, be dated and be signed by one or more of the charity trustees, each of whom has been authorised to do so.

(2) Subject to paragraphs (4), (5) and (6) below, the information relating to a charity and to its trustees and officers which is required to be contained in that annual report shall be—

- (a) the name of the charity as it appears in the register and any other name by which it makes itself known;
- (b) the number assigned to it in the register and, in the case of a charitable company, the number with which it is registered as a company;
- (c) the principal address of the charity and, in the case of a charitable company, the address of its registered office;
- (d) a description of the trusts of the charity;
- (e) the names of the charity trustees or, in the case of a charity having more than 50 charity trustees, the names of 50 of those trustees including any charity trustee who is also an officer of the charity and the name of any other person who has at any time during the financial year in question been a charity trustee and of any person or body entitled to appoint a charity trustee of the charity;
- (f) a description of the organisational structure of the charity; and
- (g) a description of any assets held by the charity, or on behalf of the charity by any trustee of the charity, for another charity, and particulars of any special arrangements made with respect to the safe custody of such assets and their segregation from assets of the charity not so held and of the objects of the charity on whose behalf the assets are held.

(3) The Commissioners may, where they are satisfied that, in the case of a particular charity or class of charities, or of a particular financial year of a charity or class of charities,—

- (a) the disclosure of the name of any person whose name is required by paragraph (2)(e) above to be contained in the annual report of a charity could lead to that person being placed in any personal danger; or
- (b) the disclosure of the principal address of the charity in accordance with paragraph (2)(c) above could lead to any such person being placed in any personal danger,

dispense with the requirement—

- (i) in sub-paragraph (e) of that paragraph so far as it applies to the name of any such person; or
- (ii) in sub-paragraph (c) of that paragraph so far as it applies to the principal address of the charity, as the case may require.

(4) In the case of a common investment fund or a common deposit fund which is deemed to be a charity by virtue of section 24(8), including that section as applied by section 25(2), of the 1993 Act, this regulation shall have effect as if—

(a) for sub-paragraphs (a) to (c) of paragraph (1) above there were substituted the following sub-paragraphs:

- “(a) be a review of the investment activities and policies of the trustees during that year;
- (b) contain particulars of any significant alteration in the terms of the scheme by which the fund was established or in the investment policies of the trustees during that year;
- (c) specify any material events affecting the fund which have occurred since the end of the year;
- (d) contain a statement as to whether the trustees have examined whether any person to whom they have delegated their functions in respect of the management of the fund has complied with the terms of the scheme by which the fund was established and with any agreement between the trustees and that person;
- (e) be dated and signed by one or more of the trustees appointed to manage the fund, each of whom has been authorised to do so.”;

(b) for sub-paragraph (e) of paragraph (2) above there were substituted the following sub-paragraph:

- “(e) the names and any professional qualifications of the trustees appointed to manage the fund and any other person who has been a trustee of the fund during the financial year in question and of any person or body entitled to appoint such a trustee.”;

(c) for sub-paragraph (g) of paragraph (2) above there were substituted the following sub-paragraphs:

- “(g) the name and address of any person to whom the trustees have delegated their functions in respect of the management of the fund or the holding of property transferred to, or sums deposited in, the fund or whom they have appointed to advise them on investment matters;
- (h) the name of any regulatory body of which any person referred to in sub-paragraph (g) above is a member; and
- (i) a description of any powers delegated by the trustees and of the procedures adopted to ensure that those powers are exercised consistently with the scheme by which the fund was established and the investment policies of the trustees.”; and

(d) paragraph (3) were omitted.

(5) In the case of a report prepared under section 46(5) of the 1993 Act (excepted charities which are not registered), paragraph (2) above shall have effect as if—

- (a) in sub-paragraph (a) the words from “as it appears in the register” to the end, and
- (b) in sub-paragraph (b) the words “the number assigned to it in the register and,”,

were omitted.

(6) In the case of a report in respect of a financial year of a charity in which its gross income does not exceed £100,000, paragraph (2) above shall have effect as if sub-paragraphs (f) and (g) were omitted.

---

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

---

Home Office  
17th October 1995

*Blatch*  
Minister of State

## SCHEDULE 1

Regulation 3

### FORM AND CONTENTS OF STATEMENTS OF ACCOUNTS

#### PART I

##### STATEMENT OF FINANCIAL ACTIVITIES

1. The statement of financial activities shall show the total incoming resources and application of the resources, together with any other movements in the total resources, of the charity during the financial year in respect of which the statement of accounts is prepared.
2. The information required by paragraph 1 above shall be analysed by reference to—
  - (a) the nature of the incoming resources or application of or movements in resources concerned, in accordance with paragraph 3 below; and
  - (b) the type of fund to which it relates, in accordance with paragraph 4 below.
3. Subject to paragraph 5 below, the analysis required by paragraph 2(a) above is as follows:
  - (a) all incoming resources other than those required to be entered by sub-paragraph (e) below, divided into—
    - (i) incoming resources from donors;
    - (ii) income from investment;
    - (iii) income from trading activities—
      - (A) which are in furtherance of the objects of the charity, and
      - (B) which are for commercial or fund-raising purposes; and
    - (iv) any other incoming resources;
  - (b) all resources expended, divided into—
    - (i) expenditure directly relating to the objects of the charity;
    - (ii) expenditure on fund-raising and publicity; and
    - (iii) expenditure on the cost of managing and administering the charity;
  - (c) gross transfers between the funds of the charity;
  - (d) net incoming or outgoing resources for the financial year before calculation of gains or losses on disposal of fixed assets intended for investment or on revaluation of fixed assets intended for use or investment (that is to say, the aggregate of all amounts entered in pursuance of sub-paragraphs (a), (b) and (c) above);
  - (e) any gains or losses on disposal of fixed assets intended for investment or on revaluation of fixed assets intended for use or investment, divided into—
    - (i) gains or losses on disposal of assets intended for investment;
    - (ii) unrealised gains or losses on revaluation of assets intended for investment; and
    - (iii) unrealised gains or losses on revaluation of assets intended for use;
  - (f) net movement in funds in the financial year (that is to say, the total of all entries made in pursuance of sub-paragraphs (d) and (e) above);
  - (g) the total of funds brought forward from the previous financial year; and
  - (h) the total of funds carried forward to the next financial year (that is to say, the amount entered in pursuance of sub-paragraph (f) above plus the amount entered in pursuance of sub-paragraph (g) above).

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

4. The analysis required by paragraph 2(b) above is as follows:
  - (a) unrestricted income funds;
  - (b) income funds which are restricted as to their use;
  - (c) capital funds; and
  - (d) the total for all funds of the charity (that is to say, the total of the amounts entered in pursuance of sub-paragraphs (a), (b) and (c) above).

5. In the case of any financial year of a charity in which the gross income of the charity does not exceed £100,000 but in respect of which the charity trustees have made no election in pursuance of section 42(3) of the 1993 Act, paragraph 3(b) above shall have effect as if for the words from “divided into” to the end there were substituted the words “divided into such categories as reasonably enable the user to gain an appreciation of the expenditure of the charity during the year”.

## PART II

### BALANCE SHEET

1. The balance sheet shall show, by reference to the information specified in paragraph 2 below, the state of affairs of the charity as at the end of the financial year in respect of which the statement of accounts is prepared.

2. The information referred to in paragraph 1 above is as follows:
  - (a) fixed assets, divided into—
    - (i) intangible assets;
    - (ii) tangible assets for use by the charity; and
    - (iii) investments; and
  - (b) current assets, divided into—
    - (i) stock and work in progress;
    - (ii) debtors;
    - (iii) investments; and
    - (iv) cash at bank and in hand;
  - (c) short-term creditors;
  - (d) net current assets or liabilities (that is to say, the difference between the total amount entered in pursuance of sub-paragraph (b) above and the total amount entered in pursuance of sub-paragraph (c) above);
  - (e) total assets after deduction of current liabilities (that is to say, the total amount entered in pursuance of sub-paragraph (a) above plus the amount entered in pursuance of sub-paragraph (d) above);
  - (f) long term creditors;
  - (g) provisions for liabilities or charges;
  - (h) net assets (that is to say, the amount entered in pursuance of sub-paragraph (e) above less the total amounts entered in pursuance of sub-paragraphs (f) and (g) above); and
  - (i) funds of the charity, divided into—
    - (i) unrestricted income funds;
    - (ii) income funds which are restricted as to their use; and
    - (iii) capital funds.

## PART III

### METHODS AND PRINCIPLES

1.—(1) The statement of financial activities shall give a true and fair view of the incoming resources and application of the resources of the charity in, and the balance sheet shall give a true and fair view of the state of affairs of the charity at the end of, the financial year in respect of which the statement of accounts is prepared.

(2) Where compliance with Part I, or, as the case may be, Part II and Part IV of this Schedule would not be sufficient to give a true and fair view, the necessary additional information shall be given in the accounts or a note to them.

(3) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the charity trustees shall depart from that provision to the extent necessary to give a true and fair view; particulars of any such departure, the reasons for it and its effect shall be given in a note to the accounts.

2.—(1) In respect of every amount required by paragraph 3 or 4(d) of Part I of this Schedule to be shown in the statement of financial activities or by Part II of this Schedule to be shown in the balance sheet, the corresponding amount for the financial year immediately preceding that to which the statement or balance sheet relates shall also be shown.

(2) Where that corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the statement of financial activities or balance sheet relates, the former amount shall be adjusted; particulars of any material adjustment under this sub-paragraph shall be disclosed in a note to the accounts.

(3) Where in the financial year to which the statement of accounts relates there is nothing required to be shown by one or more of the provisions specified in sub-paragraph (1) above but an amount was required to be shown by that provision in the immediately preceding financial year, this paragraph shall have effect as if such an amount were required to be shown in the financial year to which the statement of accounts relates and that amount were nil.

3. The values of assets and liabilities of the charity shall, for the purposes of entry in the accounts, be determined in accordance with the methods and principles for inclusion of assets and liabilities in the balance sheet set out in the Statement of Recommended Practice for Accounting by Charities issued in October 1995.

## PART IV

### NOTES TO THE ACCOUNTS

1. Subject to paragraph 2 below, the information to be provided by way of notes to the accounts shall, insofar as not provided in the statement of accounts, be as follows:

- (a) a description of the accounting policies of, and assumptions made for the purposes of preparing the statement of accounts by, the charity trustees, including any material change in these, the reason for such change and its effect (if material) on the accounts;
- (b) a description of the nature and purpose of all significant funds of the charity;
- (c) a statement as to whether any remuneration or other benefits (together with the amount of such remuneration or, as the case may be, the monetary value of such benefits) has been paid or is payable to any charity trustee or person connected with such a trustee directly or indirectly from the funds of the charity or from the property of any institution or body corporate connected with the charity and the name of that person;

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

- (d) particulars of the cost to the charity of—
  - (i) any policies of insurance against loss arising from the neglect or default of any of the charity trustees or trustees for the charity; of
  - (ii) indemnifying the charity trustees, or any of the trustees, for the charity in respect of the consequences of any such loss;
- (e) particulars of any transaction undertaken in the name of or on behalf of the charity in which any charity trustee or person connected with such a trustee has a material interest;
- (f) a description of any incoming resources which represent capital, according to whether or not that capital is permanent endowment;
- (g) an itemised analysis of any material movement between any of the restricted funds of the charity, or between a restricted and an unrestricted fund of the charity, together with an explanation of the nature and purpose of each of those funds;
- (h) the name of any institution or body corporate connected with the charity, together with a description of the nature of the charity's relationship with that institution or body corporate and of its activities, including, where material, its turnover and net profit or loss for the corresponding financial year of the institution or body corporate and any qualification expressed in an auditor's report on its accounts;
- (i) particulars of any loan or guarantee secured against any of the assets of the charity;
- (j) particulars of any remuneration paid to an auditor or independent examiner in respect of auditing or examining the accounts of the charity and particulars of any remuneration paid to him in respect of any other services rendered to the charity;
- (k) such particulars of any grant made by the charity to another institution of which the Statement of Recommended Practice for Accounting by Charities issued in October 1995 requires disclosure as may be required by that Statement;
- (l) an analysis of any entry in the balance sheet relating to fixed assets—
  - (i) in the case of tangible assets for use by the charity, according to the following categories—
    - (A) freehold interests in land and buildings;
    - (B) any other interest in land or buildings;
    - (C) plant and machinery;
    - (D) fixtures, fittings and equipment; and
    - (E) payments on account and assets in course of construction;
  - (ii) in the case of investments, according to the following categories—
    - (A) investment properties;
    - (B) investments listed on a recognised stock exchange;
    - (C) investments in a common deposit fund, a common investment fund or any other collective investment scheme within the meaning of section 75 of the Financial Services Act 1986<sup>(8)</sup>;
    - (D) investments in an institution or body corporate connected with the charity;
    - (E) securities which are not listed on a recognised stock exchange;
    - (F) cash; and
    - (G) other investments;
  - (iii) in the case of any such entry, which records—

---

<sup>(8)</sup> 1986 c. 60.

- (A) the aggregate value of assets specified in each of paragraphs (i) to (iii) of paragraph 2(a) of Part II of this Schedule at the beginning of the financial year to which the balance sheet relates and at the date of the balance sheet, determined in accordance with the methods and principles specified in paragraph 3 of Part III of this Schedule but without making provision for depreciation or diminution in value;
  - (B) the effect on the entry in the balance sheet made in pursuance of each of those paragraphs of any acquisitions, disposals or transfers of assets, or revisions in their recorded value, made during that financial year; and
  - (C) the cumulative amount of provisions for depreciation or diminution in value of assets specified in each of those paragraphs as at each of the dates referred to in sub-paragraph (A) above, the amount of any such provisions made in respect of that financial year, the amount of any adjustments made in respect of any such provisions during that year in consequence of the disposal of any assets and the amount of any other adjustments made in respect of any such provisions during that year;
- (m) an analysis of any entry in the balance sheet relating to debtors, according to the following categories—
    - (i) trade debtors;
    - (ii) amounts owed by any institution or body corporate connected with the charity;
    - (iii) other debtors; and
    - (iv) prepayments and accrued income;
  - (n) an analysis of any entry in the balance sheet relating to creditors (whether short-term or long-term creditors), according to the following categories—
    - (i) loans and overdrafts;
    - (ii) trade creditors;
    - (iii) amounts owed to any institution or body corporate connected with the charity;
    - (iv) other creditors; and
    - (v) accruals and deferred income;
  - (o) the following particulars of any contingent liability, that is to say, its amount or estimated amount, its legal nature and whether any valuable security has been provided by the charity in connection with that liability and, if so, what;
  - (p) particulars of any other financial commitments which have not been provided for and are relevant to assessment of the state of affairs of the charity;
  - (q) in the case of any amount required by any of the preceding sub-paragraphs (other than sub-paragraph (g), (k) or (l)(iii)) to be disclosed, the corresponding amount for the financial year immediately preceding that to which the accounts relate;
  - (r) a statement as to whether or not the accounts have been prepared in accordance with any applicable accounting standards and statements of recommended practice and particulars of any material departure from those standards and practices and the reasons for such departure;
  - (s) where the charity trustees have exercised their powers under regulation 5(4)(a) or (c) above, a statement of their reasons for doing so; and
  - (t) any other information which is required by these Regulations to be disclosed in a note to the accounts or which may reasonably assist the user to understand the statement of accounts.

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

2. Sub-paragraphs (d) and (r) of paragraph 1 above shall not apply in the case of any financial year of a charity in which the gross income of the charity does not exceed £100,000 but in respect of which the charity trustees have made no election in pursuance of section 42(3) of the 1993 Act.

## PART V

### INTERPRETATION

1. In this Schedule the following expressions have the meanings hereafter assigned to them—
  - “fixed assets” means the assets of a charity which are intended for use or investment on a continuing basis;
  - “long-term creditor” means an amount falling due after more than one year from the end of the financial year;
  - “provisions for liabilities or charges” means any amount retained as reasonably necessary for the purpose of providing for any liability or loss which is either likely to be incurred, or certain to be incurred but uncertain as to amount or as to the date on which it will arise;
  - “resources expended” means all charges relating to the financial year in respect of which the statement of accounts is prepared, including provision for depreciation and permanent diminution in value of fixed assets, calculated on the basis that the charity is carrying on its activities as a going concern; and
  - “short-term creditor” means an amount falling due within one year.
2. For the purposes of paragraph 1 above, an amount shall be treated as falling due on the earliest date on which payment of any part of it may be required by the person entitled to payment, if he exercised all options and rights available to him.

## SCHEDULE 2

Regulation 4

### FORM AND CONTENTS OF STATEMENTS OF ACCOUNTS: COMMON INVESTMENT FUNDS AND COMMON DEPOSIT FUNDS

## PART I

### STATEMENT OF TOTAL RETURN

1. The statement of total return shall show the net gain or loss on investments, gross income, total expenditure and total return of the fund, and the total amount distributed or due, including interest paid or payable, to participating charities out of the fund, during the financial year in respect of which the statement of accounts is prepared.
2. The information required by paragraph 1 above shall be analysed by reference to—
  - (a) net gains or losses on investments, indicated by—
    - (i) gains or losses on investments sold during the financial year in question, based on the historical cost of the investment sold;
    - (ii) any net appreciation or depreciation of such investments recognised in earlier accounting periods;

- (iii) the gains or losses on such investments based on their value as shown in the accounts (that is to say, the difference between or, as the case may be, the sum of the amounts entered in pursuance of paragraphs (i) and (ii) above); and
  - (iv) net unrealised appreciation or depreciation of investments during the financial year in question;
- (b) gains or losses on other assets;
- (c) gross income, divided into—
  - (i) dividends in respect of shares;
  - (ii) scrip dividends;
  - (iii) interest on securities;
  - (iv) interest on deposits at banks and building societies;
  - (v) underwriting commission; and
  - (vi) other income;
- (d) expenditure incurred in the administration of the scheme under which the fund was established, divided into—
  - (i) amounts payable directly or indirectly by way of remuneration, reimbursement of expenses or otherwise to any trustee appointed to manage the fund or person connected with such a trustee;
  - (ii) amounts payable directly or indirectly by way of remuneration, reimbursement of expenses or otherwise to any person to whom the trustees have delegated their functions in relation to management of the fund or to any person connected with that person;
  - (iii) fees payable in respect of any audit carried out by an auditor under section 43 of the 1993 Act;
  - (iv) any fees payable to the person carrying out such an audit in respect of other services for the fund provided by him;
  - (v) any fees payable in respect of the safe custody of assets; and
  - (vi) other expenditure divided into such categories as reasonably enable the user to gain an appreciation of the expenditure incurred;
- (e) tax borne by the fund in respect of income, profits or gains during the financial year in question, divided into—
  - (i) income tax or capital gains tax to which the fund is liable in the United Kingdom; and
  - (ii) overseas tax;
- (f) net income (that is to say, the total amount entered in pursuance of sub-paragraph (c) above less the total of the amounts entered in pursuance of sub-paragraphs (d) and (e) above);
- (g) total return (that is to say, the total of the amounts entered in pursuance of sub-paragraphs (a), (b) and (f) above);
- (h) the amount distributed or due in respect of income and accumulation shares, and interest paid or payable to charities who have deposited sums, during the financial year in question; and
- (i) net increase or decrease in the value of the fund resulting from its activities (that is to say, the difference between the amounts entered in pursuance of sub-paragraphs (g) and (h) above).

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

3. In the case of a common investment fund established by a scheme which, in pursuance of section 24(5) of the 1993 Act, includes provision for enabling sums to be deposited by or on behalf of a charity on the basis that (subject to the provisions of the scheme) the charity shall be entitled to repayment of the sums deposited and to interest thereon at a rate determined by or under the scheme, the analysis required by paragraph 2 above shall distinguish between the amount of capital and income to be shared between charities participating otherwise than by way of deposit and the amounts excluded from such amount under provision made in pursuance of section 24(5) of the 1993 Act (that is, such amounts as are from time to time reasonably required in respect of the liabilities of the fund for the repayment of deposits and for the interest on deposits, including amounts required by way of reserve).

4. In respect of any information required by a sub-paragraph of paragraph 2 above to be divided into separate categories denoted by paragraphs of that sub-paragraph, the division of that information into such separate categories may, if the trustees appointed to manage the fund so elect, be effected by means of a note to the accounts made in pursuance of Part V of this Schedule rather than by division in pursuance of that sub-paragraph.

## PART II

### STATEMENT OF MOVEMENT IN FUNDS

1. The statement of movement in funds shall provide a reconciliation between the net assets of the fund at the beginning of the financial year in respect of which the statement of accounts is prepared and the net assets of the fund at the end of that year.

2. The reconciliation referred to in paragraph 1 above shall show—

- (a) the value of the net assets at the beginning of the financial year in question;
- (b) in the case of a common investment fund, the amount or value of any property transferred to or withdrawn from the fund during that year by participating charities;
- (c) the net increase or decrease in the value of the fund resulting from its activities during that year (that is to say, the amount entered in pursuance of sub-paragraph (i) of paragraph 2 of Part I of this Schedule);
- (d) in the case of a common investment fund, the amount of any distribution of income due in respect of accumulation shares; and
- (e) the value of the net assets at the end of the financial year in question.

3. In the case of a common investment fund such as is described in paragraph 3 of Part I of this Schedule, the analysis required by paragraph 2 above shall distinguish between the amount of capital and income to be shared between charities participating otherwise than by way of deposit and the amounts excluded from such amount under provision made in pursuance of section 24(5) of the 1993 Act.

## PART III

### BALANCE SHEET

1. The balance sheet shall show, by reference to the information specified in paragraph 2 or, as the case may be, 3 below, the state of affairs of the fund as at the end of the financial year.

2. Subject to paragraph 4 below, in the case of a common investment fund, the information referred to in paragraph 1 above is as follows:

- (a) tangible fixed assets for use by the fund;

- (b) investments;
- (c) current assets, divided into—
  - (i) debtors;
  - (ii) deposits and loans;
  - (iii) cash at bank and in hand; and
  - (iv) others;
- (d) liabilities, divided into—
  - (i) creditors;
  - (ii) bank overdrafts;
  - (iii) other loans; and
  - (iv) distributions payable to participating charities;
- (e) net current assets less liabilities (that is to say, the difference between the total amount entered in pursuance of sub-paragraph (c) above and the total amount entered in pursuance of sub-paragraph (d) above); and
- (f) net assets (that is to say, the total of the amounts entered in pursuance of sub-paragraphs (a), (b) and (e) above); and
- (g) total funds of the common investment fund.

**3.** In the case of a common deposit fund, the information referred to in paragraph 1 above is as follows:

- (a) cash at bank and in hand;
- (b) debtors;
- (c) deposits and investments, divided into—
  - (i) deposits at building societies within the meaning of the Building Societies Act 1986<sup>(9)</sup>;
  - (ii) deposits at the Bank of England or any institution which is authorised by the Bank of England to operate a deposit-taking business under Part I of the Banking Act 1987<sup>(10)</sup>;
  - (iii) other bank deposits;
  - (iv) other deposits; and
  - (v) other investments;
- (d) current assets not included in any of paragraphs (a) to (c) above;
- (e) tangible fixed assets for use by the fund;
- (f) gross assets (that is to say, the total of the amounts entered in pursuance of sub-paragraphs (a) to (e) above);
- (g) sums deposited by participating charities;
- (h) other liabilities, divided into—
  - (i) creditors;
  - (ii) bank overdrafts;
  - (iii) other loans; and
  - (iv) interest accrued or payable to participating charities;

---

<sup>(9)</sup> 1986 c. 53.

<sup>(10)</sup> 1987 c. 22, as amended by the Banking Co-ordination (Second Council Directive) Regulations 1992 (S.I. 1992/3218).

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

- (i) total liabilities (that is to say, the total of the amounts entered in pursuance of sub-paragraphs (g) and (h) above); and
  - (j) total funds of the common deposit fund (that is to say the amount entered in pursuance of sub-paragraph (f) above less the amount entered in pursuance of sub-paragraph (i) above).
4. In the case of a common investment fund such as is described in paragraph 3 of Part I of this Schedule, the information referred to in paragraph 1 above is—
- (a) in relation to the amount of capital and income to be shared between charities participating otherwise than by way of deposit, the information specified in paragraph 2 above; and
  - (b) in relation to the amounts excluded from such amount under provision made in pursuance of section 24(5) of the 1993 Act, the information specified in paragraph 3 above.
5. In respect of any information required by sub-paragraph (c) of paragraph 3 above to be divided into separate categories denoted by paragraphs of that sub-paragraph, the division of that information into such separate categories may, if the trustees appointed to manage the fund so elect, be effected by means of a note to the accounts made in pursuance of Part V of this Schedule rather than by division in pursuance of that sub-paragraph.

## PART IV

### METHODS AND PRINCIPLES

1. The methods and principles specified and referred to in Part III of Schedule 1 to these Regulations shall apply for the purposes of the preparation of the statement of accounts of a common investment fund or common deposit fund as they do for the purposes of the preparation of the statement of accounts of a charity to which that Schedule applies, subject to the following modifications.

2.—(1) For any reference to “the charity” or “charity trustees” there is substituted a reference to the fund or, as the case may be, the trustees appointed to manage the fund.

(2) In paragraph 1(1), for “statement of financial activities” there is substituted “statement of total return”.

(3) After paragraph 1(1), there is inserted the following sub-paragraph:

“(1A) The statement of movement in funds shall give a true and fair view of the movements in the net assets of the fund between their position at the beginning of that year and their position at the end of that year.”.

(4) In paragraph 1(2), for “Part I or, as the case may be, Part II and Part IV of this Schedule” there is substituted “Part I, II or, as the case may be, III and Part V of Schedule 2 to these Regulations”.

(5) For paragraph 2(1), there is substituted the following sub-paragraph:

“(1) In respect of every amount required by paragraph 2 of Part 1 of Schedule 2 to these Regulations to be shown in the statement of total return, or by paragraph 2 of Part II of that Schedule to be shown in the statement of movement in funds, or by paragraph 2 or, as the case may be, 3 of Part III of that Schedule to be shown in the balance sheet, the corresponding amount for the financial year immediately preceding that to which the statement or balance sheet relates shall also be shown.”.

(6) In paragraph 2(2), for “statement of financial activities” there is substituted “statement of total return, statement of movement in funds”.

(7) In paragraph 3, for “Statement of Recommended Practice for Accounting by Charities issued in October 1995” there is substituted “Statement of Recommended Practice for Authorised Unit Trust Schemes issued in April 1991”.

## PART V

### NOTES TO THE ACCOUNTS

1. The information to be provided by way of notes to the accounts of a common investment fund or common deposit fund is the information specified in Part IV of Schedule 1 to these Regulations in relation to the accounts of charities to which that Schedule applies, modified in accordance with the following provisions of this Part.

2.—(1) For any reference to “the charity” there is substituted a reference to the fund and for any reference to “the charity trustees” or “trustees for the charity” or to any of them there is substituted a reference to the trustees appointed to manage the fund or to any of them, as the case may require.

(2) For paragraph 1(a) and (b) there are substituted the following sub-paragraphs:

“(a) a description of the accounting policies of the trustees, particularly regarding the basis of valuation of investments, the recognition of dividend income or interest and the conversion of any amounts expressed in currency other than pounds sterling, and of the accounting assumptions made by them, including any material change in these, the reason for such change and its effect (if material) on the accounts;

(b) where the trustees appointed to manage the fund have during the financial year in question entered into any transaction, agreement or arrangement made for the purpose of minimising the risk of loss to the fund in consequence of fluctuations in interest rates or in the market value of securities or in the rates of foreign exchange, or entered into any other transaction in financial futures or options relating to shares, securities, foreign currency or other financial instrument which is a trading transaction in its own right, the nature of and reason for entering that transaction, agreement or arrangement and the total value of, and the maximum extent of financial exposure as at the date of the balance sheet resulting from, that transaction, agreement or arrangement;”.

(3) In paragraph 1(c), (d)(i) and (ii) and (e), after “trustees appointed to manage the fund” there is inserted “or any person to whom they have delegated their functions in relation to management of the fund”.

(4) For paragraph 1(f) and (g) there are substituted the following sub-paragraphs:

“(f) an analysis of the amount and date of any distribution in respect of income and accumulation shares or payment of interest to participating charities;

(g) a note of any adjustments made in the statement of total return to reflect the amount of income included in the creation or cancellation price of a unit or share in the fund;”.

(5) For paragraph 1(j) to (n) there are substituted the following sub-paragraphs—

“(j) an explanation of any amount entered in pursuance of paragraph 2(e)(i) of Part I of this Schedule (United Kingdom tax);

(k) an analysis of any entry in the balance sheet relating to:

(i) tangible fixed assets for use by the fund, according to the following categories—

(A) freehold interests in land and buildings;

(B) any other interest in land or buildings;

(C) payments on account and assets in course of construction; and

(D) plant, machinery, fixtures, fittings and equipment;

(ii) debtors, according to the following categories—

(A) in the case of a common investment fund, amounts receivable in respect of property transferred to the fund;

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

- (B) amounts receivable in respect of securities sold;
  - (C) accrued income; and
  - (D) other debtors;
- (iii) creditors, according to the following categories—
  - (A) in the case of a common investment fund, amounts payable in respect of property withdrawn from the fund;
  - (B) amounts payable in respect of securities purchased;
  - (C) accrued expenses; and
  - (D) other creditors;
- (l) in the case of a common investment fund, the following statements, made up to the date of the balance sheet, that is to say—
  - (i) a portfolio statement, specifying—
    - (A) details of each investment held by or on behalf of the fund, including its market value at that date;
    - (B) the category of each such investment according to its geographical area or industrial sector;
    - (C) the percentage of net assets represented by each investment so held and by each category of investment specified under paragraph (B) above; and
    - (D) whether or not the investment in question is listed on a recognised stock exchange;
  - (ii) a statement of major changes in the portfolio, specifying—
    - (A) where the aggregate value of purchases or sales of a particular investment during the financial year in question exceeds 2 per cent of net assets at the beginning of that year, that value;
    - (B) unless disclosed in pursuance of paragraph (A) above, the value of the 20 largest purchases and sales of a particular investment during the financial year in question; and
    - (C) the total cost of purchase and net proceeds from sales of investments during the financial year in question;
  - (iii) a statement of the number of shares issued as at the beginning of the year and as at the date of the balance sheet and the value of each income or accumulation share as at each of those dates, calculated by reference to the net asset value of the fund; and
  - (iv) a statement of the amount, if any, in the dividend equalisation reserve;
- (m) in the case of a common deposit fund, details of sums deposited by participating charities as at the date of the balance sheet, divided into—
  - (i) sums repayable on demand; and
  - (ii) deposits with agreed maturity dates or periods of notice, divided into—
    - (A) those repayable in not more than three months;
    - (B) those repayable in more than three months but not more than one year;
    - (C) those repayable in more than one year but not more than five years; and
    - (D) those repayable in more than five years;
- (n) in the case of a common deposit fund, details as at the date of the balance sheet of—
  - (i) sums placed on deposit, divided into—

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

- (A) sums repayable on demand; and
  - (B) other deposits, indicating whether they are repayable in not more than 3 months, more than 3 months but not more than 1 year, more than 1 year but not more than 5 years or more than 5 years; and
  - (ii) investments other than deposits, analysed in accordance with sub-paragraph (m) above;”.
- (6) For paragraph 1(q) there shall be substituted the following sub-paragraph:
- “(q) in the case of any amount required by any of the preceding sub-paragraphs (other than sub-paragraph (1)(i) and (ii)) to be disclosed, or the percentage of net assets represented by each category of investment required by sub-paragraph (1)(i)(C) above to be disclosed, the corresponding amount or percentage for the financial year immediately preceding that to which the accounts relate;”.

## PART VI

### INTERPRETATION

1. In this Schedule, “dividend equalisation reserve” means income withheld from distribution with a view to avoiding fluctuations in the amounts distributed.
2. For the purposes of this Schedule, a person is connected with a trustee appointed to manage the fund or a person to whom the trustees appointed to manage the fund have delegated their functions in relation to management of the fund (in this paragraph referred to as “the manager”) if—
  - (a) he is the child, parent, grandchild, grandparent, brother or sister of the manager;
  - (b) he is the spouse of the manager or of any person connected with him by virtue of sub-paragraph (a) above;
  - (c) he is the trustee of any trust, not being a charity, the beneficiaries or potential beneficiaries of which include the manager or any person connected with him by virtue of sub-paragraph (a) or (b) above and is acting in his capacity as such;
  - (d) he is a partner of the manager or of any person connected with him by virtue of sub-paragraph (a), (b) or (c) above and is acting in his capacity as such; or
  - (e) the person is a body corporate, not being a company which is connected with a charitable institution within the meaning of section 58(5) of the Charities Act 1992, in which the manager has, or the manager and any other manager or managers or person or persons connected with him by virtue of sub-paragraph (a), (b), (c) or (d) above, taken together, have, a substantial interest.
3. Any expression in paragraph 2 above which also appears in Schedule 5 to the 1993 Act shall be construed in accordance with paragraphs 2 to 4 of that Schedule.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

---

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, which extend only to England and Wales, make provision with respect to the accounts of charities, the financial years of a charity, the requirements relating to audit or examination of charity accounts and the annual reports of charity trustees.

Regulation 3 and Schedule 1 prescribe the form and contents of statements of accounts prepared by charity trustees under section 42 of the Charities Act 1993 (“the 1993 Act”), including the information to be provided by way of notes to the accounts and the methods and principles applicable.

Regulation 4(1) to (6) and Schedule 2 prescribe the form and contents of statements of accounts of common investment funds and common deposit funds and regulation 4(7) prescribes the form and content of statements of accounts of registered housing associations and charities conducting higher and further education institutions.

Regulation 5 defines the financial year of a charity for the purposes of the 1993 Act and regulations made under that Act.

Regulation 6 deals with the duties of auditors and the reports which they are required to make. Regulation 7 deals with the reports of independent examiners. Regulation 8 makes supplementary provision with respect to audit and independent examination and regulation 9 prescribes the circumstances in which dispensation from the requirement to have accounts audited or examined may be given by the Charity Commissioners.

Regulation 10 deals with the annual reports which charity trustees are required to make to the Charity Commissioners.

The Recommended Practice for Accounting by Charities referred to in Schedule 1 may be obtained from the Charity Commission, St Alban’s House, 57/60 Haymarket, London SW1Y 4QX and the Recommended Practice for Authorised Unit Trust Schemes referred to in Schedule 2 may be obtained from the Investment Management Regulatory Organisation Ltd, Lloyds Chambers, 1 Portsoken Street, London E1 8BT.

By virtue of the Charities Act 1993 (Commencement and Transitional Provisions) Order 1995 (S.I.1995/2695) these Regulations apply only to financial years of a charity commencing after Part VI of the 1993 Act comes into force.

A compliance cost assessment of the effect that this instrument would have on the cost of accounting by charities is available from the Publications Unit, Home Office, 50 Queen Anne’s Gate, London SW1H 9AT.