
STATUTORY INSTRUMENTS

2000 No. 2868

CHARITIES

The Charities (Accounts and Reports) Regulations 2000

Made - - - - *19th October 2000*
Laid before Parliament *25th October 2000*
Coming into force - - *15th November 2000*

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⁽¹⁾ 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 2000 and shall come into force on 15th November 2000.

Interpretation

2. In these Regulations—

“director” includes any person occupying the position of a director, by whatever name called, and in relation to a body corporate whose affairs are managed by its members means a member of the body corporate;

“ex gratia payment” means any such application of the property of a charity, or any such waiver by a charity of any entitlement to receive any property, as may be authorised under section 27(1) of the 1993 Act;

“the 1993 Act” means the Charities Act 1993;

“the 1995 Regulations” means the Charities (Accounts and Reports) Regulations 1995;

“financial year” shall be construed in accordance with regulation 5 of the 1995 Regulations⁽²⁾;

“fixed assets” means the assets of a charity which are intended for use or investment on a continuing basis;

(1) 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 I to the Companies Act 1985 (Audit Exemption) Regulations 1994 (S.I. 1994/1935).

(2) S.I. 1995/2724.

“fund” means particular assets of a charity held on trusts which, as respects the purposes for which those assets are held, or as respects the powers of the charity trustees to use or apply those assets, are not identical with those on which other assets of the charity are held;

“income reserves” means those assets in the unrestricted fund of a charity which the charity trustees have, or can make, available to apply for all or any of its purposes, once they have provided for the commitments of the charity and its other planned expenditure;

“institution or body corporate connected with the charity” has the same meaning as in the 1995 Regulations;

“the SORP” means the Statement of Recommended Practice for Accounting and Reporting by Charities, issued by the Charity Commissioners on 17th October 2000;

“special case charity” means a charity which is either—

- (a) a registered social landlord within the meaning of the Housing Act 1996⁽³⁾ and whose registration has been recorded under section 3(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⁽⁴⁾ or section 28 of the Further and Higher Education Act 1992⁽⁵⁾ has effect;
 - (ii) received financial support from funds administered by a higher education funding council or further education funding council within the meaning of the said 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;

“trustee for a charity” includes a custodian trustee and a nominee;

“unrestricted fund” means a fund which is to be used or applied in any way determined by the charity trustees for the furtherance of the objects of a charity, and “restricted fund” means any other fund of a charity.

Form and content of statements of accounts

3.—(1) This regulation applies to a statement of accounts prepared by the charity trustees of a charity (other than a charity specified or referred to in regulation 4 of the 1995 Regulations) in accordance with section 42(1) of the 1993 Act in respect of a financial year—

- (a) which begins on or after 1st January 2001; or
- (b) which begins before that date if—
 - (i) the charity trustees determine that this regulation, rather than regulation 3 of the 1995 Regulations, shall apply to the statement of accounts; and
 - (ii) the charity trustees have not, before the date when these regulations come into force, either approved the accounts of the charity in respect of that financial year, or authorised the signature of an annual report in respect of that financial year in accordance with regulation 10(1)(c) of the 1995 Regulations.

⁽³⁾ 1996 c. 52.

⁽⁴⁾ 1988 c. 1. Section 129 was amended by section 72(1) of the Further and Higher Education Act 1992.

⁽⁵⁾ 1992 c. 13. Section 28 was amended by paragraph 109 of schedule 37 to the Education Act 1996 (c. 56) and by paragraphs 33 and 38 of schedule 30 to the School Standards and Framework Act 1998 (c. 31).

(2) If the charity trustees make a determination under sub-paragraph (b) above, they shall also make a determination under regulation 7(1)(b) below, if they are required to prepare an annual report in respect of the financial year in question.

(3) The requirements as to form and content of a statement of accounts to which this regulation applies are those set out in the following provisions of this regulation.

(4) The statement shall consist of—

- (a) a statement of financial activities which 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 is prepared; and
- (b) a balance sheet which shall show the state of affairs of the charity as at the end of the financial year in respect of which the statement is prepared.

(5) The statement shall be prepared in accordance with the following principles, namely that—

- (a) 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 the financial year in respect of which the statement is prepared;
- (b) the balance sheet shall give a true and fair view of the state of affairs of the charity at the end of that year;
- (c) where compliance with the following requirements of this regulation would not be sufficient to give a true and fair view, the necessary additional information shall be given in the statement of accounts or in notes to the accounts;
- (d) if in special circumstances compliance with any of those requirements would be inconsistent with giving a true and fair view, the charity trustees shall depart from the requirement to the extent necessary to give a true and fair view.

(6) The statement—

- (a) shall be prepared in accordance with the methods and principles set out in the SORP; and
- (b) subject to the following three paragraphs of this regulation, shall, with respect to any amount required to be shown in the statement of financial activities or in the balance sheet, also show the corresponding amount for the financial year immediately preceding that to which the statement or balance sheet relates.

(7) 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.

(8) Where in the financial year to which the statement of accounts relates the effect of paragraph (5) and paragraph (6)(a) above is that there is nothing required to be shown in respect of a particular item, but an amount was required to be shown in respect of that item in the statement of accounts for the immediately preceding financial year, those provisions shall have effect as if such an amount were required to be shown in the statement of accounts in the financial year to which the statement relates, and that amount were nil.

(9) Where a charity has more than one fund, only amounts corresponding to the entries in the statement of financial activities relating to the totals of both or all of the funds of the charity need be shown.

(10) There shall be provided by way of notes to the accounts the information specified in the Schedule to these Regulations, and proviso (ii) to regulation 5(4) of the 1995 Regulations shall have effect as if for the reference to regulation 3(4) of those Regulations there were substituted a reference to this paragraph of this regulation.

(11) 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 statement of accounts of which the balance sheet forms part was approved by the charity trustees.

Audit and independent examination

4. In relation to a statement of accounts to which regulation 3 applies—
- (a) regulation 6(2)(e) of the 1995 Regulations shall have effect as if, for the reference to regulation 3 of those Regulations, there were substituted a reference to regulation 3 above; and
 - (b) regulation 7(e)(iii) of the 1995 Regulations shall have effect as if, for the reference to regulation 3 of those Regulations, there were substituted a reference to regulation 3 above, and as if, for the reference to paragraph 1 of Part III of Schedule 1 to the 1995 Regulations, there were substituted a reference to sub-paragraphs (a) and (b) of paragraph (5) of regulation 3 above.

Form and content: special cases

5.—(1) This regulation applies to a statement of accounts prepared by the charity trustees of a special case charity in accordance with section 42(1) of the 1993 Act in respect of a financial year which begins on or after 1st January 2001.

(2) The requirements as to form and content of a statement of accounts to which this regulation applies are those set out in the following provisions of this regulation.

(3) The statement shall consist of an income and expenditure account and a balance sheet as at the end of the financial year in respect of which the statement of accounts is prepared.

- (4) The statement shall be prepared in accordance with the following principles, namely that—
- (a) the income and expenditure account shall give a true and fair view of the income and expenditure of the charity for the financial year in respect of which the statement of accounts is prepared; and
 - (b) the balance sheet shall give a true and fair view of the state of affairs of the charity at the end of that year.

Audit and independent examination

6. In relation to a statement of accounts to which regulation 5 applies—
- (a) regulation 6(2)(e) of the 1995 Regulations shall have effect as if, for the reference to regulation 4 of those Regulations, there were substituted a reference to regulation 5 above and as if for the words “incoming resources and application of the resources” there were substituted the words “income and expenditure”; and
 - (b) regulation 7(e)(iii) of the 1995 Regulations shall have effect as if, for the reference to regulation 4 of those Regulations, there were substituted a reference to regulation 5 above, and as if for the reference to paragraph 1 of Part III of Schedule 1 to those Regulations, there were substituted a reference to regulation 5(4) above.

Annual reports

7.—(1) This regulation applies to an annual report prepared by the charity trustees of a charity (other than a charity specified in regulation 10(4) of the 1995 Regulations) in accordance with section 45(1) of the 1993 Act in respect of a financial year—

- (a) which begins on or after 1st January 2001; or

- (b) which begins before that date if—
 - (i) the charity trustees determine that this regulation, rather than regulation 10 of the 1995 Regulations, shall apply to the annual report; and
 - (ii) the charity trustees have not, before the date when these Regulations come into force, either authorised the signature of an annual report in respect of that financial year in accordance with regulation 10(1) (c) of the 1995 Regulations or approved a statement of accounts which has been prepared for the charity in respect of that financial year under regulation 3 of those Regulations.

(2) If the charity trustees make a determination under sub-paragraph (b) above, they shall also make a determination under regulation 3(1)(b) above, if they prepare a statement of accounts under section 42(1) of the 1993 Act in respect of the financial year in question and the charity is one to which regulation 3 above may apply.

(3) 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 £250,000, 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 £250,000—
 - (i) be a review of all activities, including—
 - (aa) material transactions, significant developments and achievements of the charity during the year in relation to its objects;
 - (bb) any significant changes in those activities during the year;
 - (cc) any important events affecting those activities which have occurred since the end of the year and any likely future developments in those activities; and
 - (dd) where any fund of the charity was in deficit at the beginning of the financial year, the steps taken by the charity trustees to eliminate that deficit; and
 - (ii) contain a statement as to whether the charity trustees have given consideration to—
 - (aa) the major risks to which the charity is exposed; and
 - (bb) systems designed to mitigate those risks; 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.

(4) Subject to paragraphs (5) to (8) 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 of charities 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) particulars, including the date if known, of any deed or other document containing provisions which regulate the purposes and administration of the charity;
- (e) a description of the objects of the charity;

- (f) the name of any person or body of persons entitled by the trusts of the charity to appoint one or more new charity trustees, and a description of the method provided by those trusts for such appointment;
 - (g) the name of any person who is a charity trustee of the charity on the date when the authority referred to in paragraph (3)(c) above is given, and, where any charity trustee on that date is a body corporate, the name of any person who is a director of the body corporate on that date;
 - (h) the name of any other person who has, at any time during the financial year in question, been a charity trustee of the charity;
 - (i) the name of any person who is a trustee for the charity on the date referred to in sub-paragraph (g) above;
 - (j) the name of any other person who has, at any time during the financial year in question, been a trustee for the charity;
 - (k) a description of the policies (if any) which have been adopted by the charity trustees—
 - (i) for the purpose of determining the level of income reserves which it is appropriate for the charity to maintain in order to meet effectively the needs designated by its trusts;
 - (ii) for the selection of investments for the charity; and
 - (iii) for the selection of individuals and institutions who are to receive grants out of the assets of the charity;
 - (l) a statement regarding the performance during the financial year of the investments belonging to the charity (if any);
 - (m) a description of the organisational structure of the charity; and
 - (n) a description of any assets held by the charity or by any charity trustee of, or trustee for, the charity, on behalf of 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 a description of the objects of the charity on whose behalf the assets are held.
- (5) The Commissioners may, where they are satisfied that, in the case of a particular charity or class of charities, or in the case 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 any of sub-paragraphs (f) to (j) of paragraph (4) 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 (4)(c) above could lead to any such person being placed in any personal danger,
- dispense with the requirement—
- (i) in any of sub-paragraphs (f) to (j) 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.
- (6) In the case of a charity having more than 50 charity trustees on the date referred to in paragraph (4)(g) above—
- (a) that sub-paragraph shall have effect as if for the words “name of any person who is a charity trustee of the charity” there were substituted the words “names of not less than 50 of the charity trustees of the charity, including any charity trustee who is also an officer of the charity”; and

(b) paragraph (4)(h) shall have effect as if, at the end of the sub-paragraph, there were inserted the words “other than the name of any charity trustee whose name has been excluded from the report in pursuance of sub-paragraph (g) above”.

(7) In the case of a report prepared under section 46(5) of the 1993 Act (excepted charities which are not registered), paragraph (4) above shall have effect as if—

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

(b) in sub-paragraph (b) the words “the number assigned to it in the register and,”, were omitted.

(8) In the case of a report in respect of a financial year of a charity in which its gross income does not exceed £250,000, paragraph (4) above shall have effect as if sub-paragraphs (l) to (n) were omitted.

Minor amendments to the 1995 Regulations

8.—(1) In regulation 2(1)—

(a) after the words “deposit fund established by a scheme” there shall be inserted the words “under section 22A of the Charities Act 1960⁽⁶⁾ or”; and

(b) after the words “investment fund established by a scheme” there shall be inserted the words “under section 22 of the Charities Act 1960 or”.

(2) For regulation 4(7)(a) there shall be substituted the following—

“(a) is a registered social landlord within the meaning of the Housing Act 1996 and whose registration has been recorded under section 3(3) of that Act; or”.

(3) In regulation 9(2)—

(a) in sub-paragraph (b), after the words “Comptroller and Auditor General” there shall be inserted the words “or by the Auditor General for Wales”; and

(b) in sub-paragraph (c), after the words “have been” there shall be inserted the words “or will be”.

Home Office
19th October 2000

Paul Boateng
Minister of State

(6) 1960 c. 58: section 22A was inserted by the Charities Act 1992 (c. 41).

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

SCHEDULE

Regulation 3(10)

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 financial activities or in the balance sheet, be as follows:

- (a) particulars of any material adjustment made pursuant to regulation 3(7) above;
- (b) 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, in accordance with the methods and principles set out in the SORP;
- (c) a description of the nature and purpose of all material funds of the charity in accordance with the methods and principles set out in the SORP;
- (d) such particulars of the related party transactions of the charity, or of any institution or body corporate connected with the charity, as may be required by the SORP to be disclosed;
- (e) such particulars of the cost to the charity of employing staff as may be required by the SORP to be disclosed;
- (f) such particulars of the emoluments of staff employed by the charity as may be required by the SORP to be disclosed;
- (g) 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; or
 - (ii) indemnifying the charity trustees, or trustees for the charity, or any of them, in respect of the consequences of any such loss;
- (h) a description of any incoming resources which represent capital, according to whether or not that capital is permanent endowment;
- (i) 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;
- (j) 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;
- (k) particulars of any guarantee given by the charity, where any potential liability under the guarantee is outstanding at the date of the balance sheet;
- (l) particulars of any loan outstanding at the date of the balance sheet—
 - (i) which was made to the charity, and which is secured by an express charge on any of the assets of the charity; or
 - (ii) which was made by the charity to any institution or body corporate connected with the charity;
- (m) particulars of any fund of the charity which is in deficit at the date of the balance sheet;
- (n) 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;

- (o) such particulars of any grant made by the charity as may be required by the SORP to be disclosed;
- (p) particulars of any ex gratia payment made by the charity;
- (q) an analysis of any entry in the balance sheet relating to fixed assets, debtors and creditors, according to the categories set out in the SORP;
- (r) an analysis of all material changes during the financial year in question in the values of fixed assets, in accordance with the methods and principles set out in the SORP;
- (s) the following particulars of any contingent liability existing at the date of the balance sheet, 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;
- (t) particulars of any other financial commitments which are outstanding at the date of the balance sheet, and which have not been provided for and are relevant to assessment of the state of affairs of the charity;
- (u) if the market value (as at the date of the balance sheet) of any land forming part of the property of the charity differs substantially from the amount at which that land is included in the balance sheet, and the difference is, in the opinion of the charity trustees, of such significance as to require that attention be drawn to it, particulars of that difference;
- (v) in the case of any amount required by any of the preceding sub-paragraphs (other than sub-paragraph (i), (o) or (r) to be disclosed), the corresponding amount for the financial year immediately preceding that to which the accounts relate;
- (w) 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 statements of practice and the reasons for such departure;
- (x) where the charity trustees have exercised their powers under sub-paragraph (a) or (c) of regulation 5(4) of the 1995 Regulations so as to determine an accounting reference date earlier or later than 12 months from the beginning of the financial year, a statement of their reasons for doing so;
- (y) if, in accordance with regulation 3(5)(d) above, the charity trustees have departed from any requirement of that regulation, particulars of any such departure, the reasons for it, and its effect; and
- (z) any additional information—
 - (i) which is required to ensure that the statement of accounts complies with the requirements of regulation 3 above; or
 - (ii) which may reasonably assist the user to understand the statement of accounts.

2. Sub-paragraphs (g) and (w) 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 £250,000.

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 new provision with respect to the form and content of the accounts of charities and the annual reports of charity trustees for financial years which begin on or after 1 January 2001. They replace provision made by the Charities (Accounts and Reports) Regulations 1995 (S.I.1995/2724) (“the 1995 Regulations”). There is an option for trustees to prepare accounts and reports in accordance with the new provision, rather than the 1995 Regulations, for earlier financial years.

The requirements relating to the audit or examination of charity accounts continue to be set out in the 1995 Regulations, subject to the minor modifications made by regulations 4, 6 and 8.

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

Regulation 5 prescribes the form and content of statements of accounts of registered social landlords and charities conducting higher and further education institutions.

Regulation 7 deals with the annual reports which charity trustees are required to make to the Charity Commissioners.

The Statement of Recommended Practice for Accounting and Reporting by Charities, which is referred to in Regulation 2, may be obtained from the Charity Commission, Harmsworth House, 13-15 Bouverie Street, London EC4Y 8DP, and from its website www.charity-commission.gov.uk