

# Charity Reporting and Accounting Requirements Policy

## Introduction

Mothers' Union is legally required to maintain accounting records and prepare accounts. We must also prepare a trustees' annual report to accompany our accounts.

Additionally, most charities are required to subject their accounts to some description of external scrutiny and make them available to the public via the charity regulator.

All these tasks must be completed within prescribed deadlines and it is the duty of trustees to ensure these requirements are met in full.

*This document has been created to set out and explain the key rules and requirements in this area. The information contained is broadly relevant to dioceses within the UK, albeit in some minor respects Scotland departs from this. Dioceses in the province of All Ireland should refer to local guidance.*

*Please note that this document is current as at August 2017. Laws that govern charity reporting can and do change frequently. It is important that you look at the latest information to ensure you adhere to up to date laws that govern charities where you are registered.*

## Summary of Key Requirements

There are different requirements for different sizes and types of charity. To understand what applies to your charity, you need to know the following:

- whether or not your charity is also a company (registered with Companies House and the Charity Commission) or charitable incorporated organisation (CIO) solely registered with the Commission (our Diocese is not a company or CIO)
- your charity's income for the current financial year (our income puts us in the medium size of charity and this is unlikely to change in the near future)
- the value of your charity's assets (currently we have no assets)

If you present a Receipts & Payments account, it must be accompanied by a Statement of Assets & Liabilities.

## Requirements for Annual Reports and Accounts

The basic aim of the Annual Report and the Annual Accounts is to provide a clear picture of the activities and financial position of Mothers' Union.

### Annual Accounts – Basis of Preparation

Our accounts are prepared on a Receipts and Payments basis. Restricted and unrestricted funds are accounted for separately.

A statement is also provided listing assets and liabilities at the end of the year; this includes debtors and creditors. If any assets are owned (eg equipment, land or buildings) these would also need to be included.

Fund accounting distinguishes between two primary classes of fund:

1. Those that are unrestricted in their use, which can be spent for any charitable purposes of a charity and
2. Those that are restricted in use, which can only be lawfully used for a specific charitable purpose, for example AFIA.

So, to be clear, unrestricted funds can be used in whatever way the charity trustees decide, so long as the expenditure is for one of the charitable purposes of the organisation.

### Trustees Report

Small charities that are not CIO's or registered companies may be entitled to file a simplified Trustees Report including as a minimum:

- Charity name and registered number
- Names of all trustees who served during the period
- Address of principal office
- The structure of the charity including:
  - Particulars of the governing document
  - Methods adopted for recruitment and training of trustees
- A brief financial review including a policy on reserves
- A statement confirming the trustees have complied with their duty to have due regard to the guidance on public benefit published by the commission
- A summary of the objectives of the charity and the main charitable activities carried out
- A brief summary of achievements and performance

The detailed legal requirements for the trustees' annual report are set out in The Charities (Accounts and Reports) Regulations 2008 which provide the legal underpinning for the recommendations made in the SORP.

## External Scrutiny

Our annual accounts are inspected by an independent examiner.

## Accounting for Branches within Diocesan Accounts

Branches within the diocese are an integral part of diocese, therefore their financial activities will be part of the diocesan accounts.

## Annual Return

An Annual Return is an online form that must be completed each year by registered charities with annual income over £10,000. You must return your completed Annual Return to the Charity Commission by the deadline given on the Return, which will be ten months after the end of your financial year.

Charities required to complete an Annual Return will receive an email reminder. You'll be asked to update details including:

- name of trustees,
- bank details
- charity classification and activities
- details of land and buildings owned by the charity
- number of volunteers
- details of overseas spending and activities

You will also need to declare whether the charity:

- is registered for Gift Aid
- raises funds from the public
- has a trading subsidiary (a company whose profits go to the charity)
- has policies for risk management, investment, safeguarding vulnerable beneficiaries, managing conflicts of interest, managing volunteers, and handling complaints
- has reviewed its financial controls
- has received income from local or central government, either through contracts or as grants, and how much was received (currently only Gift Aid).

If your charity has an income of £25,000 or more, you must state if any serious incidents took place in the last year, such as fraud, or risk to beneficiaries.

The Charity Commission provides [full details of what you will need to include in your annual return](#), so you can prepare the information before you complete it online.

## Registered status to appear on documents

A registered charity with a gross income of £10,000 or more in the financial year is required by law to state on a range of documents that it is a registered charity and to quote its registration number. These documents include the accounts, cheques, headed notepaper, advertisements, notices, material placed on websites and any documents used for fundraising or membership purposes.

This Policy has been approved and authorised by:

Name: Linda Ginn

Position: Diocesan President

Signature:

Date: 26<sup>th</sup> January 2022

Due for Review by: 2025