

CHARITIES



August 2015

Welcome to Focus On... our special quarterly bulletin looking at issues relevant to particular sectors and topics of interest.

In August's Focus On... Charities, we learn about the importance of governance in charities and find out about a local service for dementia patients. There is a look at the role the Charities Aid Foundation played in helping individuals and organisations to make £478 million in charitable donations during 2014/15 and a review of campaigning costs versus fundraising. In addition to discovering why charitable properties could be protected from right-to-buy scheme, there is a profile of team member Darren Calvert.

If you would like to discuss any aspect of our specialist charity audit and accountancy services, please contact Emma Murray, Audit and Compliance Partner at Nicholsons, at emma.murray@nicholsonsca.co.uk or phone 01522 815100.

The role of a trustee



Last month, the Charity Commission published an updated version of 'The Essential Trustee', to assist trustees in their roles. It explains what is expected of them and outlines their responsibilities when acting on behalf of a charity. One of the primary goals is to help them avoid many of the basic errors that can lead to legal issues.

Charities are generally governed by a trustee board

that takes overall responsibility for its work. The term 'governance' describes the trustees' role in:

- the long term direction of the charity, including its objectives or purposes;
- implementing policies and activities to achieve objectives;
- complying with legal requirements; and
- accountability to those with an interest or 'stake' in the charity.

All trustees should either have, or be prepared to develop, basic skills in financial management. In particular, trustees should know how to:

- read budgets and accounts so they know if the annual accounts properly summarise their charity's activities and state of affairs;
- interpret financial reports and advise on appropriate action in response;
- guide professional advisers entrusted with property and financial reserves;
- assist and monitor fundraising activities; and
- recognise actual or pending insolvency.

Trustees that do not have previous experience of dealing with a charity's finances should be given support by the treasurer or the charity's finance officer. Also, trustees should ask for financial information to be presented in a form that they can understand (such as tables, charts and graphs) and the information should be accompanied by a written commentary.

When fulfilling their financial responsibilities, trustees have two principal duties. These are:

1. 'Proper care and diligence': A trustee will not, for example, be held personally liable for wrongdoing by any financial agents if the board of trustees has given proper attention to the appointment, duties and supervision of the agents;
2. 'Prudence of ordinary men and women of business in the management of their own affairs': This requires trustees to satisfy themselves that the financial affairs of the charity are being properly handled in the same way that they would manage their own finances or those of someone else for whom they were morally responsible. Ignorance of what is happening on the part of a trustee, is not accepted as prudent behaviour.

All trustees should take an active interest in the financial affairs of the charity. The position of trustee demands time, commitment and ability as there are meetings to attend and board papers to review, whilst support, advice and guidance must be given to the senior executive team. Importantly, financial responsibilities cannot be escaped by delegating control and supervision of the finances to someone else. Importantly, trustees remain responsible for the financial affairs of the charity and would share liability for any financial wrongdoing.

At Nicholsons, we know that organisations operating in the third sector have very specific financial objectives, circumstances, priorities and requirements. Our specialist Charities Team works extensively with clients of all sizes in the not-for-profit sector, providing a comprehensive range of services including accounts, compliance audits and advice on specific tax, VAT, marketing and employee relations issues. To find out more, please contact us.

CAF handles a record £478m in donations in 2014/15



Charities Aid Foundation (CAF) helped individuals and organisations to make £478 million in charitable donations during 2014/15 according to the charity's latest annual report. This is an increase of £35 million on 2013/14 and is the largest amount to date.

CAF manages donations on behalf of philanthropists, major businesses and individuals who give through CAF Charity Accounts and through their payroll with Give As You Earn. It also provides financial services to voluntary organisations.

During 2014/15:

- £70 million was donated by employees of more than 3,000 firms through their payroll;
- People holding a CAF Charity Account to manage their giving gave £100 million to charities. This includes the Gift Aid that CAF claims on their behalf;
- Major donors donated £156 million via CAF; an increase of 19 per cent over the previous year; and
- Companies using CAF's services donated £82 million.

The annual report also revealed:

- CAF Bank has lent £20 million to charities; and
- CAF's social investment arm Venturesome has supported 23 social enterprises and not-for-profit organisations.

Last year saw CAF co-ordinate the UK activities for #GivingTuesday. Over 820 charities and businesses took part and so CAF is co-ordinating the campaign again, which is due to run on 1 December.

The team at Nicholsons have extensive experience in working with charities, which means that we are able to offer expertise in all financial issues affecting this sector, including those relating to donations. For more information, please contact us.

Fundraising spend is directly proportional to income

Charities that spend more on generating voluntary income typically raise more money, according to new research from nfpSynergy.

The research, which looked at the fundraising expenditure and net income in the 2013 accounts of the top 200 charities by voluntary income, shows that larger charities – with incomes of more than £50m – and environment or health charities were particularly likely to raise more if they spent more money on fundraising.

In fact, the research shows that of the five charities that spent more than £30m on fundraising in 2013, the biggest spender – Cancer Research UK, which spent £80m – raised the most money, at £369m.

In the same year, Marie Curie Cancer Care spent £37m to raise £84m, whilst the British Red Cross spent £49m to raise £128m and Macmillan Cancer Support spent £58m to raise £186m.

Interestingly, the charity that spent the least of the five – Save the Children, which forked out £33m – raised £325m, despite a significantly lower fundraising spend.

Nicholsons also understands that no two charities are the same, so every aspect of the services it offers is carefully tailored to the client's particular circumstances and strategic objectives. For more information about how Nicholsons can provide expert advice for charities, please contact us.



New family service for Lincolnshire's dementia patients



A new support service for the approximately 11,000 people suffering from dementia in Lincolnshire is due to launch later this year.

Alzheimer's Society has received funding from Lincolnshire County Council to provide the Dementia Family Support Service for three years from October 2015.

The charity will offer information and advice to help people with dementia, as well as signposting them to other local organisations.

Nasim Minhas, Alzheimer's Society Services Manager for Lincolnshire, said: "We will now be able to provide

more people with accurate, accessible information to help them make informed decisions.

"We'll also be working closely with the other voluntary organisations in the county to ensure that people are getting the best help possible."

Alzheimer's Society also runs dementia cafés, activity groups and "Singing for the Brain" groups across Lincolnshire.

For a number of years, Nicholsons has been providing expert advice to charities and is delighted to hear that Lincolnshire County Council is backing dementia support.

Important telephone number changes

Please note that our telephone numbers have changed. We are now available on the following geographic numbers:

Lincoln office: **01522 815100**

Market Rasen office: **01673 842205**

The Fax number for both offices is: **01522 815101**

Please note that our existing 0845 numbers will shortly be decommissioned. Meanwhile, if you do use them, the cost will be 2p per minute plus your phone company's access charge. Direct dial numbers for individual members of our team remain unchanged.

Charitable properties could be protected from right-to-buy scheme



The government's plan to force charitable housing associations to sell off their housing to tenants has suffered a setback after the House of Lords recently voted in favour of an amendment to the

charities bill that seeks to block the measure.

The House of Lords voted by 257-174 to accept an amendment to the charities bill put forward by Labour

peer Baroness Hayter of Kentish Town. The new clause stipulates that "the Charity Commission shall ensure that independent charities are not compelled to use or dispose of their assets in a way which is inconsistent with their charitable purposes".

The vote could have ramifications for the government's proposal to extend the right to buy scheme to housing association tenants. The scheme currently only applies to council housing tenants.

Baroness Hayter told the House: "Many other interventions help people get into the housing market, but we do not want the right to buy to be at the expense of the charitable aims of those charities which, for example, have been donated land, money or property for a specific purpose, whether it is to help house the elderly or rural workers or to rent to low-income families or other particular categories of beneficiary."

Responding to the charities bill amendment, Sir Stephen Bubb (Chief Executive of the charity leaders' body Acevo) said "This is excellent news. It is essential that charitable assets are protected from nationalisation by governments. Many housing associations, most of which are charities, were developed from legislation dating back to Elizabeth I. When people give to charity they do not expect future governments to take money away from charities. This principle is sacrosanct."

The bill will leave the Lords to be considered by the Commons after the parliamentary recess, which lasts until 7 September.

If you think that this issue could affect you, Nicholson's charities team will work with you and provide expert, objective advice. To find out more, please contact us.

Employee focus – Darren Calvert, Senior Auditor



Darren Calvert
Senior Auditor

Darren joined Nicholson's nine years ago and is now a Senior Auditor in the charities team. This role sees Darren attending client's premises and conducting audits onsite, preparing accounts for clients and

planning and compiling audits. "Of course, each client is unique and meetings are conducted in different ways," said Darren, "But one of the best parts of this job is meeting the clients and trustees. I also enjoy the fact that charity audits can be challenging. This therefore makes you think more methodically and really gives me something to get my teeth into. I especially enjoy the complexities of auditing and I believe this enables me to develop my skills and attributes.

"I became an auditor as part of our natural progression

at Nicholson's and it was something that had always interested me. I am very grateful to Nicholson's for developing me in this specialist area."

Before joining Nicholson's, Darren worked as an accounts assistant for a local business while completing his AAT studies. He is now a fully qualified member of the AAT and has been part of the charities team for around four years. Before this, and still as part of his current role, Darren was involved in undertaking audits for non-charity businesses.

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