

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

In January's Focus On... Charities, we highlight important changes to charities' annual returns, as well as looking at the important contribution towards supporting voluntary and community organisations. The value of training for trustees also comes under the spotlight and we also look at how a new version of the Statement of Recommended Practice (SORP) has moved a step closer following a consultation. Finally, we are planning a series of free seminars for charities and want your input.

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](mailto:emma.murray@nicholsonsca.co.uk) or phone 0845 27 66 555.

## All change on annual returns

The Charity Commission has announced a series of changes to charities' annual returns and to the information displayed on its online register of charities for 2014.

Among the changes to the annual return for 2014 will be:

- an additional question, and published answer, about whether the charity pays trustees
- a new question, and published answer, about whether a charity raises funds from the public
- a new question, and published answer, asking whether a charity has a trading subsidiary
- a new section encouraging charities to explain what they have achieved during the year
- publication of whether a charity is a member of the Fundraising Standards Board.

The Commission has also announced it will show on a charity's register page if its accounts have been qualified by an auditor or independent examiner, whether it has become insolvent or is in administration or is subject to enforcement action by the Commission for non-submission of accounts.

The latter would apply to charities that have failed to submit their accounts after repeated reminders and remain in default six months after their filing deadline.

The new arrangements follow a consultation on the proposed changes earlier in the year. Jane Hobson, head of policy at the commission said: "The annual return is an important tool that the commission uses to inform its regulatory approach, promote good governance and make sure that charities are accountable to the public.

"We were mindful of getting the balance right between the need for charities to be transparent without making the task of completing the annual return too much of a burden and we are pleased that all 10 proposals were agreed to by the majority of the respondents to the consultation."

These changes do not affect the annual return for 2013 that many charities may still be due to

complete. They will come into effect for the annual return for 2014 and a new annual return form and guidance will be published this month (January).

At Nicholsons, our experienced charities team is ideally placed to provide guidance to charities as they complete the new annual return for the first time. For more information on any aspect of the return, please contact us.



## Report: relationships with business offer real potential

Local businesses make a limited but important contribution towards supporting voluntary and community organisations, according to pioneering research.

'Local Business Giving: between the raffle prize and a new source of funding', published by the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University, is one of the first explorations of how small and medium-sized local businesses support the voluntary sector.

According to a survey carried out by CRESR in Greater Manchester, only two per cent of charity income is from business donation and sponsorship, compared

with 28 per cent raised through charging for goods and services, 21 per cent through fund-raising, and 18 per cent through National Lottery grants.

But the report suggests that business giving to charities can be increased if relationships between the two sectors are nurtured and developed beyond a "one-off transaction". It says that charities also need to understand that the giving of time, expertise, resources or material and space is as important as donating money or raffle prizes.

As cuts in national and local government finance continue to affect the charity sector, identifying and

developing alternative funding sources is likely to be a priority for many charities.

Charities have also been rising to the challenges created by economic pressures by introducing new ways of working. However, it can be tough to go it alone and sometimes a fresh pair of expert eyes can help to identify opportunities to operate more efficiently and cost-effectively.

Nicholsons' experience in working with charities means that we offer particular expertise and insight in the financial issues affecting this sector. For more information, please contact us.

## Special week highlights value of trustee training

Training and support for charity trustees has been highlighted during a special week designed to raise awareness of their role.

As part of Trustees' Week, the Charity Commission published research revealing that a third of charity register applicants said their organisation did not offer training and support to trustees.

Sam Younger, the Commission's chief executive, said: "As the backbone of their charities, it's really important that trustees receive regular training to enable them to continually build on their knowledge and run their organisations effectively, and in accordance with charity law.

"Poor governance is sadly something we see regularly in charities, as a result of trustees failing to understand their duties."

Alex Swallow, chief executive of the Small Charities

Coalition, added: "Opportunities for training are extremely important for trustees of small charities for three main reasons.

"Firstly, the smallest charities have few or no staff so if the trustees don't have the right mix of skills the organisation is even more likely to suffer. Secondly, small charities are having to adapt to a fast changing environment where skills and understanding need to be continually 'topped up' for them to thrive. Thirdly, training and development opportunities are a key way to attract a diverse range of good people to small charity boards."

Meanwhile, charities with an annual turnover below £1 million can now use the TrusteeWorks Matching Service run by volunteering charity Reach for free.

From 1 November, Reach has removed the £75 fee for smaller charities for the service, which introduces charities to potential trustees drawn from its register of skilled volunteers.



Trustees are legally responsible for the overall management and decision-making of their charities, so the better equipped they are for that role, the more their organisations will benefit.

As advisers experienced in working with charities, Nicholsons can provide advice and support to help charities and their trustees understand their responsibilities. For more information, please contact us.

## New SORP comes a step closer

Charities have been giving their views on a new version of the Statement of Recommended Practice (SORP), the framework for charity accounting and reporting.

In March this year, the Financial Reporting Council (FRC), the independent regulator that sets the standard for corporate reporting and monitors and enforces accounting and auditing standards, issued a new financial reporting standard that will form the basis for accounting periods starting on or after 1 January 2015.

For the first time, this new standard addresses some key issues involved in charity accounting and reporting.

The Charity Commission and the Office of the Scottish Charity Regulator, which together form the SORP-making bodies for UK charities, subsequently drafted a new SORP to incorporate the new reporting standard.

The new draft also addresses the needs of smaller

charities that choose to continue reporting under an existing Financial Reporting Standard for Smaller Entities. The new SORP has been written in a modular style that the authors hope will make it easier for charities to identify the parts that apply to them.

At Nicholsons, our charities team can provide expert advice to charities seeking clarification when the new SORP is released and its implications for them. For more information, please contact us.

## Free charity seminars: have YOUR say

Nicholsons will be hosting a series of free seminars for charities this year and would like your input. Is there a burning issue affecting you or an associate in

the charities sector that you feel should be addressed at one of these events? If so, please let us know by emailing [emma.murray@nicholsonsca.co.uk](mailto:emma.murray@nicholsonsca.co.uk), where

you can also register your interest in attending. We will let you have further details of the events, including dates, times, venues and topics, in due course.

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