

CHARITY COMMISSION FINANCIAL REPORTING CONVENTIONS

These are found by following the paths set out below. You will recognise much of the text copied from their website below if you follow the paths but I have edited some sections for brevity.

Prepare a charity's annual return

In this section of the Charity Commission website there is a 'Contents' section where the second item is entitled 'What you need to submit by organisation type'. In the table for unincorporated charities click on 'annual return online' for the £10k to £25k income band and you are taken to the following page:

Send a charity's annual return

You must send an annual return (or update your details) every year if your charity is registered in England or Wales.

This is different from:

- the [charity's annual accounts](#)
- the [charity tax return](#) that you send to HM Revenue and Customs (HMRC)

Click on 'charity's annual accounts' and there are four income ranges offered. At the bottom of the second page is a summary of the reporting requirements for all sizes of charity with the two most relevant to us being 'Up to £25,000' and 'Over £25,000 to £250,000' which covered in more detail below:

1. Prepare a charity's annual accounts - Up to £25,000

1. Is your charity a company? **No**
2. How much money does your charity make each year? **Up to £25,000**

You can prepare either receipts and payments or accruals accounts.

You can choose which type of accounts you prepare.

Receipts and payments accounts

Receipts and payments accounting is a summary of all the money you received and paid out in the year. You need to list assets (things your charity owns or money it is owed) and liabilities (money your charity owes to others)

Accruals accounts

Accruals accounts include details of:

- how your charity gets and spends its money
- money in your charity's bank account
- assets and liabilities
- other important information, such as related party transactions

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You can choose to describe your charity's income and expenditure using either:

- natural categories that you're free to decide, for example donations, wages, rent
- activity categories as listed in [the statement of recommended practice \(SORP\)](#)

You don't need to have your accounts examined or audited unless your charity's governing document or the Charity Commission asks you to.

2. Prepare a charity's annual accounts - Over £25,000 to £250,000

1. Is your charity a company? **No**

2. How much money does your charity make each year? **Over £25,000 to £250,000**

You can prepare either receipts and payments or accruals accounts but must have them checked.

You can choose which type of accounts you prepare - either receipts and payments accounts or accruals accounts.

Receipts and payments accounts

Exactly the same as for Up to £25,000 above.

Accruals accounts

Again, exactly the same as for Up to £25,000 above.

Get your accounts checked

You must have your accounts independently examined or audited. You can choose which you do unless your governing document specifies an audit.

Summary of financial reporting requirements for all charities

For each income band on 'charity's annual accounts' the following table is created:

Size – income bands	Basis of Accounts (Receipts and Payments, or Accruals)	Check of accounts required (unless required by your constitution)	Check by whom (Examiner or Auditor)
Up to £25k	Either	No	N/A
Over £25k to £250k	Either	Yes	Either
Over £250k to £1m with assets < £3.26m	Accruals	Yes	Either
Over £250k to £1m and assets > £3.26m	Accruals	Yes	Auditor
Over £1m	Accruals	Yes	Auditor

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