# **Accounting requirements for small groups**

This Factsheet covers the accounting requirements for groups:

* Where both **income** and **expenditure** are less than £100,000
* That are not limited companies; and
* Have opted not to prepare accounts on the accruals basis.

The requirements that apply to larger groups, and to groups that are also limited companies, can be found in other fact sheets and publications.

This Factsheet is confined to the requirements imposed by **Charity Law**. Other, more onerous, requirements could be imposed by your **constitution** or your **funders**. You should always check these before applying the principles set out here.

**Accounting records**

Proper accounting records must be kept by all charities, however small.

The records must show and explain the transactions carried on by the charity.

These must contain:

* A record of all sums of money received and paid by the charity
* The date of the transaction
* A brief description or explanation of what each receipt or payment was for
* A record of the charity’s assets and liabilities

**Annual accounts**

Small charities are permitted to prepare accounts on the receipts and payments basis. This means that you should only include in the accounts money received and paid during the year in question. The financial statements you need to prepare must show your financial position at the end of the year and the financial activities (receipts and payments) over the course of the year. Fund accounting If you have more than one Fund (for example money that can be spent to further any of your charitable objects, known as Unrestricted Funds, and money that has been given to you for a specific purpose or project, known as Restricted Funds), you must account for these separately. For each Fund, you will have to present the accounts so that they reveal what are the income and expenditure and the assets and liabilities of each Fund. This can be done either by presenting accounts for each fund separately or using a columnar format.

**Annual report**

If you are a registered charity the annual report must contain:

* A brief summary of the main activities and achievements during the year
* The name of the charity as it appears on the Register of Charities and any other name by which it is known
* The registration number of the charity
* The principal address of the charity
* A description of the objects of the charity and of the purpose of any Restricted Funds
* A description of the policies (if any) which have been adopted by the charity trustees
* The names of the charity trustees, anyone who has served as a trustee during the year and any person or organisation that is entitled to appoint trustees, and a description of the method provided by those trusts for such an appointment
* The signature of one or more trustees, each of whom has been authorised to do so, and the date the report was signed

If your trustee body is more than 50, you need only show the names of 50 trustees.

If you feel that disclosing the names of trustees and/or the address of your charity could endanger people’s safety, you can apply to the Charity Commission for a dispensation not to include the information in the Annual Report

If your charity is so small that it does not have to be registered:

* There is no requirement to prepare a report

If your charity is unregistered because it is an exempt charity:

* You need only prepare a report if requested to do so by the Charity Commission

**Audit or independent examination**

If your income is below £25,000 you will only have to have your accounts audited or independently examined, if it is a requirement of your constitution or it is a requirement of one of your funders.

**Presentation**

A Receipts and Payments Accounts Pack is available from the Charity Commission. This contains forms which when completed will meet the Commission’s requirements for an Annual Report and Accounts. It is acceptable to the Commission to send in the completed forms as your Report & Accounts though you may wish to prepare something that looks more professional for your members, users, funders, etc.

**Public availability**

* Charity accounts are a matter of public record, therefore:
* You must make a copy of your accounts available to the public on written request
* You can make a reasonable charge – for example to cover the cost of copying and postage
* Requests for accounts must be met within two months of receipt

**Retention of records**

You should retain your accounts and the supporting accounting records for the last 6 completed years from the point of expenditure.

**Further Information (sources)**

To find out additional information on audits and Independent Examinations, please check out these useful links to other resources.

**Charity Commission Publications:**

* Charity reporting and accounting: the essentials (CC15b)
* Receipts and payments accounts pack (CC16)
* Independent examination of charity accounts: trustees (CC31)
* Managing charity assets and resources: an overview for trustees (CC25)
* Trustee expenses and payments (CC11)
* Internal financial controls for charities (CC8)