



Guide to Charities

1. What Accounting Do Charities Need to Complete?

All charities must prepare a Trustees' Annual Report and a set of annual accounts and make them available on request. You must send the Charity Commission a copy of these documents depending on your income:

- Less than £10,000 per annum - must submit an Annual Update Part A, which includes changes to the details / officers of the charity, plus Income / Expenditure figures.
- Between £10,000 - £25,000 per annum - as above plus a Trustee's Annual Report and set of accounts.
- Between £25,000 - £500,000 per annum - as above plus a Reporting Serious Incidents Form.
- Between £500,000 - £1m per annum - as above plus an Annual Update Part B.
- Over £1m per annum - as above plus an Annual Update Parts C.



2. Do You Need Your Accounts Audited?

Charities with income under £25,000 per annum are not required to have their accounts independently examined or audited.

Audits are usually only required if the annual income is over £500,000. If income is between £25,000 - £500,000 normally only an Independent Financial Review would be required instead of an audit.

Full details regarding legal requirements can be found on the Charity Commission website .

3. What Happens If You Do Not Keep Accurate Records?

When running a charity, it is extremely important to make sure all funds are accounted for and all paperwork is in place, especially if the charity is run by volunteers. The Charity Commission can review any charity registered with its organisation, and if issues are found with the records investigations can be undertaken. Worst case scenario, the charity could lose its charitable status, or the trustees or staff could be investigated for possible fraud.

It is therefore incredibly important, even if volunteers are running the charity, that rules are adhered to and all of the correct records are kept.

4. Why Get Clear Cut Accounts Involved?

At Clear Cut Accounts we realise that most charities and associations are run by a long line of volunteers or employees, many only fulfilling the role for a short period. With multiple handovers and personnel, records can become confused, as can the exact returns and processes that must be followed.

By providing an easy to use spreadsheet, and a set of full written instructions, record keeping can be handed over in the future with no worry or concern. We also give a certain amount of discounted services to local charities. For larger charities, software packages can be the answer to making sure that consistent records are kept.

Depending on the size of your charity, the accounts can vary - from a simple set of Income and Expenditure figures, to full Accrual based accounts. Here at Clear Cut Accounts we can make sure that you have the correct accounts in place for your size of charity - and don't do more work that you have to!

5. What Services Do We Offer?

- We can provide a signed off Independent Financial Review, as per the Charity Commission guidelines. We cannot do this if we are your accountant and complete your bookkeeping and records on an ongoing basis.
- We can create a Statement of Financial Position and an Income & Expenditure Account from your current records, so that you can submit returns to the Charity Commission / the HMRC Companies House if your charity is also a company.
- We can review your accounts, and redesign them to give you optimum information with only minimum inputting. Depending on your preference, we can provide paper schedules,

spreadsheets or easy-to-use cloud accounting software, which will be tailor-made for the returns and accounts you need to have. We will also provide full instructions on keeping your accounts up to date - that can be handed over to new officers as the role changes hands.

- Whichever option you choose, we will explain what your figures mean, what you can do to improve funds, and even offer advice on how to grow and develop the charity in the future.
- We can set you up and train you on easy-to-use cloud accounting software, such as FreeAgent or Xero. Having a new system to your books can seem daunting - but it can also revolutionise the way you run your charity, giving you live up-to-date data and drastically reducing the time it takes to do paperwork. Situated on the cloud, it is also a safe and secure way to keep your data - which will be completely protected if anything was to happen to your PC in the office. We can obtain licences, and set you up with a monthly Direct Debit plan to spread our costs across the year. See our FreeAgent or Xero sections on our website for more details.

Whichever option you choose, we will explain what your figures mean, what you can do to improve surpluses, and offer advice on how to grow and develop the charity in the future.

Our rates are shown on our website www.clearcutaccounts.co.uk.

6. Other Services We Can Provide

We realise every business is different, and have a wide variety of requirements. In addition to the above core services, we can also provide the following services:

- Company Registration for Start-ups
- VAT Registration and Returns
- CIS Registration and Returns
- Employing People / Payroll
- Company Directors Dividend Payments
- Providing regular Business Information - P&L, Balance Sheet, Credit Control, Profitability.

Please get in touch for a no obligation chat.

