



# Completing the pro forma Trustees' Annual Report

## Introduction

These guidance notes reflect the requirements for accounting periods ending on or after 1 April 2009. Please refer to our [reporting thresholds table](#) for information about requirements for earlier accounting periods.

All charities in England and Wales that are registered with the Charity Commission are required to prepare a Trustees' Annual Report by the Charities Act. The length of the report and the amount of detail included in it should be in proportion to a charity's size and complexity; in the smallest charities the report can be very simple. If in completing the pro forma you find one or more of the boxes are too small to say everything that you need or wish to say, please add continuation pages if needed but do ensure that these are numbered and have an appropriate heading.

Please note that this pro forma is designed for use by charities registered in England and Wales. For charities also registered with the Office of the Scottish Charity Regulator you should check for any additional information you must include to meet the requirements of charity law in Scotland.

## Which charities may use the pro forma report?

The Charity Commission's pro forma Trustees' Annual Report has been primarily designed to assist smaller charities that are not subject to a statutory audit requirement to present the information needed to meet the legal requirements for such reports.

The pro forma report should not be used without adaptation when the charity is:

- an exempt charity;
- a company;
- a common deposit fund, or a common investment fund (other than a pooling scheme fund);
- also registered in Scotland;
- preparing group accounts or
- required by law to have its accounts audited.

## Exempt charities

The trustees of charities that are exempt (ie under the Charity Commission's jurisdiction but not required to register) are not required to prepare a Trustees' Annual Report unless they choose to register or are specifically requested to prepare an annual report by us. It is nevertheless good practice for such charities to prepare a Trustees' Annual Report, and the pro forma may be used provided they meet the criteria set out above.

## Exempt charities

The Charities Act places no legal requirement on the trustees of a charity exempt from registration with us to prepare a Trustees' Annual Report. Such charities may be subject to an alternative statutory regime or a more specialised SORP may apply. The pro forma does not address any separate requirements or recommendations that might apply to exempt charities.

## Charitable companies

Charitable companies are required by the Charities Act to prepare a Trustees' Annual Report as well as preparing a directors' report under the Companies Act 2006. A single report may be prepared

combining the Trustees' Annual Report and directors' report. This pro forma report does not include information specifically required by the Companies Act 2006. Company charities will need to adapt the pro forma in order to produce a combined report that also complies with company law.

## Common deposit fund or common investment fund charities

Whilst common investment funds and common deposit funds are registered charities, their investment purpose and objectives set them apart. The reporting framework put in place by Regulations made under the Charities Act provides for the distinct reporting needs of such investment funds. This pro forma report should not therefore be used by such charities.

## Charities required by law to have their accounts audited

Trustees of charities with income or expenditure over the charities' audit threshold, or with an audit requirement under another alternative statutory regime, may find that, though the pro forma provides a useful structure, they will need to report more information than is given in the pro forma.

A **statutory audit**, is required under the Charities Act if either the gross income of the charity is over £500,000 or gross income exceeds £250,000 and the aggregate value of its assets is over £3.26m. It is anticipated that all the financial thresholds will be considered again as part of an undertaking made to Parliament for a five year review of the Charities Act 2006. It is recommended that reference is made to the Charity Commission website for further information on future threshold changes and the Charity Commission website is checked to confirm the thresholds that apply.

Charities subject to a statutory audit should therefore refer to the full Trustees' Annual Report recommendations contained in the Charities SORP (Accounting and Reporting by Charities: Statement of Recommended Practice 2005).

## Transparency

The Trustees' Annual Report is a key document in explaining what a charity is trying to do and how it goes about it. It provides charity trustees with the opportunity to explain matters that cannot fully be explained by accounts alone and adds to the transparency and accessibility of the financial information that accounts provide.

## Consistency with legal framework and recommended practice

The contents of the pro forma report are consistent with the recommendations contained in Accounting and Reporting by Charities: Statement of Recommended Practice 2005 (the Charities SORP) as they apply to smaller charities.

The requirements of the Charities SORP with regard to the Trustees' Annual Report are compatible with the Charities (Accounts and Reports) Regulations 2008 (SI 629) (the Regulations) as they apply to smaller charities.

The Charities SORP contains additional recommendations that apply to larger charities which smaller charities are nevertheless encouraged to adopt on a voluntary basis. Similarly, the Regulations require additional information from larger charities.

The pro forma report enables smaller charities to adopt these additional requirements, if they so choose. Such additional disclosures, which are purely voluntary, are highlighted in the pro forma report.

### Further information

Our website ([www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)) contains much useful information and references are provided where relevant in these notes.

These notes include all of the information needed to complete the pro forma report. If individuals completing the pro forma wish to provide more details and fully comply with all best practice recommendations then they should refer to paragraphs 41 to 59 of the Charities SORP which is available on the website.

We publish, on our website, copies of the annual reports (and accounts) of charities with income over £25,000.

Section	Comment
<b>Charity name</b>	For registered charities this is the name on the Charity Commission's register. Non-registered charities should give the name on their governing document.
<b>Other names by which the charity is known</b>	From time to time charities can use another name to that registered with the Charity Commission or on their governing document. If an alternative name is used, then it is included here.
<b>Registered charity number</b>	This is the charity's number on the Charity Commission's register. This should be left blank for an excepted charity.
<b>Principal address</b>	If including the charity's address might put any of the charity's trustees, senior staff or those who appoint trustees in personal danger, please contact the Charity Commission, if you file your report with us, to obtain permission for the address not to be disclosed in the report. This exemption may be needed for charities such as women's refuges.
<b>Trustees</b>	<p>There are two distinct types of trustee in charity law. Details of those carrying out these distinct roles are presented separately in the report:</p> <ul style="list-style-type: none"> <li>All charities have <b>charity trustees</b> who are responsible for the general control and management of the charity, taking decisions about what is to be done, how money is to be raised and spent. Governing documents may call charity trustees a variety of names including trustees, management committee members, board members, governors etc. Occasionally, a charity has a corporate body such as a local authority as its charity trustee (see below).</li> <li>Some charities may also have 'trustees' who play no part in the control and management of the charity but in whose name the property of the charity is registered. Such trustees are known as <b>trustees for a charity</b> and include custodian trustees and nominees. They reduce the need to change ownership documents every time the charity trustees change. If the charity is a corporate body (such as a company) then such trustees are generally not necessary as property may be vested in a corporate body.</li> </ul>
<b>Names of the charity trustees</b>	<ul style="list-style-type: none"> <li>In the trustee table, include the names of the <b>charity trustees</b> managing the charity on the date the report is signed and of anyone who acted as a charity trustee during the period covered by this report, giving the dates during which they acted. You may also add details of any office held (eg chair, treasurer, secretary etc) after the name.</li> <li>If a charity trustee is appointed by a person or body include the name of the appointing person or body (eg the trustees themselves, the members of the charity, the settler or founder etc).</li> <li>This form provides for 20 managing trustees to be listed. The maximum number to be disclosed is 50 (use a separate sheet if necessary). If there are more than 50 trustees, please give the names of just 50 but be sure to include the names of trustees who are officers (chair, secretary, treasurer, etc).</li> <li>If the charity trustee is a company or corporate body, list the names of the current directors or other persons managing it.</li> </ul> <p>If including a particular name might put any of the charity's trustees in personal danger, please contact the Charity Commission, if you file the report with us, to obtain permission for the name(s) not to be disclosed (this does not apply to company directors).</p>
<b>Names of the trustees for the charity (if any)</b>	<p>A <b>trustee for the charity</b> holds the title to the charity's property (see above).</p> <p>Include the names of any such trustees at the date this report was signed or who served during the year of the report.</p>
<b>Names and addresses of advisers (optional)</b>	Charity trustees <b>may</b> choose to show here the names and addresses of any advisers regularly used, for example, the independent examiner, auditor, accountant, architect, lawyer, surveyor, investment advisers and bankers.
<b>Name of chief executive or names of other senior staff</b>	Charity trustees may choose to show here the name of the chief executive officer or if there are a number of senior staff who are responsible for managing the charity, their names.

Section	Comment
<b>Type of governing document</b>	State the <b>type of governing document</b> the charity has and if possible give its date and date of any amendments. The type of governing document will typically be a constitution or trust deed, though it could also be a will, Royal Charter, Charity Commission Scheme or memorandum and articles of association (company). The Charity Commission's register (on our website) shows the type of governing document for each registered charity.
<b>How the charity is constituted</b>	This is the legal form adopted by the charity. This may be a trust, association, limited company etc.
<b>Charity trustee selection methods</b>	This section is used to briefly explain how charity trustees are selected. For example trustees may be appointed by another body, elected from membership, appointed by the existing trustees, etc.
<b>Additional governance information (optional)</b>	Charity trustees <b>may</b> choose to provide in this section further information about the charity's governance arrangements, structure and relationship. The pro forma provides headings for the additional information that may be provided in this section.
<b>Summary of the objects of the charity set out in its governing document</b>	<p>Include in this section a summary of the legal objects of the charity. Trustees of registered charities may view a summary of their registered objects on the Charity Commission's register on our website.</p> <p>In addition, charity trustees <b>may choose</b> to include details of the charity's aims and objectives set for the year and the strategies adopted to achieve them. This may include explaining the changes or differences the charity seeks to make through its activities.</p>
<b>Summary of the main activities undertaken for the public benefit in relation to these objects</b>	<p>This is a very important part of the annual report and in this section include a brief summary of the charity's main activities undertaken for the public benefit, explaining how these further its charitable objects. You might explain, for example, the major programmes, projects and other activities in which the charity engages. The summary should be sufficient to give the reader a reasonable understanding of the type of work undertaken for the public benefit. For example under a heading, 'Runs a community centre' describe the main activities at the centre and the groups using the centre or under a heading 'Provides free advice to beneficiaries' followed this with a brief description of the main areas of advice given and the nature of the beneficiaries helped.</p> <p>Section 17(5) of the Charities Act and the Charities (Accounts and Reports) Regulations 2008 require the trustees of a charity to have regard to the guidance on public benefit issued by the Charity Commission when exercising any powers or duties to which the guidance would be relevant and make a statement to this effect in the annual report. If the trustees have read the guidance, we recommend that they say how the guidance has been considered when undertaking the charity's work, for example, in planning the activities for the year the trustees reviewed the guidance at their trustee meetings. If all the trustees have not read the guidance then a statement should be made that discloses this fact and we recommend the trustees advise action the trustees are taking to fulfil their legal duty.</p>
<b>Additional matters on activities</b>	Charity trustees <b>may</b> wish to provide further information about their activities including any policies on grant making or programme related investments or about the contribution made by volunteers.
<b>Summary of the main achievements of the charity during the year</b>	<p>Include in this section a brief summary of the charity's main achievements for the year that resulted from the charitable activities undertaken for the public benefit. This may be a brief narrative describing the results of the charity's work or give details of the outputs achieved, for example an output would be: 'ran 150 supervised playgroup sessions for children aged 2 to 4 years of 3 hours each reaching 89 children and 60 families'.</p> <p>Charity trustees <b>may choose</b> to provide more detailed information in this section about their main achievements. Such information may include:</p> <ul style="list-style-type: none"> <li>• Qualitative and quantitative information that helps explain performance.</li> <li>• A comparison of performance achieved with objectives set for:</li> <li>• Charitable activities.</li> <li>• Fundraising.</li> <li>• Investments.</li> <li>• A commentary on any factors within and outside the charity's control relevant to the achievement of its objectives.</li> <li>• Details of any future plans and any other matters which the trustees believe should be brought to readers' notice.</li> </ul>

Section	Comment
<b>Policy on reserves</b>	<p>The Regulations require that charity trustees either disclose their reserves policy or disclose the fact that they do not have a reserves policy. If the trustees have a reserves policy then include in this section an explanation of the charity's reserves policy. In particular explain:</p> <ul style="list-style-type: none"> <li>• what charity trustees have decided is an appropriate level of reserves;</li> <li>• how much the charity has in reserve at the end of the year; and</li> <li>• why the trustees need to hold reserves. This may, for example, include meeting fluctuations in receipts or payments, meeting specific future needs, or money set aside to cover events or situations that may happen (contingencies and risks).</li> </ul> <p>If the charity has designated material funds for a future purpose as part of reserves, the purpose of the designation needs to be explained. It may also be helpful to explain when the designated amounts will be spent. Also, If the charity holds expendable endowment or programme related investment, charity trustees <b>may choose</b> to also explain how such funds <b>or amounts</b> affect their reserves policy.</p> <p>Reserves policies, as well as being important for a charity's own financial planning, also helps explain to readers of charity accounts the reasons why reserves are held. Normally this statement can be quite brief for smaller charities. Further information can be found in our publication Charities' Reserves (CC19).</p>
<b>Details of any funds in deficit</b>	<p>This section need only be completed if the charity prepares accounts on the accruals basis and has any individual funds which are materially in deficit.</p> <p>If any funds are in deficit an explanation must be given of why this has occurred and what will be done to correct the situation.</p>
<b>Further financial review details</b>	<p>Charity trustees <b>may choose</b> to expand their financial review to provide additional information about their principle funding sources and how they support key objectives. Similarly, where material investments are held they <b>may choose</b> to explain their investment policies.</p> <p>Such additional information may assist readers to better understand the accounts and financial policies adopted. Major donors or funders may find such information helpful in understanding the link between funding provided and key objectives of the charity.</p>
<b>Other information</b>	<p>This section can be used for any other details which the charity trustees <b>may choose</b> to include in their report. This information may include, for instance, details of key aims and objectives set for the future and planned activities.</p> <p>If the charity is, or its trustees are, acting as custodian trustees then they should provide here information on:</p> <ul style="list-style-type: none"> <li>• the assets held in this capacity;</li> <li>• the name and objects of the charity (or charities) on whose behalf the assets are held and how this activity falls within the charity's objects; and</li> <li>• details of the arrangements made for safe custody and segregation of such assets from the charity's own assets.</li> </ul>
<b>Signatures</b>	<p>The Regulations require that this report is approved by the trustees and after approval that the report is signed and dated to show that it has been approved. At least one trustee's signature is required but it is good practice to have it signed by two trustees. As a matter of good practice any copy of the report submitted to any regulatory authority (such as the Charity Commission) should be a signed copy.</p>