

CHARITIES, ENGLAND AND WALES

The Charities (Annual Return) Regulations 2017

Made 20 December 2017

Coming into force 1 January 2018

The Charity Commission for England and Wales makes the following Regulations in exercise of the powers conferred by sections 169(1) and (4) and 347(3) of the Charities Act 2011(a) and section 26(3) of the Welsh Language Act 1993(b).

Citation and commencement

1. These Regulations may be cited as the Charities (Annual Return) Regulations 2017 and come into force on 1 January 2018.

Prescribed information

2. (1) An annual return prepared by a registered charity for the purposes of section 169(1) of the Charities Act 2011 must in respect of each of its financial years ending on or after 1 January 2018 contain:
 - (a) if the charity's gross income in the financial year to which the return relates does not exceed £25,000, the information specified in Parts A and B of the Schedule;
 - (b) if the charity's gross income in the financial year to which the return relates exceeds £25,000 but does not exceed £500,000, the information specified in Parts A, B and C of the Schedule; and
 - (c) if the charity's gross income in the financial year to which the return relates exceeds £500,000, the information specified in Parts A, B, C and D of the Schedule.
- (2) The information prescribed by regulation 2(1) may be provided in English or in Welsh.

Transitional provision

3. In relation to an annual return prepared by a registered charity in respect of its financial years ending on or after 1 January 2018 but before 1 January 2019, regulation 2(1) applies as if, in the opening words, for "must" there were substituted "may" in respect of the information specified in Part B of the Schedule.

Common investment funds and CAIFs

4. (1) These Regulations do not apply to an annual return prepared by a registered charity that is:

(a) 2011 c.25, as amended by S.I. 2016/997.
(b) 1993 c.38.

- (a) a common investment scheme; or
 - (b) a CAIF (charity authorised investment fund).
- (2) In this regulation:
- (a) “common investment scheme” has the meaning given by regulation 3(5) of the Charities (Annual Return) (Common Investment Funds and Charity Authorised Investment Funds) Regulations 2015; and
 - (b) “CAIF (charity authorised investment fund)” has the meaning given by regulation 3(4) of the Charities (Annual Return) (Common Investment Funds and Charity Authorised Investment Funds) Regulations 2015.

Common deposit funds

5. A registered charity that is a common deposit fund established by a common deposit scheme made or having effect as if made under section 100 of the Charities Act 2011 is not required to prepare an annual return.

Revocation and savings

6. (1) Subject to regulation 6(2), the Charities (Annual Return) Regulations 2015 are revoked.
- (2) The Charities (Annual Return) Regulations 2015 continue to have full force and effect in relation to an annual return prepared by a registered charity in respect of each of its financial years ending before 1 January 2018.

Schedule
Prescribed Information

Part A – All charities

In the financial year to which the return relates:

Financial year end date

1. Specify the year end date of the financial year to which the return relates.

Income

2. What was the charity's gross income?

Spending

3. What was the charity's total expenditure?

Fundraising

4. Did the charity raise funds from the public?

5. If the response to question 4 is yes:

- (a) Did the charity work with one or more professional fund-raisers?
- (b) Did the charity have a written agreement with each of its professional fund-raisers?
- (c) Did the charity work with one or more commercial participators?
- (d) Did the charity have a written agreement with each of its commercial participators?

Grant-making

6. If the charity has indicated to the Commission that it makes grants to individuals or to institutions, is grant-making the main way that the charity carries out its purposes?

Income from government – contracts

7. Did the charity receive income under contracts (other than grant agreements) with central government or a local authority?

8. If the response to question 7 is yes:

- (a) How many contracts (other than grant agreements) did the charity have with central government or a local authority?
- (b) What was the total value of those contracts?

Income from government – grants

9. Did the charity receive any grant funding from central or local government?

10. If the response to question 9 is yes:

- (a) How many grants did the charity receive from central or local government?
- (b) What was the total value of those grants?

Income from outside the United Kingdom

- 11. Did the charity receive any income from outside the United Kingdom?
- 12. If the response to question 11 is yes, identify the countries outside the United Kingdom from which the charity received income and/or select "unknown".
- 13. If the response to question 11 is yes, for each country identified in response to question 12 specify:
 - (a) The total value of the income received from each of the following sources:
 - (i) the governments of any countries outside the United Kingdom and quasi government bodies outside the United Kingdom;
 - (ii) NPOs established or incorporated outside the United Kingdom; and
 - (iii) any unknown sources outside the United Kingdom.
 - (b) The total value of the sums specified in response to question 13(a) and any sums specified in response to question 29.

Operating and spending outside England and Wales

- 14. Did the charity operate outside England and Wales?
- 15. If the response to question 14 is yes:
 - (a) Identify the countries outside England and Wales in which the charity operated.
 - (b) Record the charity's total expenditure in each country identified.

Subsidiaries

- 16. Did the charity have any subsidiaries?
- 17. If the response to question 16 is yes, are any of the charity trustees also directors of those subsidiaries?

Trustee payments and benefits

- 18. Did any of the charity trustees receive any remuneration or benefits from the charity other than expenses properly incurred when acting on behalf of the charity?
- 19. If the response to question 18 is yes, did those charity trustees receive:
 - (a) any remuneration for acting as a charity trustee of the charity?
 - (b) any remuneration for providing services to the charity?
 - (c) any other benefit from the charity?
- 20. Did any of the charity trustees resign their charity trusteeship and then take up employment with the charity?

Employee benefits

21. Did any of the charity's employees receive total employee benefits worth £60,000 or more?
22. If the response to question 21 is yes, specify the number of employees in receipt of total employee benefits (rounded to the nearest whole pound sterling) in each of the following bands:

£60,000 to £70,000
£70,001 to £80,000
£80,001 to £90,000
£90,001 to £100,000
£100,001 to £110,000
£110,001 to £120,000
£120,001 to £130,000
£130,001 to £140,000
£140,001 to £150,000
£150,001 to £200,000
£200,001 to £250,000
£250,001 to £300,000
£300,001 to £350,000
£350,001 to £400,000
£400,001 to £450,000
£450,001 to £500,000
Over £500,000

23. What was the value of the total employee benefits provided by the charity to its highest paid employee?

Volunteers

24. Specify the charity's best estimate of the total number of individual volunteers involved in the charity and based in the United Kingdom, excluding the charity trustees.

Financial controls

25. Did the charity review its internal financial controls?

Safeguarding

26. If the charity has indicated to the Commission that it works with children or vulnerable adults and that it operates by providing services, and the charity is not regulated by any other regulator in respect of matters relating to safeguarding children or vulnerable adults:

Has the charity obtained a DBS check on every charity trustee, employee and volunteer in an eligible position?

For the purposes of this question, "any other regulator" excludes the Disclosure and Barring Service.

Trustees' annual report and accounts – CIOs

27. If the charity is a CIO, provide the information specified in questions 32 and 33 in Part C of this Schedule.

Declaration

28. Specify the following information about the person completing the return:

- (a) title;
- (b) full name;
- (c) role within the charity;
- (d) daytime telephone number; and
- (e) email address.

Part B – All charities (optional in financial years ending before 1 January 2019)

In the financial year to which the return relates:

Income from outside the United Kingdom

29. If the response to question 11 is yes, for each country identified in response to question 12, specify either:
- (a) If the charity's gross income in the financial year to which the return relates does not exceed £25,000, the total value of any individual payment over the relevant threshold received by the charity from either of the following sources:
 - (i) institutions established or incorporated outside the United Kingdom, other than those specified in question 13(a)(ii) (NPOs); and
 - (ii) individual donors resident outside the United Kingdom; or
 - (b) If the charity's gross income in the financial year to which the return relates exceeds £25,000, the total value of any large payments received by the charity from the following sources:
 - (i) institutions established or incorporated outside the United Kingdom, other than those specified in question 13(a)(ii) (NPOs); and
 - (ii) individual donors resident outside the United Kingdom.

Operating and spending outside England and Wales

30. If the response to question 14 is yes:
- (a) When operating outside England and Wales, did the charity transfer funds outside the regulated banking system?
 - (b) If the response to question 30(a) is yes, specify the total value of the funds transferred outside England and Wales by:
 - (i) cash couriers;
 - (ii) NPOs;
 - (iii) money service business;
 - (iv) informal money transfer systems;
 - (v) online payment methods outside the regulated banking system; and
 - (vi) any other payment methods.

- (c) Did the charity have controls in place to enable it to monitor its spending outside England and Wales?
- (d) Are the charity trustees satisfied that the charity's risk management policies and procedures adequately addressed the risks to the charity arising from its spending and operations outside England and Wales?

Part C – Charities whose gross income in the financial year to which the return relates exceeds £25,000

Serious incidents

31. In the financial year to which the return relates, were there any serious incidents that have not been reported to the Commission?

Trustees' annual report and accounts

32. Are you ready to submit a copy of the trustees' annual report, the charity's accounts and the relevant auditor's or examiner's report? If yes, attach these documents.
33. If the charity's accounts for the financial year to which the return relates were examined by an independent examiner or audited, did the independent examiner or auditor identify any matters of concern in the relevant auditor's or examiner's report.

Part D - Charities whose gross income in the financial year to which the return relates exceeds £500,000

In the financial year to which the return relates:

Type of accounts

34. Is the financial information provided in this return based on accounts that relate to the charity only or on consolidated accounts?

Income and endowments

35. Specify the charity's gross income.
36. Specify the income the charity received from each of the following sources:
- (a) donations and legacies;
 - (b) trading activities;
 - (c) investments;
 - (d) charitable activities; and
 - (e) any other sources.
37. Of the income specified in response to question 36(a) (donations and legacies), specify the income the charity received from each of the following sources:
- (a) donations and legacies excluding endowments; and
 - (b) endowments.

Expenditure

38. Specify the charity's total expenditure.
39. Specify the charity's expenditure on each of the following:
 - (a) raising funds;
 - (b) investment management costs;
 - (c) expenditure on charitable activities;
 - (d) governance costs; and
 - (e) any other expenditure.
40. Of the expenditure specified in response to question 39(c) (charitable activities), specify the charity's expenditure on grants to institutions.

Other recognised gains/(losses)

41. Specify the charity's gains/(losses) on revaluation of fixed assets.
42. Specify the charity's actuarial gains/(losses) relating to defined benefit pension schemes.
43. Specify the charity's net gains/(losses) on investment assets.
44. Specify the charity's gains/(losses) not covered in the responses to questions 41 to 43.

Assets and liabilities

45. Specify the value of the charity's:
 - (a) total fixed assets;
 - (b) fixed asset investments;
 - (c) total current assets;
 - (d) current investment assets; and
 - (e) cash at the bank and in hand.
46. Specify the value of the charity's:
 - (a) creditors falling due within one year;
 - (b) creditors falling due after more than one year, including any provision for liabilities and charges; and
 - (c) defined benefit pension scheme asset or liability.
47. Specify the value of the charity's total net assets.

Funds

48. Specify the value of the charity's:
 - (a) endowment funds;
 - (b) restricted funds; and
 - (c) unrestricted funds.

49. Specify the total value of the charity's funds.

Additional information

50. Specify the charity's:

- (a) support costs;
- (b) depreciation charge for the year;
- (c) level of reserves; and
- (d) total number of employees (head count), averaged over the financial year to which the return relates.

Part E – Interpretation

51. In Parts A, B and C of this Schedule:

- (a) "accounts" means:
 - (i) the statement of accounts prepared for the financial year to which the return relates under section 132(1) of the Charities Act 2011; or
 - (ii) the account and statement prepared for the financial year to which the return relates under section 133 of the Charities Act 2011; or
 - (iii) if the charity is a charitable company, the annual accounts prepared for the financial year to which the return relates under Part 15 of the Companies Act 2006;
- (b) "benefit" in the context of questions 18 and 19 has the meaning given by section 187 of the Charities Act 2011;
- (c) "cash courier" should be construed in accordance with recommendation 32 of the FATF Recommendations and the interpretive note to recommendation 32 of the FATF Recommendations;
- (d) "central government" means Her Majesty's Government or any part of it;
- (e) "child" has the meaning given by section 60(1) of the Safeguarding Vulnerable Groups Act 2006;
- (f) "commercial participator" has the meaning given by section 58(1) of the Charities Act 1992;
- (g) "DBS check" means a criminal record certificate or an enhanced criminal record certificate issued by the Disclosure and Barring Service pursuant to section 113A or 113B of the Police Act 1997;
- (h) "Disclosure and Barring Service" means the body established by section 87(1) of the Protection of Freedoms Act 2012;
- (i) "eligible position" means:
 - (i) in the case of a criminal record certificate issued pursuant to section 113A of the Police Act 1997, a position included in the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975; and
 - (ii) in the case of an enhanced criminal record certificate issued pursuant to section 113B of the Police Act 1997, a position included in both the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975 and the Police Act 1997 (Criminal Records) Regulations 2002;
- (j) "employee" has the meaning given by section 230(1) of the Employment Rights Act 1996;

- (k) "employee benefits" are all forms of consideration paid by a charity in exchange for the service rendered by its employees, and include all remuneration, salary, benefits, profit-sharing and bonuses, employer's pension contributions and any termination payments made. For charities with employee members of a defined benefit pension scheme, employee benefits include the change in the net defined benefit liability arising from employee service rendered during the reporting period and the cost of plan introductions, benefit changes, curtailments and settlements;
- (l) "FATF Recommendations" means the FATF Recommendations adopted by the Financial Action Task Force on 16 February 2012 and updated in February 2013, October 2015, June 2016, October 2016 and November 2017;¹
- (m) "individual donor resident outside the United Kingdom" in the context of question 29 means an individual donor whose primary home address is outside the United Kingdom;
- (n) "individual payment over the relevant threshold" means an individual payment whose value is 80% or more of the charity's gross income in the financial year to which the return relates;
- (o) "large payment" means an individual payment of over £25,000;
- (p) "local authority" has the meaning given in section 270(1) of the Local Government Act 1972;
- (q) "money service business" has the meaning given in regulation 3(1) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017;
- (r) "NPO" means a non-profit organisation and should be construed in accordance with the recommendation 8 of the FATF Recommendations and the interpretive note to recommendation 8 of the FATF Recommendations;
- (s) "prescribed requirements" has the meaning given in section 59(6) of the Charities Act 1992;
- (t) "professional fund-raiser" has the meaning given by section 58(1) of the Charities Act 1992;
- (u) "relevant auditor's or examiner's report" has the meaning given in section 164(2) of the Charities Act 2011 or, if the charity is a charitable company, the meaning given in section 164(4) of the Charities Act 2011;
- (v) "remuneration" in the context of questions 18 and 19 has the meaning given by section 187 of the Charities Act 2011;
- (w) "services" in the context of question 19(b) includes any goods that are supplied in connection with the provision of services;
- (x) "serious incident" means an event, whether actual or alleged, which results in or risks significant loss to the charity's assets, damage to the charity's property or harm to the charity's work, beneficiaries or reputation;
- (y) "subsidiary" has the meaning given by section 1159 of the Companies Act 2006;
- (z) "trustees' annual report" means the annual report required to be prepared under section 162 of the Charities Act 2011;
- (aa) "vulnerable adult" has the meaning given by section 60(1) of the Safeguarding Vulnerable Groups Act 2006;
- (bb) "written agreement" means an agreement that satisfies the prescribed requirements.

¹ Available at <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-recommendations.html>

52. (1) Part D of this Schedule shall be construed in accordance with the SORP and in Part D:
- (a) the definitions in Appendix 1 (Glossary of terms) of the SORP apply; and
 - (b) the definitions in paragraph 51 apply to the extent that they do not conflict with the definitions in Appendix 1 of the SORP.
- (2) "SORP" means the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Commission and the Office of the Scottish Charity Regulator issued on 22 May 2014 and effective for reporting periods beginning on or after 1 January 2015² and Update Bulletin 1 issued by the Commission and the Office of the Scottish Charity Regulator on 2 February 2016 and effective for reporting periods beginning on or after 1 January 2016.³

² Available at <http://charitiessorp.org/download-a-full-sorp/>

³ Available at <http://www.charitysorp.org/media/642756/frs102-bulletin-1.pdf>

Executed by the Charity Commission for England and
Wales acting by its Chief Executive, Helen Stephenson:



.....
Helen Stephenson
Chief Executive

20 December 2017

Sealing number: 2669/1718

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations concern the annual returns that registered charities are required to prepare under section 169(1) of the Charities Act 2011.

Regulation 2 prescribes the information to be contained in the annual returns prepared by registered charities in respect of their financial years ending on or after 1 January 2018. This information is specified in the Schedule to the Regulations. Registered charities may choose to provide the prescribed information either in English or in Welsh.

Regulation 3 makes transitional provision for the information specified in Part B of the Schedule to the Regulations. Registered charities may choose whether or not to include this information in the annual returns prepared in respect of their financial years ending before 1 January 2019. However, the information must be included in the annual returns prepared in respect of financial years ending on or after 1 January 2019.

Regulation 4 provides that these Regulations do not apply to common investment funds or CAIFs (charity authorised investment funds). The form of and information to be contained in the annual returns prepared by these charities is prescribed by the Charities (Annual Return) (Common Investment Funds and Charity Authorised Investment Funds) Regulations 2015.

These Regulations are available online at:

[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/528487/Annual Return CIF and CAIF Regulations 2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/528487/Annual_Return_CIF_and_CAIF_Regulations_2015.pdf)

Regulation 5 provides that common deposit funds established or regulated by a common deposit scheme are not required to prepare an annual return.

Regulation 6 revokes the Charities (Annual Return) Regulations 2015, save that they continue to apply in relation to the annual returns prepared by registered charities in respect of their financial years ending before 1 January 2018.

