



Trustees' Annual Report Compliance Checklist

MHA have produced the following compliance checklist to assist preparers of the Trustees' Annual Report (TAR)

Trustees are strictly responsible for compiling the Trustees Annual Report which is included in the Charity's annual statutory financial statements. This checklist will assist those Trustees that write their Report as well as those for whom the Report may be written by others, typically the CEO and other members of the senior management. It will provide assurance of compliance with the Charities Statement of Recommended Practice (SORP) 2019.

This checklist has been designed to reflect the different sizes of charity (large and small) and accommodates the 'must/should/may' approach within the Statement of Recommended Practice, Accounting and Reporting by Charities 2019. The checklist also includes fundraising reporting requirements as prescribed by the Charities (Protection and Social Investment) Act 2016. Please take note of the instructions below and please make use of the filters to tailor your own checklist. If you have any queries please do contact a member of the MHA Not-for-Profit team.

Instructions

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Disclosures whereby the 'company' column has been ticked only apply if the Charity is incorporated and subject to the Companies Act 2006.

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Disclosures whereby the 'large' column has been ticked only apply to a Charity whose gross income in the period is greater than £500,000.

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The term 'must' indicates those elements that are required by the Charities SORP and therefore must be included within the report in order to meet particular accounting treatments, disclosures or presentational requirements that are likely to affect the ability of the accounts to give a true and fair view if not applied to material transactions or items. Where this checklist states that a recommendation is one which must be followed, non-adherence to that recommendation is a departure from the SORP.

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The term 'should' indicates those recommendations aimed at advancing standards of financial reporting as a matter of good practice. While charities are encouraged to follow all the SORP's recommendations, a failure to follow a 'should' recommendation with respect to the report or the accounts is not regarded as a departure from the SORP.

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The term 'may' indicates that the charity may choose to adopt this treatment or identifies that an alternative accounting treatment or disclosure of a transaction or event is allowed by the SORP. Charities may choose whether such examples or alternative treatments are adopted at their discretion.



	Company	Large	Must	Should	May
General					
1. Financial year and date of approval.			✓		
2. Signed and dated by one or more authorised trustees.			✓		
3. Name of director/secretary who signs the report on behalf of the board of directors.	✓		✓		
4. Annual report states inclusion of the directors' report as required by company law.				✓	
Reference and administrative details					
Name of the charity and any other name by which it is known. *			✓		
Charity registration number(s) and company registration number (if applicable). *			✓		
Address of principal office			✓		
Address of registered office (charitable company). *	✓		✓		
Names of trustees and directors (if applicable) in the period and at the report approval date. *			✓		
If corporate trustees, names of directors of the body corporate at the report approval date. *			✓		
Names of trustee(s) holding title to property belonging to the charity at the report approval date or who served as a trustee for the charity in holding title in the reporting period. *			✓		
Who the trustees delegate day-to-day management to and are taking advice from, including:					
i) name of any chief executive officer or other senior management personnel on the date the report was approved and in the period;		✓	✓		
ii) names and addresses of other relevant organisations or persons providing banking services or professional advice to the charity, including solicitors, auditor and investment advisers.		✓	✓		
*Exemptions from disclosure (read SORP paras 1.29-1.31 for eligibility)					
Reason for omitting name of trustee, chief executive officer or senior staff member or the charity's principal address.				✓	
Objectives and activities					
Purposes of the charity (per governing document) and main activities undertaken in relation to those purposes.			✓		
Explain activities, projects or services identified. Where practicable numerical information on resources spent on particular activities consistent with accounts analysis.			✓		
Aims, including details of issues/changes it seeks to tackle/make.		✓	✓		
How the achievement of its aims will further its purposes.		✓	✓		
Strategies for achieving its stated aims and objectives.		✓	✓		
Criteria or measures it uses to assess success in the reporting period.		✓	✓		
Significant activities undertaken. How they contribute to achievement of aims and objectives.		✓	✓		



	Company	Large	Must	Should	May
If reporting on the contribution of general volunteers, provide an explanation of the activities that volunteers support or help to provide; and details of the contribution in terms of volunteer hours or staff equivalents.		✓			✓
Social investment policies (if material). How programme related and mixed motive investments contribute to achievement of aims and objectives (policy for their use).		✓	✓		
Grant-making policy (if material). How activities contribute to achievement of aims and objectives.		✓	✓		
Significance of volunteers in its activities.		✓	✓		
Charities in England and Wales and in Northern Ireland:					
i) main activities undertaken to further the charity's purposes for the public benefit;			✓		
ii) that the trustees have had regard to CC/CCNIs guidance on public benefit.			✓		
Details of short-term and longer-term aims and objectives. Where longer-term aims and objectives, how those set for the reporting period relate to longer-term.				✓	
Achievements and performance					
Summary of main achievements.			✓		
Difference made to beneficiaries and, if practicable, wider society.				✓	
Significant charitable activities and achievements against objectives.		✓	✓		
Performance of material fundraising activities against objectives.		✓	✓		
Where material financial investments are held, investment performance against objectives (including programme related and mixed motive investments).		✓	✓		
Where material expenditure is incurred to raise future income, describe the impact on net return from fundraising on current and in future periods.		✓	✓		
Balanced picture of a charity's progress against its objectives.		✓		✓	
Consider the difference made by reference to terms of inputs, activities, outputs, outcomes and impacts, with impact viewed in terms of the long-term effect of a charity's activities on both individual beneficiaries and at a societal level in reviewing achievements and performance. If possible, develop and use impact reporting (impact, arguably, being the ultimate expression of the performance of a charity).					✓
Key performance indicators explaining outputs achieved by activities.		✓		✓	
Significant positive and negative factors that affected the achievement of objectives and how future plans affected.		✓		✓	
Financial review					
Review of financial position at the end of the reporting period.			✓		
Significant events that have affected financial performance and financial position during the period, including:					
i) financial effect of significant events;		✓	✓		
ii) where material financial investments are held, investment policy and objectives set;		✓	✓		
iii) principal risks and uncertainties and summary of plans and strategies for managing the risks;		✓	✓		
iv) factors likely to affect future financial performance or position.		✓	✓		



	Company	Large	Must	Should	May
Principal funding sources and how they support key objectives.		✓		✓	
Impact of material defined benefit pension liability/asset on financial position.		✓		✓	
Where material financial investments are held, extent to which social, environmental or ethical considerations are taken into account in investment policy.		✓		✓	
If going concern uncertainties at reporting date, nature of uncertainties.			✓		
Where any fund materially in deficit, circumstances and steps being taken to eliminate.			✓		
Reserves policy, including:					
i) amount of reserves and why held. If trustees have decided that holding reserves is unnecessary, this fact and reasons;			✓		
ii) amount of the total funds held;		✓		✓	
iii) amount of restricted funds;		✓		✓	
iv) identify and explain any material amounts designated or otherwise committed and indicate expected timing of expenditure;		✓		✓	
v) amount of and fund that can only be realised by disposing of tangible fixed assets or programme related investments;		✓		✓	
vi) amount of reserves after making allowance for (iii) to (v) above;		✓		✓	
vii) compare the amount at (vi) with reserves policy. Explain steps to bring amount of reserves held into line with amounts identified by trustees as appropriate.		✓		✓	
Plans for future periods					
Future plans including aims and objectives, activities planned to achieve them.		✓	✓		
Future direction including how experiences from past or current activities have influenced future plans and decisions about allocating resources to best effect.		✓		✓	
Structure, governance and management					
Nature of governing document and how the charity (or trustees) is/are constituted. *			✓		
Methods used to recruit and appoint new trustees, including any constitutional provisions for appointment. *			✓		
Where external body/person entitled to appoint trustees, explain and give name. *				✓	
Organisational structure and how the charity makes decisions.		✓	✓		
Policies and procedures for induction and training of trustees.		✓	✓		
Arrangements for setting pay and remuneration of key management personnel and any benchmarks, parameters or criteria used.		✓	✓		
If part of a wider network, how this impacts on operating policies adopted.		✓	✓		
Relationships with related parties and any other charities and organisations with which it co-operates in the pursuit of its charitable objectives.		✓	✓		
Statement confirming major risks have been reviewed and systems or procedures have been established to manage those risks (E & W only).		✓	✓		
*EXEMPTIONS FROM DISCLOSURE (READ SORP PARAS 1.29-1.31 FOR ELIGIBILITY)					



	Company	Large	Must	Should	May
Funds held as custodian trustee on behalf of others (or in notes)					
Description of assets, classes/categories of assets held in this category.			✓		
Name and objects of the charity on whose behalf assets are held and how the activity falls within the custodian's objects.			✓		
Details of arrangements for safe custody and segregation of, from own assets.			✓		
Permanent endowment invested on total return basis (E & W only)					
Date that initial value of trust for investment and initial value of unapplied total return established.			✓		
Policy used to identify initial amounts of trust for investment and any unapplied total return. Date analysis performed.			✓		
Policies used and factors considered in determining 'the trust for application' and any amounts allocated to the trust for investment in the period.			✓		
Policies used and factors considered in determining the amount of 'trust for investment' allocated to the unapplied total return or any recoupment made from the unapplied total return into the trust for investment in the period.			✓		
Name and professional qualifications of any person who has provided advice to the charity's trustees as to the amount that can be allocated to income and/or the trust for investment from the unapplied total return in the reporting period.			✓		
Disabled employees					
Where the average number of employees exceeds 250, state the company policy regarding:					
i) full and fair consideration of applicants for employment of disabled persons, having regard to their aptitudes and abilities;	✓		✓		
ii) continuing employment and training of persons who become disabled;	✓		✓		
iii) training, career development and promotion of disabled persons employed by the company.	✓		✓		
Political donations and expenditure (not applicable to wholly owned subsidiaries of UK incorporated companies)					
Where total political donations/expenditure exceeds £2,000:					
i) donations – total amount given to each named party/organisation/independent election candidate;	✓		✓		
ii) expenditure – total amount incurred.	✓		✓		
Total contributions (including cash gifts, expenses paid or subscription or other fees paid) paid to non-EU political parties whether directly or indirectly.	✓		✓		
Other disclosures					
Where any qualifying third party indemnity provision is in force at the time of approval of the report or during the period, for the benefit of one or more directors, this fact.	✓		✓		
Audits only: Statement that for all directors at the time of approval of the report:	✓		✓		
i) the auditors are not unaware of any relevant audit information;	✓		✓		
ii) all appropriate steps have been taken to establish this.					
Statement of directors'/trustees' responsibilities (audits only).			✓		



	Company	Large	Must	Should	May
Recommended statement of compliance with prevailing laws and regulations (E & W only prior to amendments to 2008 Accounting Regulations).			✓		
If applicable, a statement above the director's/secretary's signature to the effect that the report has been prepared having taken advantage of the small companies exemption in the Companies Act 2006.	✓		✓		

Fundraising standards information

The annual report in respect of that year must include a statement of each of the following for that year:		✓			
i) the approach taken by the charity to activities by the charity or by any person on behalf of the charity for the purpose of fund-raising, and in particular whether a professional fund-raiser or commercial participator carried on any of those activities;		✓	✓		
ii) whether the charity or any person acting on behalf of the charity was subject to an undertaking to be bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising, in respect of activities on behalf of the charity, and, if so, what scheme or standard;		✓	✓		
iii) any failure to comply with a scheme or standard mentioned under paragraph (b);		✓	✓		
iv) whether the charity monitored activities carried on by any person on behalf of the charity for the purpose of fund-raising, and, if so, how it did so;		✓	✓		
v) the number of complaints received by the charity or a person acting on its behalf about activities by the charity or by a person on behalf of the charity for the purpose of fund-raising;		✓	✓		
vi) what the charity, in the course of, or in connection with, such activities, has done to protect vulnerable people and other members of the public from behaviour which is:					
(a) unreasonable intrusion on a person's privacy;		✓	✓		
(b) unreasonably persistent approaches for the purpose of soliciting or otherwise procuring money or other property on behalf of the charity;					
(c) placing undue pressure on a person to give money or other property.					

Non-accounts disclosure

Employers in Great Britain with more than 250 staff will be required by law to publish the following four types of figures annually on their own website and on a government website:					
Gender pay gap (mean and median averages)			✓		
Gender bonus gap (mean and median averages)			✓		
Proportion of men and women receiving bonuses			✓		
Proportion of men and women in each quartile of the organisation's pay structure			✓		

If you would like to discuss any matter arising from this example policy please contact MHA on info@mha-uk.com or your usual MHA contact.

This template is designed for information purposes only. Whilst every effort has been made to provide accurate and up to date information, it is recommended that you consult us before taking or refraining from taking action based on matters discussed.