

# Harrison Beale & Owen Charity Newsletter

QUARTERLY - ISSUE 01 WINTER 2009



*More than just bean counters...*

## INTRODUCTION

Welcome to the 1<sup>st</sup> edition of the new HB&O Charity Division newsletter. This Quarterly newsletter will provide you with information on all aspects of news specifically aimed at the charity sector.

We are presently looking for a local charity to support during 2010. We plan on hosting various fundraising events throughout the year in aid of our nominated charity. If you would like the opportunity to become our nominated charity for 2010 please send brief details of your charity to Mark Ashfield for consideration.

Contact me by email: [mark.ashfield@hboltd.co.uk](mailto:mark.ashfield@hboltd.co.uk) or by phone 01926 422 292



- Married, to a Geordie fraud investigator
- EBay addict
- Lifelong Liverpool FC supporter, still hoping for the season ticket offer after 9 years of being on the waiting list
- Black Country origins, the accent is still there!!
- Specialist in Audit/Accountancy and in the Charities & Not for Profit sector
- Enjoys social gatherings and a drink or two. Keen snooker player—the century break still eludes him though, regular at the Crucible but to date only as a spectator, 2 times HB&O Golf champion.

Mark Ashfield - Head of Charity Division

“Harrison Beale & Owen have provided us with many years of quality service and accounts. Their enthusiasm and resourcefulness are key elements in helping support our charity”

*Castel Froma Trustees, Castel Froma*

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## Declining Donations

Donations to UK charities have fallen by 11% during the last year. The drop has been attributed to donors attributing less rather than a decrease in the actual number of donors. Medical research remains the most popular cause and cash is still the king when reviewing the methods of giving. Rather concerning news is that just two in five donors gift aid their donations meaning around £750m goes unclaimed by charities.

If you have experienced a fall in donations consider exploring the benefits of a new website [www.fundingcentral.org.uk](http://www.fundingcentral.org.uk) which may be able to help your organisation seek access to new funding sources.

## Charity shops enjoy another successful year

Charity shops have defied the recession and posted increased profits of 4.1% according to the Charity Shops Survey 2009. This is the 4th year in succession for a rise in reported profits. Oxfam remains the leader in profits achieved from charity shops. With less pressure on rents and salary costs and with the number of charity shops expected to increase as more retail premises become available due to the recession, many charity shop managers expect profits to continue to grow. If you wish to obtain a copy of the full survey then please visit:  
[http://www.civilsociety.co.uk/finance/data/surveys/content/5089/charity\\_shops\\_survey\\_2009](http://www.civilsociety.co.uk/finance/data/surveys/content/5089/charity_shops_survey_2009).

*"As one of the UK's leading international peace and reconciliation charities, having HB&O alongside to understand our business and give professional pro-active advice and support is vital in helping us meet the needs of our beneficiaries"*  
**Kerry Bosworth, Financial Controller, CORD**

## Be Pension Aware

The Department of Work and Pensions has recently put out to consultation the remaining regulations to be made under the Pensions Act 2008. The regulations propose a number of new duties for all employers, including charities. Employers will be required to automatically enrol all eligible jobholders into a workplace pension arrangement, and to contribute to that arrangement. The duties are expected to be phased in over a three year period from October 2012 and employer contributions will increase incrementally from a minimum of 1% of the employee's earnings in 2012, increasing to 3% by 2016.

Full details of the consultation, which ended on 4 November 2009, are on the DWP website at:

<http://www.dwp.gov.uk/docs/workplace-pension-reform-completing-the-picture-consultation240909.pdf>

## Charity Commission News

The Charity Commission produces a regular news bulletin. The Autumn 2009 version is available via their website [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk).



### Charitable Incorporated Organisations (CIO's)

Charities that choose to adopt a company structure are required to register with both Companies House and the Charity Commission and provide accounts to each. The Charities Act 2006 introduced a new legal form of incorporation which is designed specifically for charities, the Charitable Incorporated Organisation (CIO). The new CIO will be regulated by the Charity Commission alone.

Charities that opt to become CIO's will follow the same accounting requirements as unincorporated charities and will therefore only provide accounts and returns to the Charity Commission. CIO's will also benefit from limiting the risk of the personal liability of trustees.

The accounting requirements will be based upon the income levels of the organisation and therefore the production of accruals or receipts and payments based accounts will be dependent upon the rules that currently apply to unincorporated charities under charity law, however this position was to be monitored to ensure the quality of receipts and payment accounts do not damage the CIO model.

The government has also listened to concerns over the ease of conversion of existing charities into CIO's and has agreed to review this part of the draft legislation and issue its revisions in due course.

The government and the Charity Commission are planning on amending the legislation by the end of 2009 but it is anticipated that the CIO will not be available until late Spring 2010 due to the requirement for parliament approval.



## Online filing of VAT Returns

You may be aware that the Government is moving forward with the plan to implement online filing for most business tax returns. The next phase of this is to require businesses to file their VAT returns online from April next year. This requirement will apply to all businesses with annual turnover of more than £100,000.

The first returns that will be affected by the new rules will be those for the period ended 31 March 2010, which must be filed online and paid by electronic payment, which includes BACS, Billpay and Direct Debit. It would be wise to start thinking about how you intend to move to online filing for VAT in the run up to that date.

To operate under the new rules you will need to register for VAT online prior to April 2010 in readiness. This is a fairly simple process, but to do so you will need the last VAT return you have filed, and the date the business registered for VAT, which is shown on your VAT registration certificate. If you are not able to locate this, you can obtain the date from HMRC VAT advice line on 0845 010 9000.

For more information on VAT online visit <http://www.hmrc.gov.uk/payinghmrc/vat.htm>

Whatever your decision about filing VAT returns online, you will also need to make arrangements to pay your VAT liabilities electronically. You can use an internet bank account, or there is a wide variety of other ways in which you can make electronic payment, but the simplest method is to set up a direct debit authority under which your VAT is collected three working days after the due date for each return. You will have an extra 7 days to file your return when using the online service, so returns are due on 7th of the month. This means your VAT would normally be paid between 10th and 12th of the following month after the normal due date for the return. More details about online payment methods are here:

<http://www.hmrc.gov.uk/payinghmrc/vat.htm> including details of how to register for direct debit, which is done after you have registered to file returns online.

If you require any further assistance please do not hesitate to contact us.

## Important Threshold Changes

The threshold for requiring accounts to be externally examined is raised from £10,000 to £25,000 as is the threshold for registered charities to submit their annual accounts and annual reports to the Charity Commission. (£10,000 to £25,000)

The threshold for the preparation by non company charities of accruals accounts is raised from £100,000 to £250,000.

The assets element of the audit threshold is increased from £2.8million to £3.26 million, and the lower income trigger for this is raised from £100,000 to £250,000.

The above changes are relevant for accounting periods ending on or after 1 April 2009. This is a year earlier than it was widely expected.

## Heritage Assets

A heritage asset is defined as “A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture”.

For accounting periods beginning on or after 1 April 2010 significant additional disclosures in the financial statements will be required with respect to heritage assets held.

## Trustee Expenses

In view of the recent MP expense fiasco, it is good practice for charities to have written expense policies in place. Many trustees do not claim expenses and treat these unclaimed expenses as part of their charitable giving. Some do claim their expenses and choose to gift aid a similar amount back to the charity.

If you are in any doubt as to what is a legitimate expense cost to the charity then guidance is given in CC11, Trustee Expenses which is available via the Charity Commission website: [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)

“HB&O have been our auditors for over two years and they are both professional and enthusiastic and have provided a quality service”

*Trustees, The Johnson Fund*



## Events

### Telling Your Story "Shaping the future of Charity Reporting"

A conference was held in London on 4 December 2009 to discuss proposed changes in Charity Reporting. The event was run by the Charity Commission and was attended by 150 delegates including Mark Ashfield, Director of Harrison Beale and Owen. The content of the discussions were primarily focused upon recent research undertaken by Queens University in Belfast on the analysis of the SORP and included the views of funders, preparers of accounts, advisors and the views of charities both large and small. The overall opinion is that the whole sector appreciates that the SORP is a force for good and for developing and shaping sector practice. The results of the research will be put to the Accounting Standards Board as they consider the future of UK Accounting. A full copy of the research report is available for download here: <http://www.charitycommission.gov.uk/tcc/comresearch.asp>

### Training Courses

We intend to hold free update sessions during 2010 that will cover the key developments affecting charities. If you would be interested in attending these sessions then please [mark.ashfield@hboltd.co.uk](mailto:mark.ashfield@hboltd.co.uk) to register your interest. Details will then be sent to you once dates are confirmed.

"HB&O (formerly known as D A Owen & Co) have provided us with a professional and value added service for many, many years. We are happy to recommend them to other charities"

*David Benson Company Secretary  
The British Charolais Cattle Society Limited*

## Public Benefit

For accounting periods starting on or after 1 April 2008, charity trustees have a duty to report on their charity's public benefit. Initial guidance was published by the Charity Commission in January 2008 and has added further guidance regularly since. There are two key principles of public benefit and within each principle there are important factors that must be considered in all cases. The Charity Commission carry out checks on new and existing charities, every organisation entered on the register of charities needs to show positively that it is set up and operates for public benefit. In summary, trustees must:

- Ensure they carry out the charity's aims for public benefit
- Read the Charity Commission guidance on public benefit
- Report on their charity's public benefit in the trustees annual report.

The Charity Commission has now published its findings from research into the levels of awareness, understanding, and the attitudes towards the public benefit requirement across the charity sector. The details can be found via the Charity Commission website.

Don't Panic - Dame Suzi Leather, Chair of the Charity Commission, has announced that charities, including independent charitable schools, could have up to five years to make any necessary changes if they are not currently meeting the public benefit requirement which now applies to all charities.

To view the full release, please visit the Charity Commission website: <http://www.charity-commission.gov.uk/news/prschool.asp>.

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