

## **Trustees' Annual Report – Guidance for Larger Charities (Income > £500,000)**

### **Reference and Administrative Details**

- Name of the charity and any other names it uses.
- Charity registration number and, if applicable, its company registration number.
- Principle office address and, if applicable, its registered office address.
- Names of all charity trustees at the report date and who served in the period.
- For corporate trustees, the names of the directors of the corporate body on the date the report was approved.
- The names of any trustee for the charity holding the title to property belonging to the charity (at the report date and during the period).
- The name of any chief executive officer or other senior management personnel to whom the charity trustees delegate day to day management of the charity (serving during the year and up to date).
- The names and addresses of any other relevant organisations or persons providing banking services or professional advice to the charity (solicitors, auditors, bankers and investment advisers).

### **Structure, Governance and Management**

- How the charity is constituted.
- Details of governing document (e.g. memorandum & articles of association, trust deed, etc.).
- Methods of trustee recruitment and appointment, and procedures for trustee induction and training.
- The charity's organisational structure and, where relevant, those of its subsidiary undertakings.
- How the charity makes decisions, for example, which types of decisions are taken by the charity's trustees and which are delegated to staff.
- Details of wider networks (e.g. membership of umbrella bodies).
- Relationships with related parties and key partnerships.
- Arrangements for setting the pay and remuneration of the charity's key management personnel and any benchmarks or criteria used in setting their pay.

### **Objectives and Activities**

- The charity's aims, including details of the changes or differences it seeks to make through its activities.
- How the achievement of the charity's aims will further its legal purposes.
- The charity's strategies for achieving its stated aims and objectives.
- The criteria it uses to assess success in achieving goals.
- Significant activities undertaken and how they contribute to the achievement of its aims and objectives.
- How the charity delivers public benefit, and a statement that the trustees have had regard to the Charity Commission's guidance on public benefit.
- Some detail in understanding long and short term goals of the charity. The user should be able to understand the scale and resources used in the delivery of this - some figures here would be helpful (e.g. number of staff, amount spent etc.).

- Explanation of social investment policies (if any) and how they relate to the overall aims and objectives.
- Explanation of grant-making (if any) and how they relate to the overall aims and objectives.
- Explanation of how volunteers are used, when their contribution is significant to a charity's ability to carry out their aims and objectives, including the activities volunteers partake in and hours worked (if possible to provide).

### **Achievements and performance**

Ideally charities should provide a balanced review of its achievements and performance (both positive and negative aspects), and this should be expressed in terms of inputs, activities, outputs, outcomes and impacts.

As a minimum, this section must include:

- The significant charitable activities undertaken, referenced back to the charity's aims.
- The achievements against the objectives set - this could be indicated by reference to milestones or benchmarks a charity uses.
- Investment performance against the investment objectives, if any significant investments are held.
- The performance of material major fundraising activities compared against the fundraising objective set. Trustees should distinguish between the fundraising expenditure for the current period and that relating to future periods.
- The report should comment on any external factors outside of the charity's control which have impacted on the success of achieving the charity's aims and objectives.

### **Financial Review**

- Review of the charity's financial performance for the period and financial position at the end of the reporting period.
- The principal funding sources of the charity and how they support the key objectives set by the charity.
- The financial effect of significant events.
- Any significant future factors that will affect the future financial position of the charity.
- Explanation of any uncertainties about the charity's ability to continue as a going concern.
- Any fund or subsidiary that is materially in deficit must be stated, alongside an explanation for why the deficit has arisen, and the steps taken to eliminate it.
- A description and analysis of the key risks and how the charity will mitigate or manage them.
- Where the charity holds material investments, the investment policy and whether there are social, ethical or environmental considerations regarding this.
- The impact of a material pension liability (if any) arising from obligations to a defined benefit pension scheme of the financial position of the charity.
- The reserves policy (see below)

The review of the reserves should:

- State the amount of the total funds the charity holds at the end of the reporting period.

- Identify and explain the amounts which are restricted, unrestricted and designated.
- Indicate the likely timing of expenditure on material designated funds.
- Identify the amount of funds that can only be realised by disposing of tangible fixed assets or programme related investments.
- Compare the amount of reserves with the charity's reserves policy and explain, where relevant, what steps it is taking to bring the amount of reserves it holds into line with the level of reserves identified by the trustees as appropriate given their plans for the future activities of the charity.

### **Plans for Future Periods**

- Summary of the charity's plans for the future, including its aims and objectives and details of any activities planned to achieve them.
- Explain the trustees' perspective of the future direction of the charity. It should explain, where relevant, how experience gained or lessons learned from past or current activities have influenced future plans and decisions about allocating resources to their best effect.

### **Statement of Responsibilities of the Trustees**

Trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the net income or expenditure, of the charitable company for the year. In preparing those financial statements the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the applicable Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of the corporate financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware.

The trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors. Members of the charity guarantee to contribute an amount

not exceeding £xx to the assets of the charity in the event of winding up. The total number of such guarantees at [date] was x (2015 - x).

The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

**Auditors**

Godfrey Wilson Ltd were appointed as the charitable company's auditors during the year and have expressed their willingness to act in that capacity.

Approved by the trustees on [date] and signed on their behalf by

[Name & Date]