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Welcome to the **Charity** **Sector**

29 January 2026



Agenda

01 Introduction
to the sector

02 Trustees'
responsibilities

03 Introduction to
the SORP and
charity
accounting

04 Introduction
to tax and
VAT for
charities

05 Governance
and risk
management

06 Q&A

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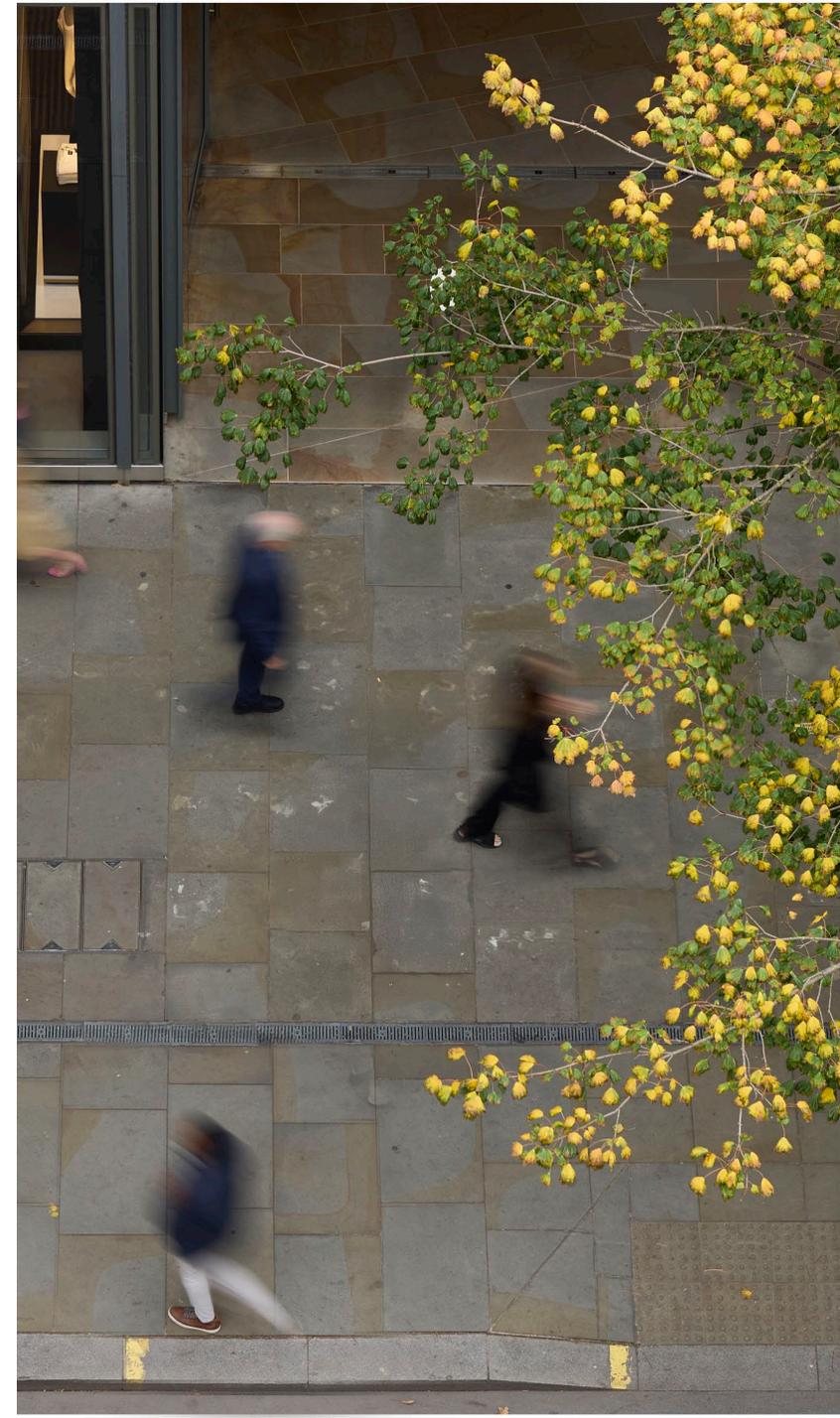
Introduction to the sector

Katharine Patel



What is a charity?

- Defined in Charities Act 2011
 - To be a charity, an organisation must be established for charitable purposes only.
- Two tests of charitable purpose:
 - That the purpose falls within one of the 13 'heads' or descriptions; and
 - That the purpose is for the public benefit
- Regulated by the Charity Commission
- Charity types
 - Unincorporated Trust
 - Company Limited by Guarantee
 - Charitable Incorporated Organisation (CIO)
 - Royal Charter Body



Charitable purpose: The thirteen “Heads of Charity”

1. The prevention or relief of poverty
2. The advancement of education
3. The advancement of religion
4. The advancement of health or the saving of lives
5. The advancement of citizenship or community development
6. The advancement of arts, culture, heritage or science
7. The advancement of amateur sport
8. The promotion of human rights, conflict resolution and reconciliation or the promotion of religious or racial harmony or equality or diversity
9. The advancement of environmental protection or improvement
10. The relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage
11. The advancement of animal welfare
12. The promotion of the efficiency of the armed forces of the Crown, or of the efficiency of the police, fire and rescue services or ambulance services
13. Any other purposes recognised as charitable within existing law

The role of the Charity Commission

- Regulates “registered charities” in England and Wales
- Issues guidance to charity trustees
- Investigates accusations of wrongdoing
- Maintains the online register of charities and publicly available information
- Seeks to drive up public confidence in charitable organisations

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Trustees' responsibilities

Katharine Patel



Role of members, trustees and senior management

Members

- Responsible for initial formation of the entity
- Responsible for establishing its purpose for existence
- Responsible for appointing those charged with governance

Trustees

- Responsible for determining the strategy to fulfil purpose
- Ultimately responsible for overall governance of the entity
- Responsible for holding senior management accountable

Senior management

- Responsible for delivering strategy as determined by trustees
- Responsible for operational (day-to-day) decision making.

What makes an effective organisation?

- Clear distinction between roles
- Terms of reference for board and committees
- Effective two-way communication between trustees and senior management

Key duties and obligations of trustees

- The Essential Trustee: what you need to know, what you need to do (Charity Commission guidance CC3) outlines six main duties of trustees.
- Trustees have responsibility for deciding on charitable activities:
 - Both the present and future of the charity must be taken into account when making decisions
 - All decisions must be made solely in the charity's best interests
- Decisions must be well-informed and made collectively for the benefit of the charity
 - All relevant factors and advice must be considered
 - Conflicts of interest or loyalty must be dealt with promptly

“...To be a trustee requires time, understanding and effort... good intentions aren't enough to fulfil your responsibilities”

Charity Commission

Trustees' responsibilities

It is your duty to:

- Ensure charity complies with its governing document and applicable laws
- Make decisions in the charity's best interests
- Manage charity resources and implement safeguards to ensure resources are used appropriately
- Ensure the charity complies with accounting and reporting regulations

Acting for the **public benefit**

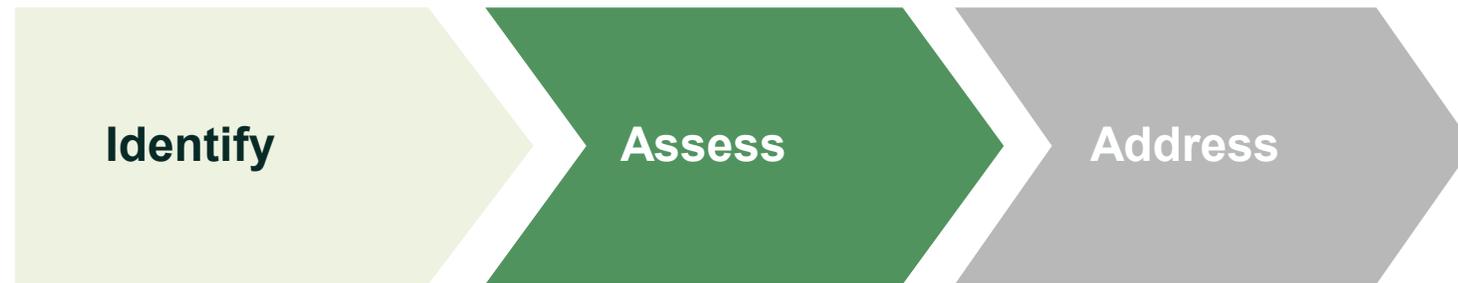
- Trustees should be familiar with the charity's governing document, which outlines:
 - The purpose and beneficiaries of the charity
 - What the charity will do for the beneficiaries
 - Restrictions on the charity's operations – both geographical and activity based
- Trustees should understand and be able to explain the charity's purpose and how its charitable activities support this
- Charities must provide public benefit
 - This can be to a section of the public but must not be overly restrictive
 - Benefit must outweigh any detriment or harm
- An explanation of how the charity provides public benefit must be included in the annual report

Dealing with conflicts of interest and loyalty

- All conflicts of interest and conflicts of loyalty must be dealt with promptly
- If a conflict of interest or loyalty arises, trustees should:
 - Identify and declare all conflicts
 - Prevent conflicts from affecting decision making
 - Record any conflicts and how they were dealt with
- ***“Conflicts of interest: a guide for charity trustees”*** contains guidance for identifying, preventing, and dealing with conflicts of interest
- Failure to identify and properly deal with conflicts of interests can result in:
 - Financial and reputation damage to the charity
 - Trustees being legally challenged
 - Regulatory action by the Charity Commission

Risk management (more detail later...)

- Trustees are responsible for minimising exposing the charity to unnecessary risks
- Trustees should be aware of the charity's risk policy
- Risks will be specific to each charity but may include:
 - Financial risk – e.g. dependence on a small number of income streams
 - Safeguarding (especially if working with children or vulnerable people)
 - Cyber security



Accountability

Accounts: All charities must produce accounts and provide a copy of the most recent accounts to anyone who asks.

Failure to do so will result in regulatory action being taken.

Trustees should be aware of the specific format of the accounts and documents they are required to complete.

All required documents should be accurate and provided in a timely manner

Trustees must ensure and show that:

- The charity is legally compliant;
- The charity is run properly; and
- The charity is carrying out its stated purpose effectively.

If authority has been delegated to an individual(s), limitations of the authority should be put in writing.

Trustees will still have collective responsibility for decisions and the overall management of the charity.

References and useful resources

- The Charity Commission. *Charitable purposes and public benefit*
Available at: <https://www.gov.uk/government/collections/charitable-purposes-and-public-benefit>
- The Charity Commission *The essential trustee: what you need to know, what you need to do*
Available at: <https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3/the-essential-trustee-what-you-need-to-know-what-you-need-to-do>
- The Charity Commission *Conflicts of interest: a guide for charity trustees*
Available at: <https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29/conflicts-of-interest-a-guide-for-charity-trustees>
- The Charity Commission *Charity reserves: building resilience*
Available at: <https://www.gov.uk/government/publications/charities-and-reserves-cc19/charities-and-reserves>

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The SORP and introduction to charity accounting

Katherine Peacock

Do we need an Audit?



Statutory audit thresholds for charities

Changes effective for periods ending on or after **30 September 2026**

Requirement	Current threshold	New threshold (from 30 September 2026)
Accounts must be independently examined	Income > £25,000	Income > £40,000
Examination must be by a professionally qualified examiner	Income > £250,000	Income > £500,000
Accounts must be prepared on accruals basis	Income > £250,000	Income > £500,000
Accounts must be audited	Income > £1m (or income > £250k <u>and</u> total assets > £3.26m)	Income > £1.5m (or income > £500k <u>and</u> total assets > £5m)

What documents do I need?

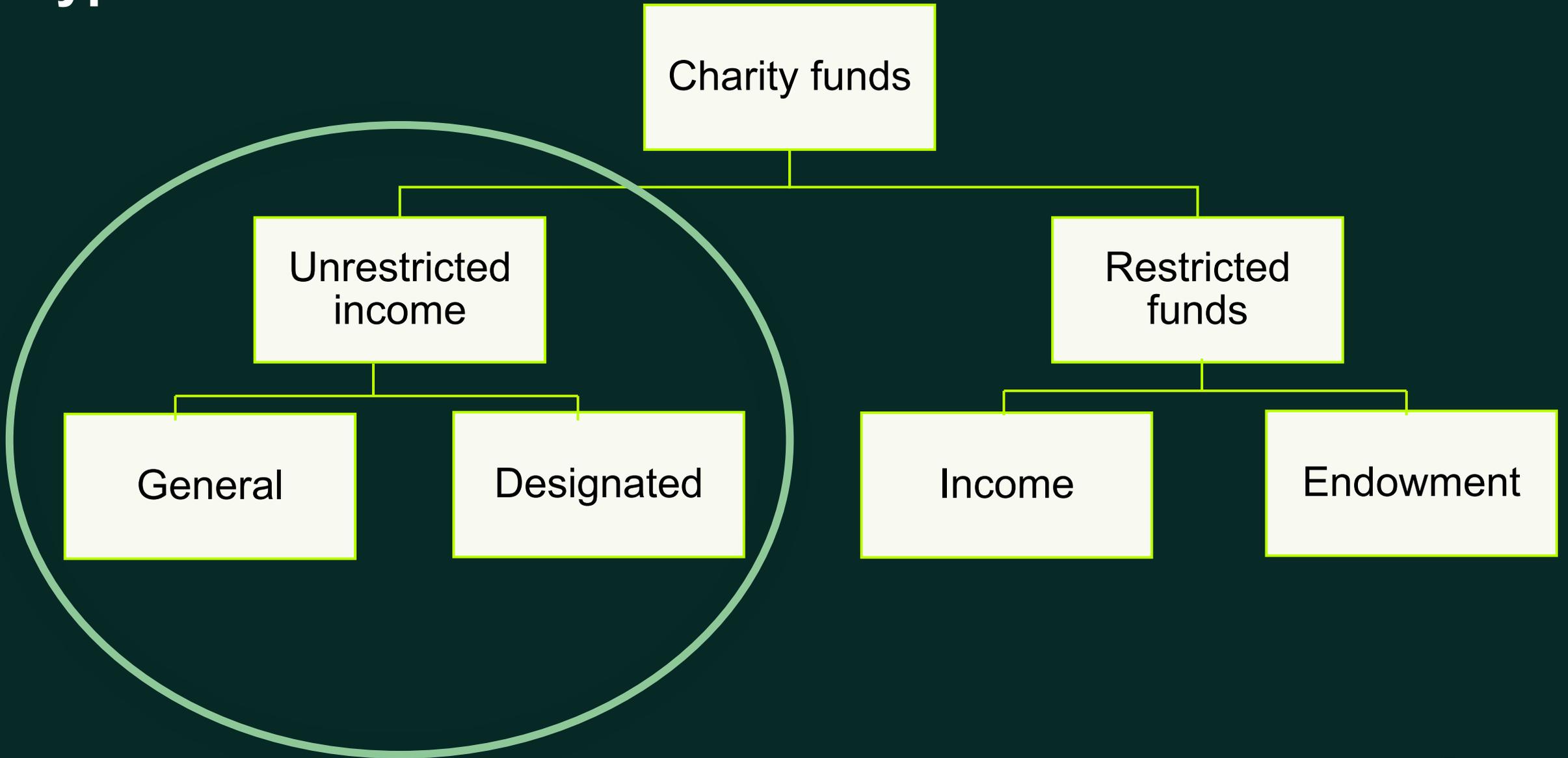


- Statement of Recommended Practice (SORP)
- In addition to Financial Reporting Standard 102
- New version effective for periods commencing on or after from 1 January 2026

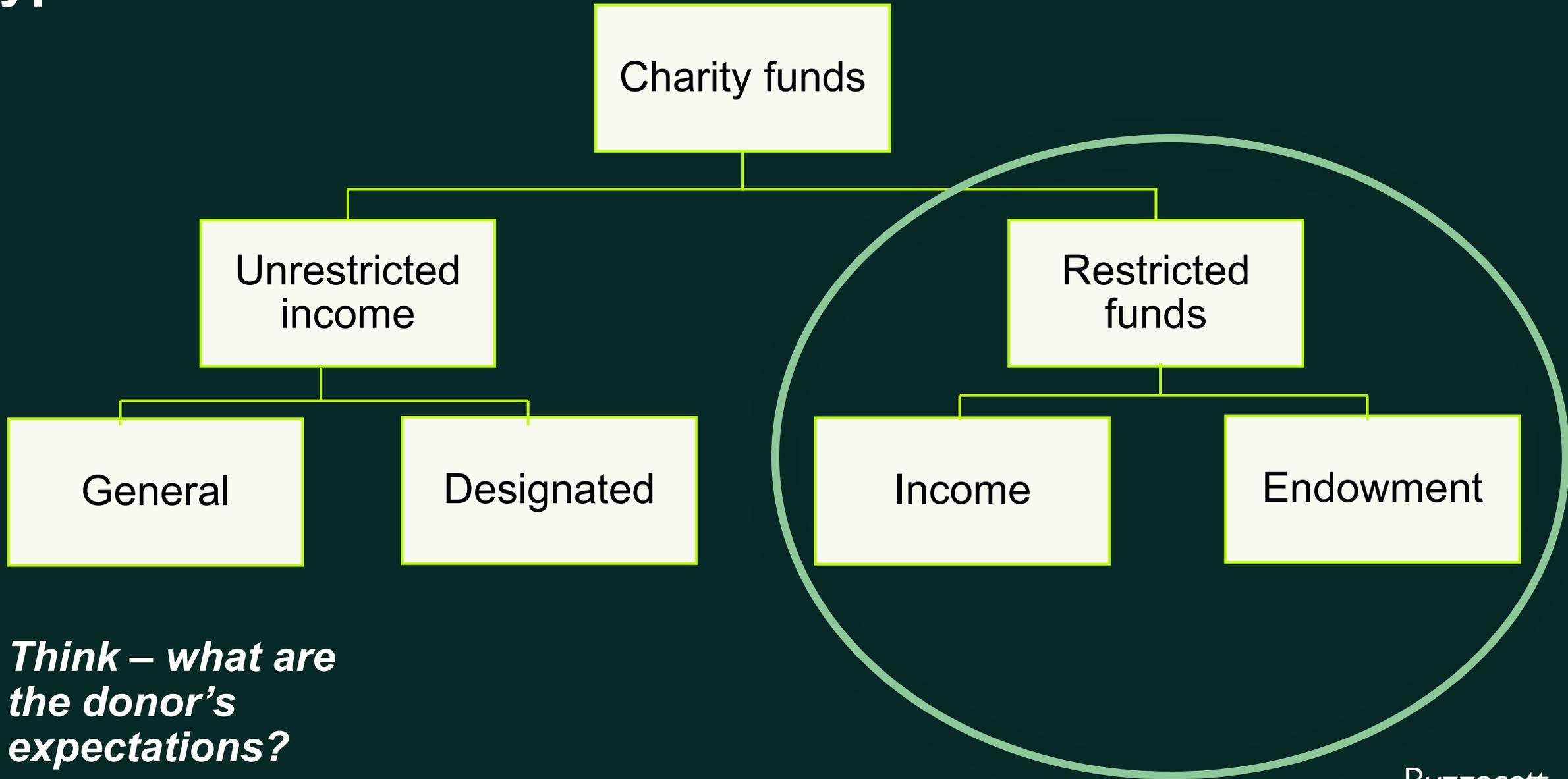
Key differences in charity accounts

- Trustees' report
- Statement of Financial Activities (SOFA)
- Terminology: Surplus/deficit, trustees, members
- Fund accounting
- Revenue recognition
- Staff costs & trustees' expenses disclosures
- Heritage assets
- Policies on reserves and risk management
- Social Investments Disclosure

Types of funds



Types of funds



Think – what are the donor's expectations?

Statement of financial activities Year to 31 July 2025
(incorporating an income and expenditure account)

	Notes	General fund £	Restricted funds £	Total funds 2025 £	Total funds 2024 £
Income from:					
Donations	1	—	—	—	26,900
Investments	2	615,802	—	615,802	596,219
Charitable activities					
· Rent		37,404	—	37,404	41,019
· Other income		—	—	—	1,631
Total income		653,206	—	653,206	665,769
Expenditure on:					
Raising funds					
· Investment management costs		89,572	—	89,572	82,756
· Exchange rate losses		10,728	—	10,728	-
Charitable activities	3	614,064	619,248	1,233,312	1,981,443
Total expenditure		714,364	619,248	1,333,612	2,064,199
Net (expenditure) before gains		(61,158)	(619,248)	(680,406)	(1,398,430)
Net gains on investments	7	1,360,929	—	1,360,929	1,627,731
Transfer between funds		(50,000)	50,000	—	—
Net income (expenditure) and net movement in funds		1,249,771	(569,248)	680,523	229,301
Reconciliation of funds:					
Fund balances brought forward at 1 August 2024	13	2,304,254	81,136,254	83,440,508	83,211,207
Fund balances carried forward at 31 July 2025	13	3,554,025	80,567,006	84,121,031	83,440,508

All of the Trust's activities derived from continuing operations during the above two financial periods.

There were no recognised gains or losses other than those shown in the Statement of Financial Activities for the above two financial periods.

SOFA: key differences

- Funds
- Unrestricted
- Restricted
- Endowment
- Income – detailed breakdown
- Expenditure – detailed breakdown
- Raising Funds
- Charitable Activities
- Transfers between funds
- Net movement in funds
- Reconciliation of funds

3 Income from charitable activities: promoting the care and welfare of children

	Unrestricted funds £'000	Restricted income funds £'000	Total funds 2025 £'000	Total funds 2024 £'000
Children's services:				
. A fair chance in life	2,978	1,172	4,150	4,235
. A loving home	6,100	1,793	7,893	6,976
. A voice that's heard	2,170	1,154	3,324	3,006
. A chance to shine	651	—	651	482
. No matter where	262	60	322	347
. Skills for the future	1,103	72	1,175	1,227
. A society that cares	554	561	1,115	866
Income from property	562	—	562	538
Other services	56	—	56	47
	14,436	4,812	19,248	17,724

6 Expenditure on charitable activities: Promoting the care and welfare of children

The total expenditure on each of the group's and charity's activities, being the total of direct costs and allocated support costs (note 7), was as follows:

	Direct costs £'000	Support costs £'000	Total 2025 £'000	Total 2024 £'000
Children's services:				
A fair chance	3,414	695	4,109	4,048
A loving home	6,975	1,457	8,432	7,721
A voice that's heard	3,172	417	3,589	3,050
A chance to shine	857	138	995	1,060
Skills for the future	1,386	310	1,696	1,500
No matter where	300	81	381	345
Children's Campus	—	—	—	348
A society that cares	2,192	421	2,613	2,108
	18,296	3,519	21,815	20,180

In 2025 £16,859,000 of the above expenditure was met from unrestricted funds and £4,956,000 met from restricted funds.

In 2024, £15,790,000 of the above expenditure was met from unrestricted funds and £4,390,000 met from restricted funds.

Example charitable income and expenditure notes

- Income and expenditure split by activity
- Expenditure split between direct and support costs
- Also breakdown of support costs required
- Full comparatives needed – additional columns or separate table



	Notes	2025 £	2024 £
Fixed assets			
Heritage assets	5	26,400	26,400
Tangible fixed assets	6	60,067,006	60,686,254
Investments	7	24,205,155	24,324,928
Investment properties	7	1,450,000	1,450,000
Social investments	8	10,715	10,715
		<u>85,759,276</u>	<u>86,498,297</u>
Current assets			
Debtors	9	217,252	240,965
Cash held by investment managers	7	371,720	260,002
Cash at bank		1,375,963	301,669
Short term deposits		—	500,000
		<u>1,964,935</u>	<u>1,302,636</u>
Creditors: amounts falling due within one year	10a	<u>(2,498,302)</u>	<u>(2,431,813)</u>
Net current liabilities		<u>(533,367)</u>	<u>(1,129,177)</u>
Total assets less current liabilities		<u>85,225,909</u>	<u>85,369,120</u>
Creditors: amounts falling due after more than one year	10b	<u>(1,104,878)</u>	<u>(1,928,612)</u>
Total net assets		<u>84,121,031</u>	<u>83,440,508</u>
The funds of the charity:			
Restricted funds	11	80,567,006	81,136,254
Unrestricted funds	12	3,554,025	2,304,254
Total funds		<u>84,121,031</u>	<u>83,440,508</u>

Balance sheet: key differences

- Funds – Restricted and unrestricted
- No shareholders funds
- Heritage assets
- Social investments

Funds disclosure notes

13 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2025 £
Fund balances at 31 July 2025 are represented by:			
Heritage assets	26,400	—	26,400
Tangible fixed assets	—	60,067,006	60,067,006
Fixed asset investments	5,155,155	19,050,000	24,205,155
Investment properties	—	1,450,000	1,450,000
Programme related investments	10,715	—	10,715
Net current liabilities	(533,367)	—	(533,367)
Creditors: falling due after one year	(1,104,878)	—	(1,104,878)
Total net assets	3,554,025	80,567,006	84,121,031

10 Movements in funds

	At 1 April 2024 £	Income £	Expenditure £	Transfers £	At 31 March 2025 £
Restricted funds:					
Nuffield Funded Early Education Entitlement	2,544	12,851	(3,344)	—	12,051
The Mercers' Company Grant	12,030	47,303	(29,595)	—	29,738
Total restricted funds	14,574	60,154	(32,939)	—	41,789
Unrestricted funds:					
General Funds	300,266	378,342	(474,580)	—	204,028
Designated Funds	138,613	—	—	—	138,613
Total unrestricted funds	438,879	378,342	(474,580)	—	342,641
Total funds	453,453	438,496	(507,519)	—	384,430

Restricted funds

Nuffield Funded Early Education Entitlement

[NAME] led on implementation of the Local Authority survey, parent recruitment, parent engagement, workshops and dissemination, and contributed to project management.

The Mercers' Company Grant

Funding to increase parental confidence to develop emergent literacy skills in the home environment.

Designated Funds

Funds to be used for the purpose of investment in additional staff and other resources for specific projects over the next 3 to 5 years, which will increase the sustainability of the charity.

Staff costs disclosures

Charities SORP requires disclosure of:

- Trustees' remuneration and benefits
- Trustees' expenses (including statement if none)
- Related party transactions (including statement if none)
- Ex-gratia payments
- Staff earning over £60,000 p.a. (including statement if none)
- Remuneration and benefits received by key management personnel

Staff costs disclosures

- ▲ The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer's pension contributions) during the year was as follows:

	2025 Number	2024 Number
£60,001 — £70,000	10	9
£70,001 — £80,000	6	3
£80,001 — £90,000	3	3
£90,001 — £100,000	1	—
£100,001 — £110,000	1	—
£110,001 — £120,000	—	1
£121,001 — £130,000	—	1
£131,001 — £140,000	1	—

Key management personnel are defined as the Trustees and 3 (2024 - 4) members of senior management. The total employee benefits (including employer's pension and national insurance contributions) of the key management personnel of the charity were £434,000 (2024 - £530,000).

The remuneration of key management personnel is based on an internal assessment of the scope of the individual role and an individual's performance against specific targets. Internal benchmarking is conducted to ensure that remuneration levels within the NAME group are consistent for the level of responsibilities.

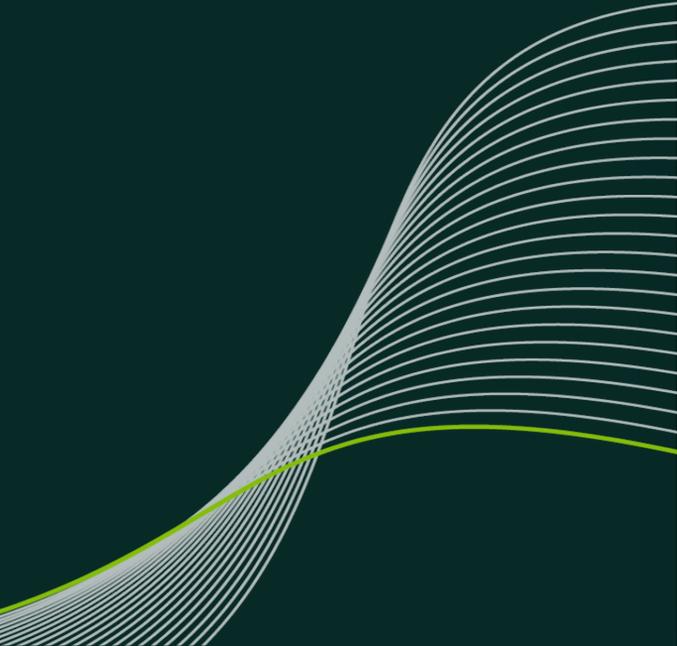
No Trustees received any remuneration in respect of their services during the year (2024 - £nil).

During the year, expenses of £1,898 (2024 - £546) were reimbursed to one (2024 – one) of the Trustees of [NAME] in relation to out of pocket travelling expenses.

Heritage assets

- Must have “**historic, artistic, scientific, technological, geophysical or environmental qualities... held principally for its contribution to knowledge and culture**”.
- E.g. Cathedrals, historical artefacts
- Measured by:
 - Cost / fair value (If purchased)
 - Fair value (if donated)
- Presented separately under fixed assets in Balance Sheet with detail in notes
- If value cannot be measured disclosure in notes

Social investments



- Dual purpose – both a financial return and a positive social outcome
- Separate disclosure in accounts
- Trustees need to be clear about objectives and purposes

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Introduction to Tax and VAT for Charities

Luke Savvas & Kam Chauhan

Charity direct tax implications

Main exemptions (sections 466- 493 CTA 2010, charitable trusts — in sections 521 to 536 ITA 2007)

NO BLANKET EXEMPTION FROM TAX!

- Primary purpose trading
 - e.g. “relief of poverty”
 - but confirm in Mem and Arts and if any restrictions?
 - Ancillary to the primary purpose
 - Carried on by the beneficiaries
 - Small trading de minimis limit
 - £80,000 total of all taxable trading and miscellaneous income
 - One-off fundraising events (s483 CTA 2010)
 - Qualifying investment income e.g. interest (s475/476) and dividends (s488 CTA 2010)
 - Lottery income (operating licence issued under s98 of the Gambling Act 2005)
 - Capital gains (s256 TCGA 1992)
 - Rental income (s485 CTA 2010)
 - Use of space only; no additional services, e.g. cleaning, catering, equipment hire.
- Provided profits or gains are applied for charitable purposes**

Charity direct tax implications

Use of a Trading Subsidiary

- A subsidiary trading company can be formed to carry out activities which would otherwise be taxable in the charity
- Ring-fences commercial activity and risk
- Profit shed by Gift Aid to the charity
- Financing and intercompany debts
- Accounting vs Taxable profits
- VAT issues – VAT Group?

Charity direct tax implications

Exempt fundraising events

Exemption for both direct tax and VAT

Various conditions apply

- Not more than 15 per year of the same type in the same location or
- Small scale events (no more than £1,000 per week)
- **Must be held out as a fundraising event** (main purpose)
- Exemption can extend to sponsorship payments directly connected with the event
- Examples: ball, performance, fair, exhibition, jumble sale, sports event, quiz

Charity direct tax implications

Corporate sponsorship and joint ventures

Entering sponsorship arrangements or joint ventures – care for both direct tax and VAT

- Get advice sooner, ahead of finalising contracts

Examples:

Large corporate sponsors of national events

Local business sponsorships

Shared space or services

Property development

Charity direct tax implications

Gift Aid and fundraising

25p for every £1 can be claimed

Only available on donations not sales!

- Not fundraising event tickets? – can ask for donations
- Not for raffles

The Donor can get limited benefits ‘in consequence’ of the donation:

- 5% to 25% of donation

Charity direct tax implications

Employment tax

- Care with trustee payments or other officeholders/committee members expenses
- Volunteer payments

Off payroll working

- End user is responsible for assessing deemed employment status of contractors using personal service companies (old 'IR35' rules).

Charity VAT implications – main VAT reliefs

- VAT is a tax on the supply of most goods and services made for a consideration in the course of economic activity by taxable persons. No blanket exemption from VAT either!
- There are some targeted VAT reliefs available to charities in certain circumstances, including the following:
 - Zero-rating – Schedule 8, VAT Act 1994. Eligibility declaration/certificate required in order to obtain the relief
 - General advertising services provided for the public (not targeted advertising discussed later)
 - Aids for disabled people
 - Construction services for buildings to be used solely for a relevant charitable purpose or as a village hall
 - Charities involved with medical or veterinary research can buy certain substances when used for research
 - Certain goods for visually impaired when designed/adapted for their use
 - Lifeboats and launching and recovery equipment for sea rescue charities
 - Certain medical and scientific equipment and medicinal products
 - Reduced rate VAT at 5% - Schedule 7A, VAT Act 1994
 - Fuel and power for charitable non-business activities (more than 60% qualifying use)
 - Welfare related advice

Charity VAT implications

Main VAT reliefs

Advertising

- Charities can advertise VAT-free in any medium (other than their own) which communicates with the public
- Includes services of design or production
- Adverts qualifying for the relief can be on any subject, including staff recruitment
- Does not include Social Media advertising which is considered to be targeted – this is an important point as it can have a significant impact on charities in respect of the “reverse charge”

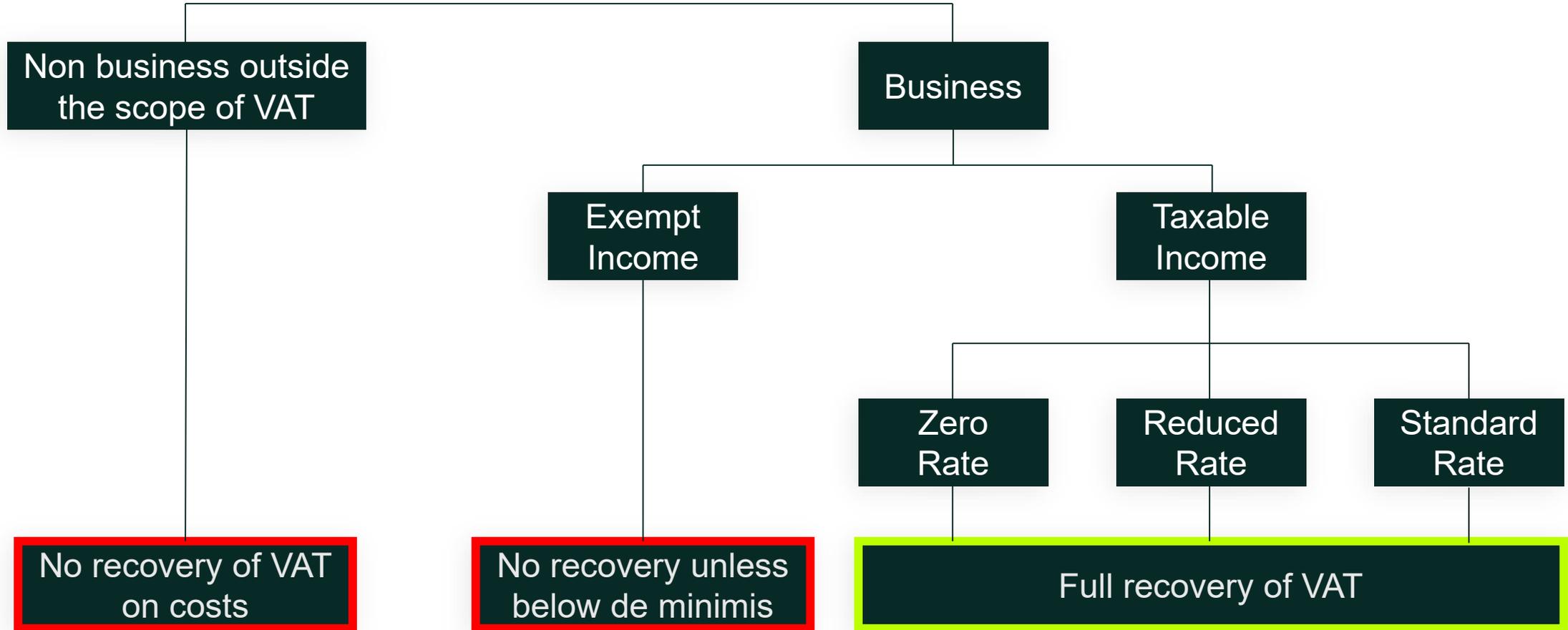
Charity VAT implications

Main VAT reliefs

Construction works

- Some works to buildings assist people with disabilities can be zero-rated when supplied to charities
- Construction of new buildings used solely for a relevant charitable use or as a village hall
- Solely in this context means 95% of use – there is no set method for calculating use other than the charity has to certify that it is fair and reasonable
- The zero-rating also covers goods supplied in connection with the zero-rated works
- The VAT relief does not extend to professional fees but it may be possible to use a design and build structure to mitigate these VAT costs
- A certificate must be issued to obtain zero-rating:
 - Must certify intended use for 10 years otherwise clawback applies
 - Can be issued for a separate part of a building

VAT recovery implications – business, non-business activities and VAT recovery



Charity VAT implications

VAT recovery: non-business activities

- If a charity incurs VAT on costs used in non-business activities, then it can't recover any VAT on costs wholly used in those **non-business activities**
- It must work out how much of its overhead VAT relates to any non-business activities and not claim that proportion
- **No specific method** for apportioning between business and non-business and there is no de-minimis threshold

Charity VAT implications

VAT partial exemption

- Where as well as non-business activities a business also makes both exempt and taxable business supplies, it will be “partly exempt”.
- Therefore, even after identifying the "business" input tax, the business may not be able to recover all of the input tax that it incurs because it then has to identify the VAT relating to taxable activities.
- Must apply direct attribution before apportioning any overhead costs
- Partial exemption methods are prescribed in law, the standard method is based on turnover and doesn't require HMRC approval, but all other methods must be agreed with HMRC in writing before they can be used.
- Can combine business /non business and partial exemption methods.

Charity VAT implications

VAT problem areas

- **Reverse charge**
 - Applies to any charity that is VAT registered or has any business activities (no de-minimis is applied)
 - Counts towards VAT registration threshold
 - Forms a cost if the reverse charge services are used to generate exempt business income or for non-business purposes
 - This includes social media advertising that is considered to be targeted i.e. Meta/Facebook which tends to be supplied by entities from outside the UK
 - Also, potentially applies to employer of record services if using an overseas supplier

Charity VAT implications

VAT problem areas

- **Grant vs Contract**
 - Perennial issue in deciding what is considered to be a grant that is outside the scope of VAT and what is considered to be a contract for services (business income) that is potentially subject to VAT
 - Set of factors/indicators provided by HMRC to help decide
 - Can often lead to disputes and effective loss of funding if VAT has to be accounted for to HMRC out of the amounts agreed, especially if this is unforeseen
 - Need to ensure legal agreements are reviewed from a VAT perspective and VAT clauses considered (whether receiving or granting)
 - If in doubt seek professional assistance, can be a minefield!

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Governance and risk management

Catherine Biscoe



Charities and changing public expectations

- Recent issues surrounding charities mean that the public is less inclined to look favourably on charities and give them “the benefit of the doubt”
- Intense media scrutiny on the sector
- The Charity Commission is shining the spotlight on charity governance and the quality of trusteeship
- Charity trustees need to be able to demonstrate an understanding of their duties
- Higher moral and ethical standards – not a matter of ensuring legal compliance only
- There is no such thing as a “private charity”

All of the above highlight the growing need for charities and their trustees to demonstrate good governance

Charity Governance Code

- Updated November 2025 <https://www.charitygovernancecode.org/>
- Structured around 8 principles (Foundation, Organisational Purpose, Leadership, Ethics and Culture, Decision-making, Managing Resources and Risks, Equity, Diversity & Inclusion, Board Effectiveness)
- Remains best practice rather than a regulatory requirement
- Designed for charities of different sizes with indications of changing expectations for larger organisations
- Focus on trustee behaviours rather than expanding into other areas where there is already guidance

1. Foundation: Trustees take responsibility for, and invest the necessary time and care, in understanding the charity, their responsibilities and legal duties.

2. Organisational Purpose: The board is clear about the charity's aims and how these benefit all or part of the public. It ensures that activity is targeted at achieving those aims both in the short and long term.

3. Leadership: The charity is headed by an effective board that provides strategic leadership in line with the charity's purpose and values.

4. Ethics & culture: The board has agreed the standards and values which shape the charity's behaviours and culture. This includes being open about how the charity operates and responding thoughtfully to feedback.



5. Decision making: The board makes effective decisions that best serve the charity's purposes. Trustees take personal responsibility for carefully considering each decision and working to reach agreement.

6. Managing resources & risks: The board takes responsibility for stewarding, developing and allocating resources. The board identifies the risks to achieving the charity's aims and agrees how to navigate them. The board seeks assurance that risks are properly managed.

7. EDI: The board has a clear, agreed and effective approach to supporting equity, diversity and inclusion (EDI) throughout the organisation, including in its own practice.

8. Board effectiveness: The board works well together, using an appropriate balance of skills, experience, backgrounds and knowledge. It reviews its performance on a regular cycle and takes steps to improve.



How to ensure good governance

- Understanding your responsibilities
- Knowing your governing document
- Sound induction procedures
- Dealing with conflicts of interest and maintaining a register of interests
- Making decisions properly
- Appropriate committee structure
- Oversight of finances and budgeting
- Being prepared to challenge assumptions
- Asking questions
- Not being too trusting
- Collective responsibility
- Regular meetings
- Taking advice when needed
- Effective management and financial controls
- Knowing the laws and regulations that affect the charity
- Ensuring the charity has the resources needed to meet contractual obligations
- Approval of the budget
- Monitoring financial performance regularly
- Assessment of going concern
- Taking minutes
- Retaining key documents
- Annual review of Board effectiveness

Charity Commission guidance

CC27 – Decision making for Charity Trustees

Decision making principles

Collective decision making

[Decision-making for charity trustees - GOV.UK](#)

CC48 - Charity meetings

Planning, running and recording meetings

Impact on governing document

[Charity meetings - GOV.UK](#)



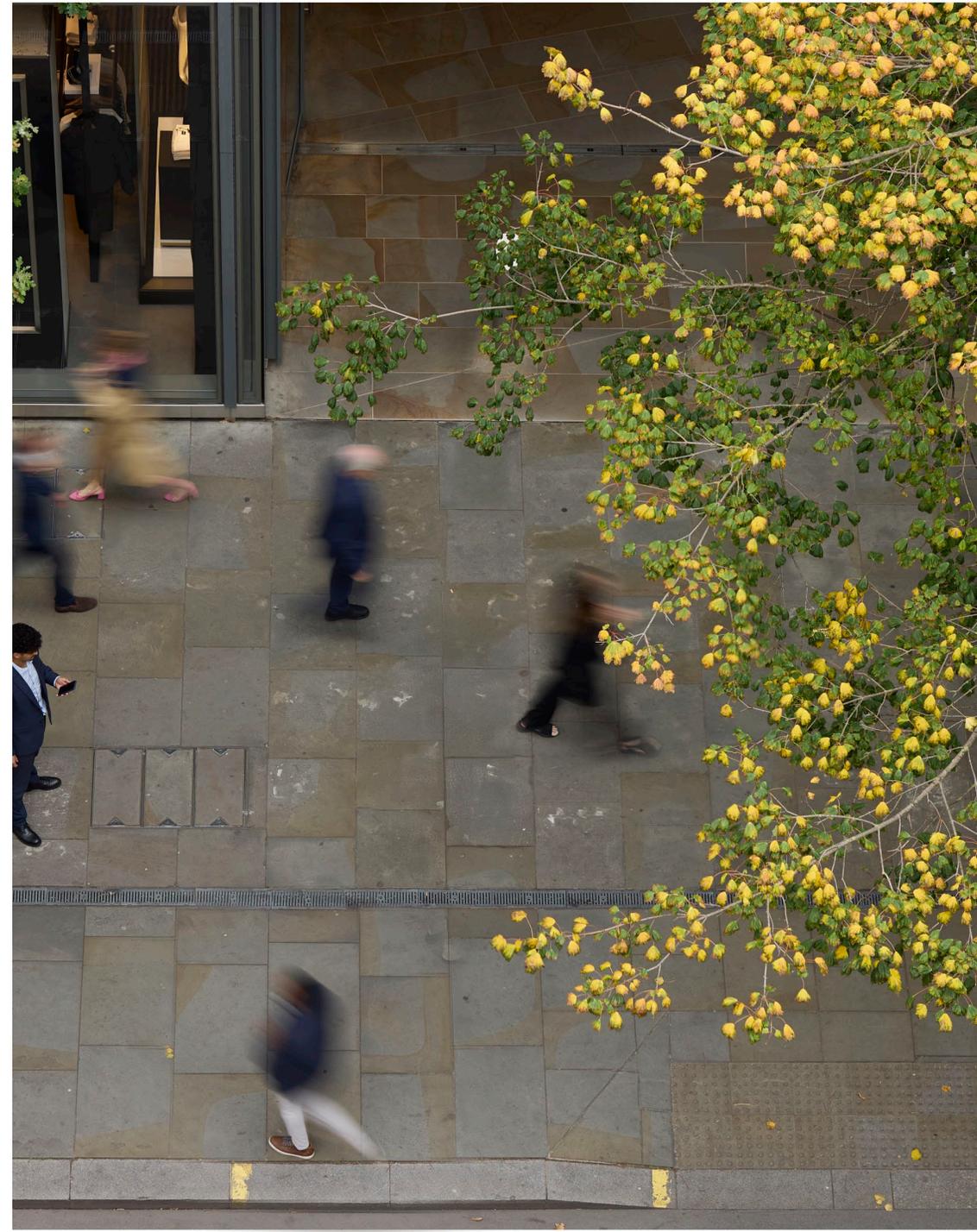
Risk management

- Establish risk management policy
- Identify risks – consider following areas:
 - Governance eg. Inappropriate structure
 - Operational eg. Service quality
 - Finance risk eg. Adequacy of reserves
 - Environmental and external risk
 - Compliance risk eg. GDPR
- Assess risks
 - Likelihood
 - Severity
- Document risk register
- Determine controls already in place
- Determine further action required
- Regular board review

Risk Matrix		Severity				
		Insignificant	Minor	Moderate	Major	Severe
Likelihood	Almost Certain	Medium	High	Very High	Very High	Very High
	Likely	Medium	High	High	Very High	Very High
	Possible	Low	Medium	High	High	Very High
	Unlikely	Low	Low	Medium	Medium	High
	Rare	Low	Low	Low	Low	Medium

Options for risks identified?

- **Accept** (with no action) – the cost of managing is greater than the consequence of crystallisation or the consequences are tolerable
- **Transfer** – this is usually insurance but could also relate to containment of risky activity in a separate entity (e.g. subsidiary)
- **Eliminate** – unacceptable risk at any probability so cease risky activity
- **Price** – include a risk premium in pricing
- **Internal control** – accept the risk and reduce it to an acceptable level through internal control processes



Role of trustees in risk management

Likely to involve:

- Ensuring that the identification, assessment and mitigation of risk is linked to the charity's objectives
- Ensuring process covers all areas of risk and is focused primarily on major risks
- Ensuring that the process seeks to produce a risk exposure profile that reflects the trustees' views as to levels of acceptable risk
- Regular review and discussion of risk register

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Q&A

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Thank you for listening!

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