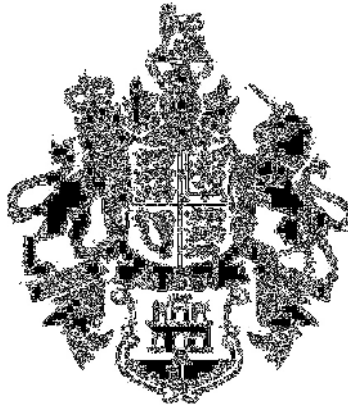


**C04/2025**



**Command Paper on  
regulations implement accounting, reporting and  
scrutiny requirements for charities**

**Presented to Parliament by  
the Chief Minister**

**by Command of His Majesty  
3 June 2025**

Comments on this Command Paper should be:

(a) sent by email to [commandpapers@gibraltar.gov.gi](mailto:commandpapers@gibraltar.gov.gi), or

(b) delivered to:

Command Papers Consultation  
c/o Kevin Warwick,  
Ministry of Justice, Trade and Industry,  
HM Government of Gibraltar  
Suite 955, Europort  
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by no later than the 15<sup>th</sup> September 2025.

Any comments received later than noon the 15<sup>th</sup> September 2025 may not be taken into account for the purposes of the consultation.

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## **1. Introduction**

The Government proposes to introduce these Regulations (“the Regulations”) to make provision in respect of the preparation and scrutiny of accounts prepared by charities and the preparation of annual reports by charities. These Regulations also make provision for the preparation and scrutiny of group accounts and the preparation of group annual reports by parent charities. These Regulations do not apply to exempt charities.

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## **CHARITIES ACT**

### **CHARITIES (ACCOUNTS AND REPORTS) REGULATIONS 2025**

In exercise of the powers conferred on him by sections 43, 50, 53, 62, 141, 151 and 156 of the Charities Act 2025 and all other enabling powers, the Minister has made these Regulations-

#### **PART 1 PRELIMINARY**

##### **Title.**

1. These Regulations may be cited as the Charities (Accounts and Reports) Regulations 2025.

##### **Commencement.**

2. These Regulations come into operation on the date of publication.

##### **Interpretation.**

- 3.(1) In these Regulations-

“the Act” means the Charities Act 2025;

“auditable charity” means a charity the accounts of which for the financial year in question are required to be audited in pursuance of any statutory requirement;

“authorised person” has the meaning given by section 54 of the Financial Services Act 2019;

“charitable subsidiary undertaking” means a subsidiary undertaking that is a charity;

“director” means-

- (a) in relation to a body corporate whose affairs are managed by its members, means a member of the body corporate;
- (b) in any other case, includes any person occupying the position of a director by whatever name called;

“ex gratia payment” means any such application of the property of a charity, or any such waiver by a charity of any entitlement to receive any property, as is capable of being authorised under section 110 of the Act;

“fixed assets” means the assets of a charity which are intended for use or investment on a continuing basis;

“fund” means particular assets of a charity held on trusts which, as respect the purposes for which those assets are held or the powers of the charity trustees to use or apply those assets, are not identical to the trusts on which other assets of the charity are held;

“non-charitable subsidiary undertaking” means a subsidiary undertaking that is not a charity;

“parent charity” has the meaning given by section 52 of the Act;

“relevant financial year” means the financial year in respect of which-

- (a) the statement of accounts is prepared;
- (b) the receipt and payments account or income and expenditure account (as applicable) and statement of assets and liabilities are prepared; or
- (c) group accounts are prepared;

“reserves” means-

- (a) in relation to a charity, those assets in the unrestricted fund of a charity which the charity trustees have, or can make, available to apply for all of any its purposes, once they have provided for-
  - (i) the liabilities of the unrestricted fund; and
  - (ii) any commitments of the charity or other planned expenditure intended to be met from the assets of the unrestricted fund;
- (b) in relation to any body that is not a charity, the net assets or liabilities of the body that are disclosed in the body’s balance sheet for the financial year in question;

“restricted fund” means any fund of a charity other than an unrestricted fund;

“subsidiary undertaking” has the meaning given by section 52 of the Act.

“trustee for a charity” means a person other than the charity itself (“A”) or a charity trustee of A who holds title to property belonging to A and includes a custodian trustee and a nominee;

“unrestricted fund” means a fund which is to be used, or applied, in any way determined by the charity trustees of a charity for the furtherance of the objects of the charity;

(2) Subject to sub regulation (3), in these Regulations, “common investment fund” means a common investment fund established by a scheme under section 109 of the Act.

(3) A fund is not a “common investment fund” for the purposes of these Regulations if its trusts provide for property to be transferred to that fund only by or on behalf of a participating charity of which the charity trustees are the trustees appointed to manage the fund.

(4) Where the scheme or schemes regulating a common investment fund allocates responsibility for the exercise of a function of a charity trustee to a particular person, “charity trustees”, in relation to that common investment fund, includes the person to whom the relevant function has been allocated.

**Financial year of a charity which is not a company or foundation.**



4.(1) The first financial year of a charity which is not a company or foundation (“relevant charity”) is the period beginning with the day on which the charity is established and ending with its accounting reference date.

(2) The subsequent financial years of a relevant charity begin with the day immediately following the last day of the charity’s previous financial year and end with its accounting reference date.

(3) For the purposes of this regulation, the “accounting reference date” of a relevant charity is-

(a) in relation to the first financial year of the relevant charity, such date, not less than 6 months and not more than 18 months after the date on which the charity was established as the charity trustees may determine;

(b) in relation to a subsequent financial year of the relevant charity-

(i) the date 12 months after the previous accounting reference date of the relevant charity; or

(ii) subject to sub regulations (4) and (6), such other date, not less than 6 months and not more than 18 months after the previous accounting reference date of the relevant charity as the charity trustees may determine.

(4) The charity trustees may only exercise the power in sub regulation (3)(b)(ii) in respect of a restricted financial year with the consent of the Commission.

(5) In sub regulation (4), “restricted financial year” means a financial year beginning immediately after-

(a) a financial year in respect of which the charity trustees had exercised the power in sub regulation (3)(b)(ii);

(b) a financial year (“A”) where A began immediately after a financial year in respect of which the charity trustees had exercised the power in sub regulation (3)(b)(ii).

(6) The charity trustees may exercise their power under sub regulation (3)(b)(ii) so as to determine an accounting reference date less, or more, than 12 months from the beginning of the financial year only where they satisfied that there are exceptional reasons to do so.

## **PART 2**

### **FORM AND CONTENT OF STATEMENTS OF ACCOUNT**

#### **Form and content of statement of accounts for common investment funds.**

5.(1) This regulation applies to a statement of accounts prepared by the charity trustees of a common investment fund.

(2) The statement of accounts shall consist of-

(a) a statement of total return which satisfies the requirements prescribed in Part 1 of Schedule 1;

- (b) a statement of changes in net assets which satisfies the requirements prescribed in Part 2 of Schedule 1; and
  - (c) a balance sheet which satisfies the requirements prescribed in Part 3 of Schedule 1.
- (3) The statement of accounts shall be prepared in accordance with the methods and principles specified or referred to in Part 4 of Schedule 1.
- (4) There shall be provided by way of notes to the accounts the information specified in Part 5 of Schedule 1.
- (5) The balance sheet shall-
- (a) if the scheme or schemes regulating the common investment fund allocates responsibility for preparing the accounts to a particular person, be signed and dated by that person;
  - (b) in any other case, be signed by at least one of the charity trustees of the common investment fund, each of whom has been authorised to do so.
- (6) Where the balance sheet of a common investment fund is signed by one or more of the charity trustees in accordance with sub regulation (5)(b), the balance sheet shall specify the date on which the statement of accounts of which the balance sheet forms part was approved by the charity trustees.

**Form and content of statement of accounts for charities other than common investment funds.**

6.(1) This regulation applies to a statement of accounts prepared by the charity trustees of a charity which is not a common investment fund.

- (2) The statement of accounts shall consist of-
- (a) a statement of financial activities showing the total incoming resources and application of the resources, together with any other movements in the total resources, of the charity during the relevant financial year; and
  - (b) a balance sheet showing the state of affairs of the charity as at the end of the relevant financial year.
- (3) The statement of accounts shall be prepared in accordance with the following principles-
- (a) the statement of financial activities shall give a true and fair view of the incoming resources and application of the resources of the charity in the relevant financial year;
  - (b) the balance sheet shall give a true and fair view of the state of affairs of the charity at the end of the relevant financial year;
  - (c) where compliance with sub regulations (4) to (9) would not be sufficient to give a true and fair view as required under sub regulations (3)(a) or (3)(b) above, the additional information necessary to give a true and fair view shall be given in the statement of accounts or in notes to the accounts;

- (d) if in special circumstances compliance with any of the requirements of sub regulations (4) to (9) would be inconsistent with giving a true and fair view, the charity trustees shall depart from the relevant requirement to the extent necessary to give a true and fair view.

(4) Subject to sub regulations (5) to (7), the statement of accounts shall, in relation to any amount required to be shown in the statement of financial activities or in the balance sheet for the relevant financial year, show the corresponding amount for the financial year immediately preceding the relevant financial year.

(5) Where a charity has more than one fund, only amounts corresponding to the entries in the statement of financial activities relating to the totals of both or all of the funds of the charity need be shown.

(6) Where the corresponding amount referred to in sub regulation (4) is not comparable with the amount to be shown for the item in question in respect of the relevant financial year, the corresponding amount is to be adjusted.

(7) Where-

- (a) the effect of sub regulation (3) is that there is nothing to be shown in respect of a particular item for the relevant financial year; but
- (b) an amount was required to be shown in respect of that item in the statement of accounts for the financial year immediately preceding the relevant financial year,

sub regulation (3) has effect as if an amount were required to be shown in the statement of accounts for the relevant financial year, and that amount were nil.

(8) There shall be provided by way of notes to the accounts the information specified in Schedule 2.

(9) The balance sheet shall-

- (a) be signed by at least one of the charity trustees of the charity, each of whom has been authorised to do so; and
- (b) specify the date on which the statement of accounts of which the balance sheet forms part was approved by the charity trustees.

### **PART 3**

#### **PREPARATION OF GROUP ACCOUNTS**

#### **Meaning of “aggregate gross income”.**

7.(1) The aggregate gross income for a financial year of a group consisting of a parent charity and its subsidiary undertaking or undertakings is to be determined by eliminating all group transactions for that year from the group income for that year.

(2) For the purposes of this regulation-

- (a) “corresponding financial year” has the meaning given by sub regulation (3);

- (b) “gross income” means, in relation to a non-charitable subsidiary undertaking, the amount of income of that undertaking that would be construed as its gross income were it a charity;
  - (c) “group income” means the aggregate of-
    - (i) the gross income of the parent charity for the financial year;
    - (ii) the gross income of each charitable subsidiary undertaking of that parent charity for the corresponding financial year; and
    - (iii) the gross income of each non-charitable subsidiary undertaking of that parent charity for the corresponding financial year.
  - (d) “group transactions” means-
    - (i) all income and expenditure relating to transactions between members of the group;
    - (ii) all gains and losses relating to transactions between members of the group;
  - (e) “member of a group” is to be construed in accordance with section 52 of the Act;
- (3) Subject to sub regulation (4), “corresponding financial year” in relation to a subsidiary undertaking means-
- (a) in the case of a subsidiary undertaking whose financial year ends with that of the parent charity, that year;
  - (b) in any other case, the financial year of the subsidiary undertaking ending immediately before the end of the financial year of the parent charity.

(4) If the figures for the corresponding financial year of a subsidiary undertaking cannot be obtained without disproportionate expense or undue delay, the latest available figures are to be taken.

#### **Financial years of subsidiary undertakings.**

8.(1) The financial year of a non-charitable subsidiary undertaking is a period in respect of which a profit and loss account of the undertaking is required to be made up (by its constitution or by the law under which it is established), whether that period is a year or not.

#### **Requirement for financial years of a parent charity and its subsidiary undertakings to coincide.**

9. The charity trustees of a parent charity shall secure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiary undertakings coincides with its own financial year.

### **PART 4 FORM AND CONTENT OF GROUP ACCOUNTS**

#### **Form and content of group accounts of parent charities that are common investment funds.**

10.(1) This regulation applies to the group accounts prepared by the charity trustees of a parent charity that is a common investment fund.

(2) The group accounts shall consist of-

- (a) a consolidated statement of total return dealing with the total return of the parent charity and its subsidiary undertakings in the relevant financial year;
- (b) a consolidated statement of changes in net assets dealing with the changes in the net assets of the parent and its subsidiary undertakings in the relevant financial year;
- (c) a consolidated balance sheet dealing with the state of affairs of the parent and its subsidiary undertakings as at the end of the relevant financial year.

(3) The group accounts shall be prepared in accordance with the following principles-

- (a) the consolidated statement of total return shall give a true and fair view of the total return of the parent charity and its subsidiary undertakings in the relevant financial year;
- (b) the consolidated statement of changes in net assets shall give a true and fair view of the changes in the net assets of the parent charity and its subsidiary undertakings between their position at the beginning of the relevant financial year and their position at the end of that year;
- (c) the consolidated balance sheet shall give a true and fair view of the state of affairs of the parent charity and its subsidiary undertakings at the end of the relevant financial year.

(4) The group accounts shall comply so far as practicable with-

- (a) sub regulation (2) of;
- (b) in so far as it relates to paragraphs 14 and 15 of Schedule 1, sub regulation (3); and
- (c) sub regulation (4) of,

regulation 5 as if the parent charity and its subsidiary undertakings required to be included in the group accounts were a single charity.

**Form and content of group accounts of parent charities that are not common investment funds.**

11.(1) This regulation applies to the group accounts prepared by the charity trustees of a parent charity other than a parent charity to which regulation 10 applies.

(2) The group accounts shall consist of-

- (a) a consolidated statement of financial activities showing the total incoming resources and application of the resources, together with any other movements in the total resources, of the parent charity and its subsidiary undertakings in the relevant financial year; and
- (b) a consolidated balance sheet showing the state of affairs of the parent charity and its subsidiary undertakings as at the end of the relevant financial year.

- (3) The group accounts shall be prepared in accordance with the following principles—
- (a) the consolidated statement of financial activities shall give a true and fair view of the total incoming resources of the parent charity and its subsidiary undertakings and the movements in the total resources of the group during the relevant financial year;
  - (b) the consolidated balance sheet gives a true and fair view of the state of affairs of the parent charity and its undertakings as at the end of the relevant financial year.
- (4) The group accounts prepared under this regulation shall-
- (a) so far as practicable comply with the requirements of sub regulations (4) to (9) of regulation 6 as if parent charity and its subsidiary undertakings were a single charity; and
  - (b) in any case where the parent charity is a company, be prepared as if its charity trustees had been required to prepare a statement of accounts under section 43(1) of the Act.
- (5) Where sub regulation (4)(b) applies, there is substituted for paragraph 1(w) of Schedule 2-
- “(w) where the company has exercised its power under section 268 of the Companies Act 2014 to determine an accounting reference date earlier or later than 12 months from the beginning of the financial year, a statement of their reasons for doing so.”.

**General requirements for form and content of group accounts.**

12.(1) The group accounts shall be prepared in accordance with applicable accounting principles and in particular shall make the adjustments or include the information prescribed in this regulation.

(2) The group accounts shall incorporate in full the information contained in the individual accounts of the parent charity and its relevant subsidiary undertakings, subject to such consolidation adjustments, if any, as may be appropriate in accordance with applicable accounting principles.

(3) Where the financial year of a relevant subsidiary undertaking differs from that of the parent charity, the group accounts shall be made up from-

- (a) the accounts of the relevant subsidiary undertaking for its most recent financial year ending before the last day of the parent financial year, provided that financial year ended no more than three months before the parent financial year ended; or
- (b) interim accounts prepared by the relevant subsidiary undertaking as at the end of the parent financial year.

(4) Where an undertaking becomes a subsidiary undertaking of a parent charity, that event shall be accounted for in the group accounts by the acquisition method or merger method of accounting as appropriate in accordance with applicable accounting principles.

(5) Where the parent charity or a relevant subsidiary undertaking-

- (a) has an interest in an associated undertaking or participates in the management of a joint venture and that associated undertaking, or joint venture is not itself a subsidiary undertaking of the parent charity; or

- (b) participates in a joint arrangement,

the interest of the parent charity or subsidiary undertaking in that associated undertaking, joint venture or joint arrangement shall appear in the group accounts as appropriate in accordance with applicable accounting principles.

(6) The consolidated balance sheet shall identify as a separate item any minority interest in the net assets or liabilities of any relevant subsidiary undertaking as appropriate in accordance with applicable accounting principles.

(7) The consolidated statement of financial activities, consolidated income and expenditure account or consolidated statement of changes in net assets, as relevant, shall identify as a separate item any minority interest in the net movement of the funds of a relevant subsidiary undertaking as appropriate in accordance with applicable accounting principles.

(8) In this regulation-

- (a) “applicable accounting principles” means, in relation to a parent charity that is required to prepare group accounts, the methods and principles set out in-
  - (i) the accounting standards issued by the UK Financial Reporting Council or international accounting standards issued by the International Accounting Standards Board (“the Boards”) that are relevant to the preparation of those accounts by that parent charity;
  - (ii) any guidance, interpretations, and pronouncements issued by the Boards which is relevant to the preparation of those accounts by that parent charity; and
  - (iii) any statement of recommended practice issued by a body recognised by the Boards for the purpose of issuing guidance on the standards in sub regulation (8)(a)(i) relevant to the preparation of those accounts by that parent charity.
- (b) “parent financial year” means the financial year of the parent charity in respect of which the group accounts are prepared;
- (c) “relevant subsidiary undertaking” means a subsidiary undertaking of the parent charity which is not excluded under regulation 15 from the group accounts required to be prepared for the parent financial year.

### **Departure from the general rules for Group Accounts.**

13.(1) Where compliance with the group accounts requirements is not sufficient to comply with any requirement to give a true and fair view, the necessary additional information shall be given in the group accounts or a note to them.

(2) If in special circumstances compliance with any of the group accounts requirements is inconsistent with a requirement to give a true and fair view, the charity trustees shall depart from the relevant provision to the extent necessary to give a true and fair view.

(3) Particulars of any departure under sub regulation (2), the reasons for it and its effect shall be given in a note to the group accounts.

(4) In this regulation “group accounts requirements” mean the requirements prescribed by regulation 10 or 11, as the case may be, and regulation 12.

### **Specified Sum.**

14. The sum specified for the purposes of section 50(2) of the Act is £1,250,000.

### **Exceptions relating to requirement to prepare group accounts.**

15.(1) The circumstances in which a subsidiary undertaking may be excluded from group accounts required to be prepared under section 49(2) of the Act are-

- (a) subject to sub regulation (2), where the inclusion of the subsidiary undertaking is not material for the purposes of giving a true and fair view;
- (b) severe long term restrictions substantially hinder the exercise of the rights of the parent charity over the assets or management of the undertaking;
- (c) the information which is necessary for the preparation of the group accounts cannot be obtained without disproportionate expense or undue delay;
- (d) the interest of the parent charity in the undertaking is held exclusively with a view to subsequent resale.

(2) Two or more subsidiary undertakings may only be excluded from the group accounts under sub regulation (1)(a) if they are not material when taken together.

## **PART 5 SCRUTINY OF ACCOUNTS**

### **Audit of a statement of accounts prepared under section 43(1) of the Act.**

16.(1) Where a statement of accounts has been prepared under section 43(1) of the Act for the relevant financial year, the auditor carrying out the audit of those accounts under section 55, 56, 57, 58, 59, 60 or 61 of the Act shall make a report on that statement to the charity trustees which-

- (a) states the name and address of the auditor and the name of the charity concerned;
- (b) is signed by the auditor or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf;
- (c) states that the auditor is a person falling within section 55(2) of the Act;
- (d) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
- (e) specifies that it is a report in respect of an audit carried out under section 55, 56, 57, 58, 59, 60 or 61 of the Act.



- (f) states whether in the auditor's opinion the statement of accounts complies with-
  - (i) the requirements of regulation 5 or 6, as relevant; and
  - (ii) in particular whether-
    - (aa) the balance sheet gives a true and fair view of the state of affairs of the charity at the end of the relevant financial year; and
    - (bb) the true and fair view requirements specified in sub regulation (2) are satisfied.
- (g) where the auditor has formed the opinion that-
  - (i) accounting records have not been kept in respect of the charity in accordance with sections 41 and 42 of the Act;
  - (ii) the statement of accounts does not accord with those records;
  - (iii) any information contained in the statement of accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 151 of the Act in respect of the relevant financial year; or
  - (iv) any information or explanation to which the auditor is entitled under regulation 22 has not been afforded to the auditor,

contains a statement of that opinion and of the grounds for forming it.

(2) The true and fair view requirements specified for the purposes of sub regulation (1)(f)(ii)(bb) are-

- (a) in the case of a charity to which regulation 5 applies-
  - (i) the statement of total return gives a true and fair view of the incoming resources and application of the resources of the common investment fund in the relevant financial year;
  - (ii) the statement of changes in net assets gives a true and fair view of the movements in the net assets of the common investment fund between their position as at the beginning of the relevant financial year;
- (b) in the case of a charity to which regulation 9 applies, the statement of financial activities gives a true and fair view of the incoming resources and application of the resources of the charity in the relevant financial year.

(3) The auditor shall, in preparing its report carry out such investigations as will enable the auditor to form an opinion as to the matters specified in sub regulations (1)(f) and (g).

**Audit of accounts prepared under Part VII of the Companies Act 2014 or Part V of the Private Foundations Act 2017.**

17.(1) Where individual accounts have been prepared by the charity trustees of a charity which is a company under Part VII of the Companies Act 2014 or under Part V of the Private Foundations Act 2017 in the case of a foundation the auditor carrying out the audit of those accounts under sections 55, 56, 57 or 58 of the Act shall make a report on those accounts to the charity trustees which-

- (a) states the name and address of the auditor and the name of the charity concerned;
- (b) is signed by the auditor or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf;
- (c) states that the auditor is a person falling within section 55(2) of the Act;
- (d) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
- (e) confirms that the accounts were not required to be audited in accordance with Part VII of the Companies Act 2014 or Part V of the Private Foundations Act 2017;
- (f) specifies that it is a report in respect of an audit carried out under section 55, 56, 57 or 58 of the Act;
- (g) states whether in the auditor's opinion-
  - (i) the company's or foundation's individual accounts comply with the requirements of section 239 of the Companies Act 2014 or section 38 of the Private Foundations Act 2017, and in particular whether-
    - (aa) the income and expenditure account gives a true and fair view of the income and expenditure of the charity for the relevant financial year; and
    - (bb) the balance sheet gives a true and fair view of the state of affairs of the charity as at the end of that year;
  - (ii) in any case where the charity has prepared a statement of financial activities in addition to complying with the requirements of the Companies Act 2014 or, as the case may be, the Private Foundations Act 2017, that statement gives a true and fair view of the charity's incoming resources and application of resources in the relevant financial year;
- (h) where the auditor has formed the opinion that-
  - (i) accounting records have not been kept in respect of the charity in accordance with the Companies Act 2014 or the Private Foundations Act 2017;
  - (ii) the charity's individual accounts do not accord with those records;
  - (iii) any information contained in those accounts is inconsistent in any material respect with-
    - (aa) any report of the charity trustees prepared under section 151 of the Act in respect of relevant financial year; or

- (bb) the report prepared in respect of the relevant financial year under section 249 of the Companies Act 2014; or
- (iv) that any information or explanation to which the auditor is entitled under regulation 21 has not been afforded to the auditor,

contains a statement of that opinion and of the grounds for forming it.

(2) The auditor shall in preparing its report carry out such investigations as will enable the auditor to form an opinion as to the matters specified in sub regulations (1)(g) and (h).

**Audit of a receipts and payments account and a statement of assets and liabilities prepared under section 44 of the Act.**

18.(1) Where an account and statement have been prepared under section 44 of the Act for the relevant financial year the auditor carrying out the audit of the accounts under section 56 or 57, of the Act shall make a report on those accounts to the charity trustees which-

- (a) states the name and address of the auditor and the name of the charity concerned;
- (b) is signed by the auditor or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf;
- (c) states that the auditor is a person who is eligible for appointment as a statutory auditor under section 474(1) of the Financial Services Act 2019;
- (d) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
- (e) specifies that it is a report in respect of an audit carried out under sections 56 or 57 of the Act;
- (f) states whether in the auditor's opinion-
  - (i) the account and statement properly present-
    - (aa) the receipts and payments of the charity for the relevant financial year; and
    - (bb) its assets and liabilities as at the end of that year;
  - (ii) the account and statement adequately distinguish any material special trust or other restricted fund of the charity;
- (g) where the auditor has formed the opinion that-
  - (i) accounting records have not been kept in respect of the charity in accordance with sections 41 and 43 of the Act;
  - (ii) the account and statement do not accord with those records; or
  - (iii) any information or explanation to which the auditor is entitled under regulation 22 has not been afforded to the auditor,

contains a statement of that opinion and of the grounds for forming it.

(2) The auditor shall in preparing its report carry out such investigations as will enable the auditor to form an opinion as to the matters specified in sub regulations (1)(f) and (g).

## **PART 6**

### **AUDIT OF GROUP ACCOUNTS**

#### **Audit of accounts of larger groups.**

19. The sum prescribed as the relevant income threshold for the purpose of section 59 the Act is £1,250,000.

#### **Duties of auditors carrying out an audit of group accounts under section 59 of the Act.**

20.(1) Where group accounts prepared under section 49(2) of the Act are required to be audited, the auditor shall make a report on those accounts to the charity trustees of the parent charity which-

- (a) states the name and address of the auditor and the name of the parent charity concerned;
- (b) is signed by the auditor or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf;
- (c) states that the auditor is a person who is eligible for appointment as a statutory auditor under section 474(1) of the Financial Services Act 2019;
- (d) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
- (e) where the parent charity is a company, confirms that the charity trustees were not required by section 281 of the Companies Act 2014 to prepare group accounts for that year;
- (f) specifies that it is a report in respect of an audit carried out under sections 59, 60 and 61 of the Act;
- (g) states whether in the auditor's opinion the group accounts-
  - (i) in the case of a parent charity to which regulation 10 applies, comply with the requirements of regulation 10 and in particular whether-
    - (aa) the consolidated statement of total return gives a true and fair view of the total return of the parent charity and its subsidiary undertakings during the relevant financial year;
    - (bb) the consolidated statement of changes in net assets gives a true and fair view of the changes in the net assets of the parent charity and its subsidiary undertakings during the relevant financial year;
    - (cc) the consolidated balance sheet gives a true and fair view of the state of affairs of the parent charity and its subsidiary undertakings at the end of the relevant financial year;

- (ii) in the case of a parent charity to which regulation 11 applies, comply with the requirements of regulation 11 and in particular whether-
  - (aa) the consolidated balance sheet gives a true and fair view of the state of affairs of the parent charity and its subsidiary undertakings as at the end of relevant financial year;
  - (bb) the consolidated statement of financial activities gives a true and fair view of the total incoming resources of the parent charity and its subsidiary undertakings and the movements in the total resources of the group in the relevant financial year;
- (h) where the auditor has formed the opinion that-
  - (i) any information contained in the group accounts is inconsistent in any material respect with any report of the charity trustees prepared-
    - (aa) under section 151 of the Act in respect of the relevant financial year; or
    - (bb) where the parent charity is a company, with the report prepared in respect of that financial year under section 249 of the Companies Act 2014;
  - (ii) any information or explanation to which the auditor is entitled under regulation 22 has not been afforded to the auditor;

contains a statement of that opinion and of the grounds for forming it.

(2) The auditor shall in preparing its report carry out such investigations as will enable the auditor to form an opinion as to the matters specified in sub regulations (1)(g) and (h).

## PART 7

### INDEPENDENT EXAMINATION OF INDIVIDUAL CHARITY ACCOUNTS

#### **Independent examination of individual charity accounts.**

21. An independent examiner who has carried out an examination of the accounts of a charity under section 56 or 60 of the Act shall make a report to the charity trustees which-

- (a) states the name and address of the independent examiner and the name of the charity concerned;
- (b) is signed by the independent examiner;
- (c) is dated and specifies-
  - (i) in all cases, the financial year in respect of which the accounts to which it relates have been prepared;
  - (ii) where the charity whose accounts are being examined is a company, confirms that the accounts are not required to be audited under Part VII of the Companies Act 2014;

- (d) if the gross income of the charity in that year exceeds the sum specified in section 56 or 60 of the Act, specifies the basis on which it qualifies to act as independent examiner in accordance with that section;
- (e) states any, or any other, relevant professional qualifications or professional body of which it is a member;
- (f) where the accounts are being examined in the circumstances specified in regulation 23(3)(b), states the date when the Commission dispensed with the requirements of section 55 of the Act;
- (g) specifies that it is a report in respect of an examination carried out under section 56 or 60 of the Act and in accordance with any directions given by the Commission under sections 56(4) or 60(5);
- (h) states whether or not any matter has come to the examiner's attention in connection with the examination which gives the examiner reasonable cause to believe that in any material respect-
  - (i) accounting records have not been kept in respect of the charity in accordance with-
    - (aa) where that charity is a company, section 239 of the Companies Act 2014 and where a charity is a foundation, section 37 of the Private Foundation Act 2017;
    - (bb) in any other case, section 41 and 42 of the Act;
  - (ii) the accounts do not accord with those records;
  - (iii) in the case of an examination of a statement of accounts which has been prepared under 43(1) of the Act, the statement of accounts does not comply with any of the requirements of regulations 5 or 6 as relevant other than any requirement to give a true and fair view;
  - (iv) in the case of the examination of the accounts prepared under Part VII of the Companies Act 2014, the charity's accounts do not comply with the requirements of section 239 of the Companies Act 2014 or section 37 of the Private Foundation Act 2017 other than any requirement to give a true and fair view;
- (i) states whether or not any matter has come to the examiner's attention in connection with the examination to which, in the examiner's opinion, attention should be drawn in the report in order to enable a proper understanding of the accounts to be reached;
- (j) contains a statement as to any of the following matters that has become apparent to the examiner during the course of the examination, namely, that-
  - (i) there has been any material expenditure or action which appears not to be in accordance with the trusts of the charity;
  - (ii) any information or explanation to which the examiner is entitled under regulation 22 has not been afforded to the examiner;

- (iii) in the case of an examination of a statement of accounts which has been prepared under section 43(1) of the Act, any information contained in the statement of accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 151 of the Act in respect of the financial year in question;
- (iv) in the case of an examination of accounts prepared under Part VII of the Companies Act 2014 or Part V of the Private Foundations Act 2017, any information contained in the accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 151 of the Act or the report prepared under section 249 of the Companies Act 2014 or section 38 of the Private Foundations Act 2017 in respect of the financial year in question.

## **PART 8 MISCELLANEOUS**

### **Supplementary provisions relating to Audits and independent examinations.**

22.(1) Any person carrying out an audit or examination of the accounts of a charity has a right of access to any books, documents and other records (howsoever kept) which relate to the charity concerned and which the person concerned considers it necessary to inspect for the purpose of carrying out the audit or examination.

(2) Such a person is entitled to require, in the case of the charity concerned, such information and explanations from past or present charity trustees of, or trustees for, the charity, or from past or present officers or employees of the charity, as the person considers it necessary to obtain for the purposes of carrying out the audit or examination.

(3) An auditor carrying out an audit of the group accounts of a parent charity also has-

- (a) a right of access to any books, documents and other records (howsoever kept) which relate to any of the subsidiary undertakings included in group accounts and which the auditor considers it necessary to inspect for the purpose of carrying out the audit;
- (b) the right to require, in the case of any such subsidiary undertaking, such information and explanations from-
  - (i) in the case of a subsidiary undertaking which is a charity, past or present charity trustees of, or trustees for, that charity;
  - (ii) in the case of any subsidiary undertaking which is not a charity from the subsidiary undertaking itself and from past or present officers or employees of that undertaking,

as the auditor considers it necessary to obtain for the purposes of carrying out the audit;

- (c) the right to require the charity trustees of the parent charity to take all such steps as are reasonably open to them to obtain from any such subsidiary undertaking such information and explanations as the auditor may reasonably require for the purposes of carrying out the audit.

(4) For the purposes of this regulation, “officer” includes any auditor or other person appointed to scrutinise the accounts of any such undertaking.

**Dispensations from audit or examination requirements.**

23.(1) The Commission may—

- (a) in the circumstances specified in sub regulation (2), dispense with the requirements of section 55(2), 56(1) and (2) or 60(2) and (3) of the Act in the case of a particular charity;
- (b) in the circumstances specified in sub regulation (3) dispense with those requirements in respect of a particular financial year of a charity;
- (c) in the circumstances specified in sub regulation (4) dispense with the requirements in section 59 of the Act in the case of a particular charity;
- (d) in the circumstances specified in sub regulation (5) dispense with those requirements in respect of a particular financial year of a charity.

(2) The circumstances specified for the purposes of sub regulation (1)(a) are where the Commission is satisfied that the accounts of the charity concerned are required to be audited in accordance with any statutory provision contained in or having effect under an Act of Parliament which imposes requirements which, in the opinion of the Commission, are sufficiently similar to the requirements of section 55(2) for those requirements to be dispensed with.

(3) The circumstances specified for the purposes of sub regulation (1)(b) are where the Commission—

- (a) is satisfied that the accounts of the charity concerned for the financial year in question have been, or will be, audited or examined in accordance with requirements or arrangements which, in the opinion of the Commission, are sufficiently similar to the relevant requirements of sections 55, 56, 57, 58, 59, 61 or 61 of the Act applicable to that financial year of that charity for those requirements to be dispensed with;
- (b) considers that, although the financial year in question of the charity concerned is one to which section 55(2) of the Act applies, there are exceptional circumstances which justify the examination of the accounts by an independent examiner instead of their audit in accordance with that subsection.

(4) The circumstances specified for the purposes of sub regulation (1)(c) are where the Commission is satisfied that the group accounts of the parent charity concerned are required to be audited in accordance with any statutory provision contained in or having effect under an Act of Parliament which imposes requirements which, in the opinion of the Commission, are sufficiently similar to the requirements of section 59 for those requirements to be dispensed with.

(5) The circumstances specified for the purpose of sub regulation (1)(d) are where the Commission is satisfied that the group accounts of the parent charity concerned for the financial year in question have been, or will be, audited in accordance with requirements or arrangements which, in the opinion of the Commission, are sufficiently similar to the requirements of section 59 for those requirements to be dispensed with.



(6) The Commission may make it a condition of a dispensation granted under this regulation that the charity trustees send to the Commission any report made to the trustees with respect to the accounts of that charity for the relevant financial year of which it requests a copy.

(7) The Commission may make it a condition of a dispensation granted under sub regulation (3)(b) that the charity trustees comply with the requirements of sections 56(1) and (2) and 60(2) and (3) of the Act as if they were able to make and had in fact made an election under that section that the accounts of the charity for the relevant financial year be examined by an independent examiner.

(8) The Commission may revoke a dispensation granted under this regulation if the charity trustees fail to comply with a condition imposed under sub regulations (6) or (7).

### **Ceasing to hold office.**

24.(1) Where an auditor appointed by charity trustees ceases for any reason to hold office the auditor shall send-

- (a) to the charity trustees—
  - (i) a statement of any circumstances connected with his or her ceasing to hold office which he or she considers should be brought to their attention; or
  - (ii) if he or she considers that there are no such circumstances, a statement that there are none;
- (b) a copy of any statement sent to the charity trustees under sub regulation (a)(i) to the Commission.

### **Auditors appointed by the Commission.**

25. In the case of an auditor appointed by the Commission, any report required by any of the provisions of this Part to be made to the charity trustees shall instead be made to the Commission.

## **PART 9 ANNUAL REPORTS**

### **Interpretation.**

26.(1) In this Part-

- (a) “non-parent charity” means a charity-
  - (i) which is not a common investment fund; and
  - (ii) is-
    - (aa) not a parent charity; or
    - (bb) a parent charity but the charity trustees are not required to prepare group accounts in respect of the financial year to which the annual report relates;
- (b) “non-parent common investment fund” means a common investment fund which-

- (i) is not a parent charity; or
  - (ii) is a parent charity but the charity trustees are not required to prepare group accounts in respect of the financial year to which the annual report relates;
- (c) “parent common investment fund” means a common investment fund-
  - (i) which is a parent charity; and
  - (ii) the charity trustees of which are required to prepare group accounts in respect of the financial year to which the annual report relates;
- (d) “qualifying parent charity” means a charity-
  - (i) which is not a common investment fund; and
  - (ii) the charity trustees of which are required to prepare group accounts in respect of the financial year to which the annual report relates.

**Annual Reports for non-parent common investment funds.**

27.(1) This regulation applies to the annual report prepared under section 151(1) of the Act by the charity trustees of a non-parent common investment fund.

(2) The report on the activities of the common investment fund during the year which is required to be contained in the annual report shall-

- (a) specify the financial year to which it relates;
- (b) be a review of the significant activities of the common investment fund during that year, including details of-
  - (i) the aims and objectives which have been set for the common investment fund during the year,
  - (ii) the policies adopted for achieving those aims and objectives; and
  - (iii) the achievements of the common investment fund, measured by reference to the aims and objectives which have been set;
- (c) provide any other significant information which the charity trustees consider would assist charities participating in the common investment fund to make an informed judgement on the suitability to the charity of the common investment fund as an investment for the charity;
- (d) specify any material events affecting the common investment fund which have occurred since the end of the year;
- (e) contain a statement as to the steps (if any) taken to consider whether any person to whom functions in respect of the management of the common investment fund has been delegated has complied with the terms of the delegation; and
- (f) be signed—

- (i) if the scheme or schemes regulating the common investment fund allocates responsibility for preparing the report to a particular person, by that person;
- (ii) in any other case, by at least one of the charity trustees of the common investment fund, each of whom has been authorised to do so.

(3) The information relating to a common investment fund and to its trustees and officers which is required to be contained in the annual report is-

- (a) the name of the common investment fund as it appears in the register of charities and any other name by which it makes itself known;
- (b) the number assigned to the common investment fund in the register;
- (c) the principal address of the common investment fund;
- (d) particulars, including the date, of any scheme or schemes containing provisions which regulate the purposes and administration of the common investment fund;
- (e) the name of any person or body of persons entitled under any such scheme or schemes to appoint any charity trustee of the common investment fund, and a description of the method provided by any such scheme or schemes for such appointment;
- (f) a description of the objects of the common investment fund;
- (g) a description of the organisational structure of the common investment fund;
- (h) the name of any charity trustee of the common investment fund, on the date of the signature of the report, where sub regulation (2)(f)(i) applies, and otherwise on the date when the authority referred to in sub regulation (2)(f)(ii) is given, and, where any such person is a body corporate, the name of any person who is a director of the body corporate on that date;
- (i) the professional qualifications of any individual person referred to in sub regulations (3)(e) or (h);
- (j) the name of any other person who has, at any time during the financial year in question, been a charity trustee of the common investment fund;
- (k) the name of any person who is, in relation to the common investment fund, a trustee for the charity on the date referred to in sub regulation (3)(h);
- (l) the name of any other person who has, at any time during the financial year in question, been, in relation to the common investment fund, a trustee for the charity;
- (m) a description of any functions relating to the management of the common investment fund which have been delegated (including the maintenance of the register of charities participating in the common investment fund), and of the procedures adopted to ensure that those functions are discharged consistently with the scheme or schemes by which the common investment fund is regulated, and with the investment policies adopted for the common investment fund;

- (n) the name and address of any person to whom any such functions in respect of the management of the common investment fund have been delegated or who have been instructed to provide advice on investment matters; and
- (o) a statement as to which, if any, of the persons whose names are given in accordance with the provisions of sub regulations (3)(h), (j), (k), (l) or (n), are authorised persons.

**Annual Reports of parent common investment funds.**

28.(1) This regulation applies to an annual report prepared in accordance with section 151(1) of the Act by the charity trustees of a parent common investment fund.

(2) The report on the activities of such a common investment fund and of its subsidiary undertakings, during the year which is required to be contained in the annual report prepared under section 151 of the Act in respect of each financial year of the common investment fund shall-

- (a) specify the financial year to which it relates;
- (b) be a review of the significant activities of the common investment fund and of its subsidiary undertakings during that year, including details of-
  - (i) the aims and objectives which have been set for the common investment fund and its subsidiary undertakings during the year and identifying, in the case of subsidiary undertakings, how these aims and objectives support the investment activities of the common investment fund;
  - (ii) the policies adopted for achieving those aims and objectives; and
  - (iii) the achievements of the common investment fund and of its subsidiary undertakings, measured by reference to the aims and objectives which have been set;
- (c) where the total of capital and reserves in any of the common investment fund's subsidiary undertakings was materially in deficit at the beginning of the financial year, contain particulars of the steps taken by the relevant undertaking or undertakings to eliminate that deficit;
- (d) provide any other significant information which the charity trustees consider would assist charities participating in the common investment fund to make an informed judgement on the suitability to the charity of the common investment fund as an investment for the charity;
- (e) specify any material events affecting the common investment fund which have occurred since the end of the relevant financial year;
- (f) contain a statement as to the steps (if any) taken to consider whether any person to whom functions in respect of the management of the common investment fund has been delegated has complied with the terms of the delegation; and
- (g) be signed-

- (i) if the scheme or schemes regulating the common investment fund allocates responsibility for preparing the report to a particular person, by that person;
- (ii) in any other case, by at least one of the charity trustees of the common investment fund, each of whom has been authorised to do so.

(3) The information relating to a parent common investment fund, to its trustees and officers, and to its subsidiary undertakings, which is required to be contained in the annual report is-

- (a) the name of the common investment fund as it appears in the register of charities and any other name by which it makes itself known;
- (b) the number assigned to the common investment fund in the register;
- (c) the principal address of the common investment fund;
- (d) particulars, including the date, of any scheme or schemes containing provisions which regulate the purposes and administration of the common investment fund;
- (e) the name of any person or body of persons entitled under any such scheme or schemes to appoint any charity trustee of the common investment fund, and a description of the method provided by any such scheme or schemes for such appointment;
- (f) a description of the objects of the common investment fund;
- (g) a description of the organisational structure of the common investment fund, and of its subsidiary undertakings;
- (h) the name of any charity trustee of the common investment fund, on the date of the signature of the report, where sub regulation (2)(g)(i) applies, and otherwise on the date when the authority referred to in sub regulation (2)(g)(ii) is given, and, where any such person is a body corporate, the name of any person who is a director of the body corporate on that date;
- (i) the professional qualifications of any individual person referred to in sub regulations (3)(e) or (h);
- (j) the name of any other person who has, at any time during the financial year in question, been a charity trustee of the common investment fund;
- (k) the name of any person who is, in relation to the common investment fund, a trustee for the charity on the date referred to in sub regulation (3)(h);
- (l) the name of any other person who has, at any time during the financial year in question, been, in relation to the common investment fund, a trustee for the charity;
- (m) a description of any functions relating to the management of the common investment fund which have been delegated (including the maintenance of the register of charities participating in the investment fund), and of the procedures adopted to ensure that those functions are discharged consistently with the scheme or schemes by which the common investment fund is regulated, and with the investment policies adopted for the common investment fund;

- (n) the name and address of any person to whom any such functions in respect of the management of the common investment fund have been delegated or who have been instructed to provide advice on investment matters; and
- (o) a statement as to which, if any, of the persons whose names are given in accordance with the provisions of sub regulations (3)(h), (j), (k), (l) or (n), are authorised persons.

(4) In this regulation “subsidiary undertaking” does not include a subsidiary undertaking which is excluded from group accounts in accordance with regulation 15.

### **Annual reports for non-parent charities.**

29.(1) This regulation applies to an annual report prepared in accordance with section 151(1) of the Act by the charity trustees of a non-parent charity.

(2) The report on the activities of a charity during the year which is required to be contained in the annual report prepared under section 151 of the Act-

- (a) shall specify the financial year to which it relates;
- (b) shall—
  - (i) in the case of a charity which is not an auditable charity, be a brief summary setting out-
    - (aa) the main activities undertaken by the charity to further its charitable purposes for the public benefit; and
    - (bb) the main achievements of the charity during the year.
  - (ii) in the case of a charity which is an auditable charity, be a review of the significant activities undertaken by the charity during the relevant financial year to further its charitable purposes for the public benefit or to generate resources to be used to further its purposes including-
    - (aa) details of the aims and objectives which the charity trustees have set for the charity in that year, details of the strategies adopted and of significant activities undertaken, in order to achieve those aims and objectives;
    - (bb) details of the achievements of the charity during the year, measured by reference to the aims and objectives which have been set;
    - (cc) details of any significant contribution of volunteers to these activities;
    - (dd) details of the principal sources of income of the charity; and
    - (ee) a statement as to whether the charity trustees have given consideration to the major risks to which the charity is exposed and satisfied themselves that systems or procedures are established in order to manage those risks;
- (c) shall—

(i) where—

(aa) any fund of the charity was in deficit at the beginning of the relevant financial;  
and

(bb) the charity is one in respect of which a statement of accounts has been  
prepared under section 43(1) of the Act for that financial year,

contain particulars of the steps taken by the charity trustees to eliminate that deficit; and

(ii) be dated and be signed by one or more of the charity trustees, each of whom has  
been authorised to do so.

(3) Subject to sub regulations (4) to (7), the other information relating to a charity and to its trustees  
and officers which is required to be contained in the annual report is-

- (a) the name of the charity as it appears in the register of charities and any other name by  
which it makes itself known;
- (b) the number assigned to it in the register and, in the case of a charitable company or  
foundation, the number with which it is registered as a company or foundation, as the  
case may be;
- (c) the principal address of the charity and, in the case of a charitable company or foundation,  
the address of its registered office;
- (d) the name of any person who is a charity trustee of the charity on the date when the  
authority referred to in (2)(c)(ii) above is given, and, where any charity trustee on that  
date is a body corporate, the name of any person who is a director of the body corporate  
on that date;
- (e) the name of any other person who has, at any time during the relevant financial year been  
a charity trustee of the charity;
- (f) the name of any person who is a trustee for the charity on the date referred to in sub  
regulation (3)(d);
- (g) the name of any other person who has, at any time during the relevant financial year been  
a trustee for the charity;
- (h) particulars, including the date if known, of any deed or other document containing  
provisions which regulate the purposes and administration of the charity;
- (i) the name of any person or body of persons entitled by the trusts of the charity to appoint  
one or more new charity trustees and a description of the method provided by those trusts  
for such appointment;
- (j) a description of the policies and procedures (if any) which have been adopted by the  
charity trustees for the induction and training of charity trustees and where no such  
policies have been adopted a statement to that effect;

- (k) a description of the organisational structure of the charity;
- (l) a summary description of the purposes of the charity;
- (m) a description of the policies (if any) which have been adopted by the charity trustees for the selection of individuals and institutions who are to receive grants or other forms of financial support out of the assets of the charity;
- (n) a statement regarding the performance during the financial year of the investments belonging to the charity (if any);
- (o) where material investments are owned by a charity, a description of the policies (if any) which have been adopted by the charity trustees for the selection, retention and realisation of investments for the charity including the extent (if any) to which social, environmental or ethical considerations are taken into account;
- (p) a description of the policies (if any) which have been adopted by the charity trustees for the purpose of determining the level of reserves which it is appropriate for the charity to maintain in order to meet effectively the needs designated by its trusts, together with details of the amount and purpose of any material commitments and planned expenditure not provided for in the balance sheet which have been deducted from the assets in the unrestricted fund of the charity in calculating the amount of reserves, and where no such policies have been adopted, a statement to that effect;
- (q) a description of the aims and objectives which the charity trustees have set for the charity in the future and of the activities contemplated in furtherance of those aims and objectives;
- (r) a description of any assets held by the charity or by any charity trustee of, or trustee for, the charity, on behalf of another charity, and particulars of any special arrangements made with respect to the safe custody of such assets and their segregation from assets of the charity not so held and a description of the objects of the charity on whose behalf the assets are held.

(4) The Commission may, where it is satisfied that, in the case of a particular charity or class of charities, or in the case of a particular financial year of a charity or class of charities-

- (a) the disclosure of the name of any person whose name is required by any of sub regulations (3)(d), (e), (f), (g) and (i) to be contained in the annual report of a charity could lead to that person being placed in any personal danger, dispense with the requirement in any of those sub regulations so far as it applies to the name of such person;
- (b) the disclosure of the principal address of the charity in accordance with sub regulation (3)(c) above could lead to any such person being placed in any personal danger, dispense with that requirement.

(5) In the case of a charity having more than 50 charity trustees on the date referred to in sub regulation (3)(d)-

- (a) sub regulation (3)(d) has effect as if for “name of any person who is a charity trustee of the charity” there were substituted “names of not less than 50 of the charity trustees of the charity, including any charity trustee who is also an officer of the charity”; and



- (b) sub regulation (3)(e) has effect as if, at the end of that paragraph, there were inserted “other than the name of any charity trustee whose name has been excluded from the report in pursuance of sub regulation (d)”.

(6) In the case of a report prepared under section 158(3) of the Act, sub regulation (4) has effect as if-

- (a) in sub regulation (a) from “as it appears in the register of charities” to the end; and
- (b) in sub regulation (b) “the number assigned to it in the register and,”,

were omitted.

(7) Sub regulations (3)(j), (k), (m), (n), (o) and (q) do not apply to a charity which is not an auditable charity.

### **Annual reports for qualifying parent charities.**

30.(1) This regulation applies to an annual report prepared in accordance with section 151(1) of the Act by the charity trustees of a qualifying parent charity.

(2) The report on the activities of such a parent charity and its subsidiary undertakings, during the year, which is required to be contained in the annual report prepared under section 151 of the Act in respect of each financial year of the charity shall-

- (a) specify the financial year to which it relates;
- (b) be a review of the significant activities undertaken by the charity during the relevant financial year to further its charitable purposes for the public benefit or to generate resources to be used to further its purposes including details of-
  - (i) the aims and objectives which the charity trustees have set for the parent charity and its subsidiary undertakings in that year;
  - (ii) the strategies adopted and the significant activities undertaken, in order to achieve those aims and objectives;
  - (iii) the achievements of the parent charity and its subsidiary undertakings during the year, measured by reference to the aims and objectives which have been set;
  - (iv) any significant contribution of volunteers to these activities; and
  - (v) the principal sources of income of the parent charity and of its subsidiary undertakings;
- (c) contain a statement as to whether the charity trustees have-
  - (i) given consideration to the major risks to which the parent charity and its subsidiary undertakings are exposed; and

- (ii) satisfied themselves that systems or procedures are established in order to manage those risks;
- (d) where any fund of the parent charity was in deficit at the beginning of the financial year in question, contain particulars of the steps taken by the charity trustees to eliminate that deficit;
- (e) where the total of capital and reserves in any of the parent charity's subsidiary undertakings was materially in deficit at the beginning of the financial year, contain particulars of the steps taken by the relevant undertaking or undertakings to eliminate that deficit;
- (f) be dated and be signed by one or more of the charity trustees, each of whom has been authorised to do so.

(3) Subject to sub regulations (4) to (6), the information relating to a qualifying parent charity, to its trustees and officers, and to its subsidiary undertakings, which is required to be contained in the annual report is-

- (a) the name of the parent charity as it appears in the register of charities and any other name by which it makes itself known;
- (b) the number assigned to the parent charity in the register and, in the case of a charitable company or foundation, the number with which it is registered as a company or foundation;
- (c) the principal address of the parent charity and, in the case of a charitable company or foundation, the address of its registered office;
- (d) the name of any person who is a charity trustee of the parent charity on the date when the authority referred to in regulation 28(2)(g) is given, and, where any charity trustee on that date is a body corporate, the name of any person who is a director of the body corporate on that date;
- (e) the name of any other person who has, at any time during the financial year in question, been a charity trustee of the parent charity;
- (f) the name of any person who is a trustee for the parent charity on the date referred to in sub regulation (3)(d);
- (g) the name of any other person who has, at any time during the financial year in question, been a trustee for the parent charity;
- (h) particulars, including the date if known, of any deed or other document containing provisions which regulate the purposes and administration of the parent charity;
- (i) the name of any person or body of persons entitled by the trusts of the parent charity to appoint one or more new charity trustees, and a description of the method provided by those trusts for such appointment;
- (j) a description of the policies and procedures (if any) which have been adopted by the charity trustees of the parent charity for the induction and training of charity trustees, and where no such policies have been adopted a statement to this effect;

- (k) a description of the organisational structure of the parent charity and of its subsidiary undertakings;
- (l) a summary description of the purposes of the parent charity;
- (m) a description of the policies (if any) which have been adopted by the charity trustees of the parent charity for the selection of individuals and institutions who are to receive grants, or other forms of financial support, out of the assets of the charity;
- (n) a statement regarding the performance during the financial year of-
  - (i) any investments belonging to the parent charity; and
  - (ii) any investments belonging to the parent charity's subsidiary undertakings, where those investments are material to the group accounts;
- (o) where-
  - (i) investments are owned by a qualifying parent charity or any of its subsidiary undertakings; and
  - (ii) those investments are material to the group accounts,

a description of the policies (if any) which have been adopted by the charity trustees, or as the case may be the subsidiary undertaking, for the selection, retention and realisation of investments, including the extent (if any) to which social, environmental or ethical considerations are taken into account;

- (p) where the charity trustees have adopted policies for the purpose of determining the level of reserves which it is appropriate to maintain in order to meet effectively the needs designated by its trusts-
  - (i) a description of those policies including in particular whether account has been taken of any reserves held by its subsidiary undertakings in determining the appropriate level of reserves;
  - (ii) details of the amount and purpose of any material commitments and planned expenditure not provided for in the balance sheet which have been deducted from the assets in the unrestricted fund of the charity in calculating the amount of reserves;
- (q) if the charity trustees have not adopted policies falling within sub regulation (3)(p), a statement that no such policies have been adopted;
- (r) a description of the aims and objectives which the charity trustees have set for the parent charity in the future, and of the activities contemplated in furtherance of those aims and objectives;
- (s) a description of any assets held by the parent charity or by any charity trustee of, or trustee for, the charity, on behalf of another charity, and particulars of any special arrangements made with respect to the safe custody of such assets and their segregation from assets of

the charity not so held and a description of the objects of the charity on whose behalf the assets are held.

(4) The Commission may, where it is satisfied that, in the case of a particular charity or class of charities, or in the case of a particular financial year of a charity or class of charities-

- (a) the disclosure of the name of any person whose name is required by any of sub regulations (3)(d), (e), (f), (g) and (i) above to be contained in the annual report of a charity could lead to that person being placed in any personal danger, dispense with the requirement in any of those sub regulations so far as it applies to the name of that person; or
- (b) the disclosure of the principal address of the charity in accordance with sub regulation (3)(c) above could lead to any such person being placed in any personal danger, dispense with that requirement.

(5) In the case of a charity having more than 50 charity trustees on the date referred to in sub regulation (3)(d)-

- (a) that sub regulation has effect as if for the words “name of any person who is a charity trustee of the charity” there were substituted the words “names of not less than 50 of the charity trustees of the charity, including any charity trustee who is also an officer of the charity”; and
- (b) sub regulation (3)(e) has effect as if, at the end of the sub regulation, there were inserted the words “other than the name of any charity trustee whose name has been excluded from the report in pursuance of sub regulation (d)”.

(6) In the case of a report prepared under section 158 (3) of the Act, sub regulation (3) above shall have effect as if-

- (a) in sub regulation (a) the words from “as it appears in the register of charities” to the end, and
- (b) in sub regulation (b) the words “the number assigned to it in the register and,”, were omitted.

(7) In this regulation, “subsidiary undertaking” does not include a subsidiary undertaking which is excluded from the group accounts in accordance with regulation 15.

## SCHEDULE 1

Regulation 5, 10

### STATEMENTS OF ACCOUNTS: COMMON INVESTMENT FUNDS

#### PART 1 STATEMENT OF TOTAL RETURN

1. The statement of total return shall show—

- (a) the net gain or loss on investments, gross income, total expenditure and total return of the common investment fund; and
- (b) the total amount distributed or due, including interest paid or payable, to participating charities out of the common investment fund,

during the relevant financial year.

2. Subject to paragraph 4, the information required by paragraph 1 shall be analysed by reference to-

- (a) net gains or losses on investments analysed as arising from-
  - (i) non-derivative securities;
  - (ii) derivative contracts;
  - (iii) forward currency contracts;
- (b) gains or losses on other assets;
- (c) gross income, divided into-
  - (i) dividends in respect of shares;
  - (ii) scrip dividends;
  - (iii) interest on securities;
  - (iv) interest on deposits at banks and building societies;
  - (v) underwriting commission; and
  - (vi) other income;
- (d) expenses incurred in the administration of the common investment fund, divided into-
  - (i) fees payable in respect of investment management services provided to the common investment fund;
  - (ii) fees payable in respect of the maintenance of the register of charities participating in the common investment fund;

- (iii) fees payable in respect of any audit of the accounts of the common investment fund;
  - (iv) fees payable to the person carrying out such an audit in respect of other services for the common investment fund provided by him;
  - (v) fees payable in respect of the safe custody of the assets of the common investment fund;
  - (vi) fees payable in respect of other administrative services provided to the common investment fund; and
  - (vii) other expenditure divided into such categories as reasonably enable the user to gain an appreciation of the expenditure incurred;
- (e) interest incurred in the administration of the common investment fund;
- (f) net income of the common investment fund before taxation calculated as follows-

**A-B** where

**A** is the total amount entered under paragraph (c);

**B** is the aggregate of the total amounts entered in that statement pursuant to paragraphs (d) and (e);

- (g) tax borne by the common investment fund in respect of income, profits or gains during the relevant financial year, divided into-
- (i) income tax to which the common investment fund is liable in Gibraltar; and
  - (ii) overseas tax;
- (h) net income of the common investment fund after taxation calculated as follows-

**A-B** where

**A** is the amount entered under paragraph (f),

**B** is the amount entered under paragraph (g);

(i) total return of the common investment fund before distributions which is calculated by aggregating the amounts entered under paragraphs (a), (b) and (h);

(j) the amount distributed or due in respect of income and accumulation shares, and interest paid or payable to charities who have deposited sums during the relevant financial year;

(k) the change in value of the common investment fund resulting from its activities calculated as follows-

**A-B** where

**A** is the amount entered under paragraph (i)

**B** is the amount entered under paragraph (j).

3. In the case of a common investment fund established by a scheme which, in pursuance of section 109 of the Act, includes provision for enabling sums to be deposited by or on behalf of a charity on the basis that (subject to the provisions of the scheme) the charity shall be entitled to repayment of the sums deposited and to interest thereon at a rate determined by or under the scheme, the analysis required by paragraph 2 shall distinguish between-

- (a) the amount of capital and income to be shared between charities participating otherwise than by way of deposit; and
- (b) the amount of capital and income that is required in respect of the liabilities of the common investment fund for the repayment of deposits and for interest on deposits (including amounts required by way of reserve).

4. Where a sub-paragraph of paragraph 2 requires information to be divided into separate categories, the division of that information into such separate categories may, if the charity trustees so elect, be effected instead by means of a note to the accounts made in pursuance of Part 5 of this Schedule.

## PART 2 STATEMENT OF CHANGE IN NET ASSETS

5. The statement of change in net assets shall provide a reconciliation between-

- (a) the net assets of the common investment fund at the beginning of the relevant financial year; and
- (b) the net assets of the common investment fund at the end of that year.

6. The reconciliation referred to in paragraph 5 shall show-

- (a) the value of the net assets at the beginning of the relevant financial year;
- (b) the change in value of the common investment fund calculated in accordance with paragraph 2(k);
- (c) the value of the net assets at the end of the relevant financial year;
- (d) particulars of any other items necessary to provide the reconciliation required by paragraph 1 above;
- (e) the amount or value of any property transferred to or withdrawn from the common investment fund during the relevant financial year by participating charities; and
- (f) the amount of any distribution of income due in respect of accumulation shares.

7. In the case of a common investment fund to which paragraph 3 applies, the analysis required by paragraph 6 shall distinguish between-

- (a) the amount of capital and income to be shared between charities participating otherwise than by way of deposit; and
- (b) amount of capital and income that is required in respect of the liabilities of the common investment fund for the repayment of deposits and for interest on deposits (including amounts required by way of reserve).

### PART 3 BALANCE SHEET

8. The balance sheet shall show the state of affairs of the common investment fund as at the end of the relevant financial year by reference to the information specified-

- (a) in the case of a common investment fund to which paragraph 3 does not apply, in paragraph 9;
- (b) in the case of a common investment fund to which paragraph 3 applies, in paragraph 10.

9. In the case of a common investment fund to which paragraph 3 does not apply, the specified information is-

- (a) tangible fixed assets for use by the common investment fund;
- (b) investments;
- (c) other assets, divided into-
  - (i) debtors;
  - (ii) deposits and loans;
  - (iii) cash at bank and in hand; and
  - (iv) others;
- (d) total assets calculated by aggregating the amounts entered under of paragraphs (a), (b) and (c);
- (e) derivative liabilities;
- (f) other liabilities, divided into-
  - (i) creditors;
  - (ii) bank overdrafts;
  - (iii) other loans; and
  - (iv) distributions payable to participating charities;



(g) total liabilities calculated by aggregating the amounts entered under paragraphs (e) and (f);

(h) net assets which is calculated as follows-

**A-B** where

**A** is the amount entered under paragraph (d),

**B** is the amount entered under paragraph (g).

10. In the case of a common investment fund to which paragraph 3 applies, the specified information is-

(a) in relation to the amount of capital and income to be shared between charities participating otherwise than by way of deposit, the information specified in paragraph 9;

(b) in relation to the amount of capital and income that is required in respect of the liabilities of the common investment fund for the repayment of deposits and for interest on deposits (including amounts required by way of reserve), the information specified in paragraph 11.

11. The specified information is—

(a) cash at bank and in hand;

(b) debtors;

(c) deposits and investments, divided into—

(i) deposits at the Gibraltar Savings Bank;

(ii) deposits with a person who has permission under the Financial Services Act 2019 to accept deposits;

(iii) other bank deposits;

(iv) other deposits; and

(v) other investments;

(d) current assets not included in paragraphs (a) to (c);

(e) tangible fixed assets for use by the common deposit fund;

(f) gross assets which is calculated by aggregating the amounts entered under paragraphs (a) to (e);

(g) sums deposited by participating charities;

(h) other liabilities, divided into-

- (i) creditors;
  - (ii) bank overdrafts;
  - (iii) other loans; and
  - (iv) interest accrued or payable to participating charities;
- (i) sums held as an income reserve on trust for existing depositors; and
- (j) total liabilities which is calculated by aggregating the amounts entered under paragraphs (g), (h) and (i).

12. Despite the requirement in paragraph 11(c) to divide into separate categories the information to be provided by dividing the information into separate categories, the division of that information into those categories may, if the charity trustees so elect, be effected instead by means of a note to the accounts made in pursuance of Part 5 of this Schedule.

#### PART 4 METHODS AND PRINCIPLES

13.(1) The statement of total return shall give a true and fair view of the incoming resources and application of the resources of the common investment fund in the relevant financial year.

(2) The balance sheet shall give a true and fair view of the state of affairs of the common investment fund at the end of the relevant financial year.

(3) The statement of changes in net assets shall give a true and fair view of the movements in the net assets of the common investment fund between their position at the beginning of the relevant financial year and their position at the end of that year.

(4) Where compliance with Part 1, 2, 3 or 5 of this Schedule would not be sufficient to give a true and fair view, the necessary additional information shall be given in the accounts or a note to them.

(5) If in special circumstances compliance with any of the provisions of Parts 1, 2, 3 or 5 of this Schedule is inconsistent with the requirement to give a true and fair view-

- (a) the charity trustees shall depart from that provision to the extent necessary to give a true and fair view; and
- (b) particulars of any such departure, the reasons for it and its effect shall be given in a note to the accounts.

14.(1) Subject to paragraphs (2) and (3), in respect of every amount required-

- (a) by paragraph 2 to be shown in the statement of total return,
- (b) by paragraph 6 to be shown in the statement of changes in net assets;
- (c) by paragraph 9, 10 or 11 to be shown in the balance sheet,

the corresponding amount for the financial year immediately preceding the relevant financial year shall also be shown.

(2) Where that corresponding amount is not comparable with the amount to be shown for the item in question in respect of the relevant financial year-

- (a) the former amount shall be adjusted; and
- (b) particulars of any material adjustment under this sub-paragraph shall be disclosed in a note to the accounts.

(3) Where the effect of paragraph 13 is-

- (a) that in the relevant financial year there nothing required to be shown by one or more of the provisions specified in sub-paragraph (1) above in respect of a particular item; but
- (b) an amount was required to be shown by that provision for that item in the statement of accounts prepared for the financial year immediately preceding the relevant financial year,

sub-paragraph (1) has effect as if such an amount were required to be shown in the relevant financial year and that amount were nil.

15. The values at which assets and liabilities of a common investment fund are recorded in the balance sheet, and the recognition bases for gains and losses, shall be determined in accordance with the methods and principles set out in the applicable IA SORP.

## PART 5 NOTES TO THE ACCOUNTS

16.(1) The information to be provided by way of notes to the accounts, insofar as not provided in the statement of accounts, is-

- (a) a description of the accounting policies adopted for the common investment fund and in particular-
  - (i) the basis of valuation of investments;
  - (ii) the recognition of dividend income or interest; and
  - (iii) the conversion of any amounts expressed in currency other than pounds sterling;
- (b) a description of the accounting assumptions made by the common investment fund, including—
  - (i) any material change in these assumptions;
  - (ii) the reason for such change; and
  - (iii) its effect (if material) on the accounts;
- (c) where the charity trustees have during the relevant financial year-

- (i) entered into any transaction, agreement or arrangement made for the purpose of minimising the risk of loss to the common investment fund in consequence of fluctuations in interest rates or in the market value of securities or in the rates of foreign exchange; or
- (ii) entered into any other transaction in financial futures or options relating to shares, securities, foreign currency or into any other financial instrument the value of which is dependent on or derived from the price movements in one or more underlying assets,

the nature of, and reason for, entering into that transaction, agreement or arrangement and the total value of, and the maximum extent of financial exposure as at the date of the balance sheet resulting from, that transaction, agreement or arrangement;

- (d) a statement as to whether any remuneration or other benefits (together with the amount of such remuneration or, as the case may be, the monetary value of such benefits and the name of the person to whom the remuneration or benefit has been paid or is payable) has been paid or is payable to any person-
  - (i) who is a charity trustee of the common investment fund;
  - (ii) to whom functions in relation to management of the common investment fund have been delegated (“manager”);
  - (iii) connected with such a charity trustee or manager,

directly or indirectly from the property of the investment fund or from the property of any subsidiary undertaking of the investment fund;

- (e) particulars of any transaction undertaken in the name of or on behalf of the common investment fund in which any person referred to in sub-paragraph (d) has a material interest;
- (f) an analysis of the amount and date of any distribution in respect of income and accumulation shares or payment of interest to participating charities;
- (g) a note of any adjustments made in the statement of total return to reflect the amount of income included in the creation or cancellation price of a unit or share in the common investment fund;
- (h) the name of any subsidiary undertaking of the common investment fund, together with a description of the nature of the common investment fund’s relationship with that subsidiary undertaking and of its activities, and, where material, a statement of the turnover and net profit or loss of the subsidiary undertaking for the corresponding financial year and any qualification expressed in an auditor’s report on the accounts of the subsidiary undertaking for that financial year;
- (i) particulars of any loan or guarantee secured against any of the assets of the common investment fund;
- (j) an explanation of any amount entered in pursuance of paragraph 2(g)(i);

- (k) an analysis of any entry in the balance sheet relating to-
  - (i) tangible fixed assets for use by the common investment fund, according to the following categories-
    - (aa) freehold interests in land and buildings;
    - (bb) any other interest in land and buildings;
    - (cc) payments on account and assets in course of construction; and
    - (dd) plant, machinery, fixtures, fittings and equipment;
  - (ii) debtors, according to the following categories-
    - (aa) amounts receivable in respect of securities sold;
    - (bb) accrued income;
    - (cc) other debtors; and
    - (dd) in the case of a common investment fund, amounts receivable in respect of property transferred to the common investment fund;
  - (iii) creditors, according to the following categories-
    - (aa) amounts payable in respect of securities purchased;
    - (bb) accrued expenses;
    - (cc) other creditors; and
    - (dd) in the case of a common investment fund, amounts payable in respect of property withdrawn from the common investment fund;
- (l) the following particulars of any contingent liability-
  - (i) its amount or estimated amount;
  - (ii) its legal nature; and
  - (iii) whether any valuable security has been provided by the common investment fund in connection with that liability and, if so, what;
- (m) particulars of any other financial commitments which have not been provided for and are relevant to assessment of the state of affairs of the common investment fund;
- (n) in the case of-
  - (i) any amount required by any of the preceding paragraphs to be disclosed;

(ii) the percentage of net assets represented by each category of investment required by sub-paragraph (2)(a)(iv) to be disclosed; or

(iii) the percentage of investment assets represented by each class of investment required by sub-paragraph (2)(a)(v), to be disclosed,

the corresponding amount or percentage for the financial year immediately preceding the relevant financial year;

- (o) a statement as to whether or not the accounts have been prepared in accordance with any applicable accounting standards and statements of recommended practice and particulars of any material departure from those standards and practices and the reasons for such departure;
- (p) where the charity trustees have exercised their powers under regulation 4(3)(b), a statement of their reasons for doing so;
- (q) the information specified in sub-paragraph (2);
- (r) any other information which is required by these Regulations to be disclosed in a note to the accounts or which may reasonably assist the user to understand the statement of accounts.

(2) In addition to the information specified in sub-paragraph (1), a common investment fund shall include in the notes to the accounts the following statements made up to the date of the balance sheet-

- (a) a portfolio statement, specifying-
  - (i) details of each investment held by or on behalf of the common investment fund including-
    - (aa) its market value at that date; and
    - (bb) whether the investment in question is listed on a recognised stock exchange;
  - (ii) the category of each such investment determined according to its geographical area or industrial sector;
  - (iii) where the common investment fund invests in more than one class of assets, the market value at that date of each class of investment;
  - (iv) the percentage of net assets represented by each investment so held and by each category of investment specified under paragraph (ii);
  - (v) the percentage of investment assets represented by each class of investments specified under paragraph (iii); and
  - (vi) an analysis of the credit rating of any interest-bearing securities held at that date, as may be required by the applicable IA SORP to be given.
- (b) a statement of major changes in the portfolio, specifying-

- (i) where-
  - (aa) the relevant financial year is the first financial year of the common investment fund and the aggregate value of purchases or sales of a particular investment during the financial year exceeds 2 per cent of net assets at the end of that year; or
  - (bb) the relevant financial year is not the first financial year of the common investment fund and the aggregate value of purchases or sales of a particular investment during the relevant financial year exceeds 2 per cent of net assets at the beginning of that year,

that value;

- (ii) unless disclosed under paragraph (i), the value of the 20 largest purchases and sales of a particular investment during the relevant financial year; and
  - (iii) the total cost of purchase and net proceeds from sales of investments during the relevant financial year;
- (c) a statement of-
- (i) the number of shares issued as at the beginning of the relevant financial year;
  - (ii) the number of shares issued as at the date of the balance sheet;
  - (iii) the value of each income or accumulation share as at each of those dates, calculated by reference to the net asset value of the common investment fund; and
- (d) a statement of the amount, if any, in the dividend equalisation reserve.

(3) In this paragraph “corresponding financial year” has the meaning given by regulation 7(3).

## PART 6 INTERPRETATION

17.(1) In this Schedule—

“dividend equalisation reserve” means income withheld from distribution with a view to avoiding fluctuations in the amounts distributed;

“the IA SORP” means the applicable Statement of Recommended Practice for Financial Statements of Authorised Funds issued by The Investment Association of the UK;

“person connected with a charity trustee or manager” has the meaning given by sub-paragraph (2);

“recognised stock exchange” has the meaning given to it by the Income Tax Act 2010;

(2) For the purposes of this Schedule, a person (“A”) is connected with a charity trustee or a person to whom functions in relation to the management of the common investment fund have been delegated if-

- (a) A is the child, parent, grandchild, grandparent, brother or sister of the charity trustee or manager;
- (b) A is the spouse or the civil partner of-
  - (i) the charity trustee or manager; or
  - (ii) any person connected with a charity trustee or manager by virtue of paragraph (a);
- (c) A is-
  - (i) the trustee of any trust-
    - (aa) which is not a charity; and
    - (bb) the beneficiaries or potential beneficiaries of which include the charity trustee or manager or any person connected with that trustee or manager by virtue of paragraph (a) or (b); and
  - (ii) acting in his or her capacity as trustee of that trust;
- (d) A is-
  - (i) carrying on a business in partnership with-
    - (aa) the charity trustee or manager; or
    - (bb) any person connected with a trustee or manager by virtue of paragraph (a), (b) or (c); and
  - (ii) acting in his or her capacity as such a business partner; or
- (e) A is a body corporate-
  - (i) which is not a company which is connected with a charitable institution; but
  - (ii) in which-
    - (aa) the charity trustee or manager has; or
    - (bb) the charity trustee or manager, any other trustee or manager of the investment fund or persons connected with him or her or them by virtue of paragraphs (a), (b), (c) or (d), taken together, have,

a substantial interest.

(3) For the purposes of sub-paragraph (2)-

- (a) “child” includes a stepchild and an illegitimate child;
- (b) whether a person controls an institution is to be determined in accordance with paragraph 3 of that Schedule; and



- (c) whether a person has a substantial interest in a body corporate is to be determined in accordance with paragraph 4 of that Schedule.

## SCHEDULE 2

Regulation 6

### NOTES TO THE STATEMENT OF ACCOUNTS PREPARED BY A CHARITY THAT IS NOT A COMMON INVESTMENT FUND

1.(1) Subject to sub-paragraphs (2) and (3) and in so far as it is not provided in the statement of financial activities or in the balance sheet, the information to be provided by way of notes to the accounts is-

- (a) particulars of any material adjustment made under regulation 6(8);
- (b) a description of-
  - (i) each of the accounting policies which-
    - (aa) have been adopted by the charity trustees; and
    - (bb) are material in the context of the accounts of the charity; and
  - (ii) the estimation techniques adopted by the charity trustees which are material to the presentation of the accounts;
- (c) a description of any material change to policies and techniques referred to in paragraph (b), the reason for such change and its effect (if material) on the accounts, in accordance with the methods and principles set out in the applicable UK Statement of Recommended Practice (“SORP”);
- (d) a description of the nature and purpose of all material funds of the charity in accordance with the methods and principles set out in the SORP;
- (e) such particulars of transactions of the charity, or of any subsidiary undertaking of the charity, entered into with a related party as are required to be disclosed by the SORP;
- (f) such particulars of the cost to the charity of employing and providing pensions for staff as are required by the SORP to be disclosed;
- (g) such particulars of the emoluments of staff employed by the charity as may be required by the SORP to be disclosed;
- (h) a description of any incoming resources which represent capital, according to whether or not that capital is permanent endowment;
- (i) an itemised analysis of any material movement between any of the restricted funds of the charity, or between a restricted and an unrestricted fund of the charity, together with an explanation of the nature and purpose of each of those funds;
- (j) the name of any subsidiary undertaking of the charity, together with a description of the nature of the charity’s relationship with that subsidiary undertaking, and of its activities, and, where material, a statement of the turnover and net profit or loss of the subsidiary undertaking for the corresponding financial year and any qualification expressed in an auditor’s report on the accounts of the subsidiary undertaking for that financial year;

- (k) particulars of any guarantee given by the charity, where any potential liability under the guarantee is outstanding at the date of the balance sheet;
- (l) particulars of any loan outstanding at the date of the balance sheet-
  - (i) which was made to the charity and which is secured by an express charge on any of the assets of the charity; or
  - (ii) which was made by the charity to any subsidiary undertaking of the charity;
- (m) particulars of any fund of the charity which is in deficit at the date of the balance sheet;
- (n) particulars of any remuneration paid to an auditor or independent examiner in respect of auditing or examining the accounts of the charity and particulars of any remuneration paid to the auditor or independent examiner in respect of any other services rendered to the charity;
- (o) subject to paragraph (2), such particulars of any grant made by the charity as may be required by the SORP to be disclosed;
- (p) particulars of any ex gratia payment made by the charity;
- (q) an analysis of any entry in the statement of financial activities relating to resources expended on charitable activities as may be required by the SORP to be disclosed;
- (r) such particulars of any support costs incurred by the charity as may be required by the SORP to be disclosed;
- (s) an analysis of any entry in the balance sheet relating to—
  - (i) fixed assets;
  - (ii) debtors;
  - (iii) creditors,

according to the categories set out in the SORP;

- (t) an analysis of all material changes during the financial year in question in the values of fixed assets, in accordance with the methods and principles set out in the SORP;
- (u) in the case of any amount required by any of the preceding sub-paragraphs other than sub-paragraph (i), (o) or (t) to be disclosed, the corresponding amount for the financial year immediately preceding the relevant financial year;
- (v) a statement as to whether or not the accounts have been prepared in accordance with any applicable accounting standards and statements of recommended practice and particulars of any material departure from those standards and statements of practice and the reasons for such departure;

- (w) where the charity trustees have exercised their powers under regulation 4(3)(b) so as to determine an accounting reference date earlier or later than 12 months from the beginning of the financial year, a statement of their reasons for doing so;
- (x) if, in accordance with regulation 6(3)(d), the charity trustees have departed from any requirement of regulation 6, particulars of any such departure, the reasons for it, and its effect; and
- (y) any additional information which-
  - (i) is required to ensure that the statement of accounts complies with the requirements of regulation 6; or
  - (ii) may reasonably assist the user to understand the statement of accounts.

(2) The charity trustees of a charity that is a charitable trust created by any person (“the settlor”) are not required to disclose under paragraph (o) of sub-paragraph (1) any excepted information if the disclosure of that information would fall to be made at a time when—

- (a) the settlor; or
- (b) the spouse or civil partner of the settlor,

is still alive.

(3) In this Schedule-

- (a) “corresponding financial year” has the meaning given by regulation 7(3);
- (b) “excepted information” means-
  - (i) the identities of recipients of grants made out of the funds of the charity;
  - (ii) the amounts of individual grants so made.

### **3. Draft Explanatory Memorandum**

#### **EXPLANATORY MEMORANDUM**

These Regulations implement accounting, reporting and scrutiny requirements for charities pursuant to the Charities Act 2025.