

# Press release: Charities 'missing vital opportunity' to show how they benefit the public

The Charity Commission has today (21 April 2017) published the [findings of its work to scrutinise charity accounts](#), finding that 54% of those reviewed did not meet the public benefit reporting requirement. The regulator says these charities are missing a vital opportunity to tell their story and explain their impact.

As part of its regular programme of charity accounts scrutiny, the regulator analysed a random sample of 107 charity accounts against 2 criteria:

- how charities are reporting on the public benefit requirement
- whether the accounts meet readers' needs

Separately, the Commission scrutinised a random sample of 109 accounts of charities with incomes of under £25k to examine their overall quality.

## **Public benefit**

The Commission found that 54% of charities (58) did not meet the public benefit reporting requirement. Out of these charities, 13 failed the requirement as they did not describe the difference that their charity had made; 21 charities did not include the statement that they had complied with the public benefit requirements and read our guidance and 24 charities did not do either.

The report includes an example case study from the sample, demonstrating that it can be easy for trustees to get this right and explain succinctly and clearly how their work benefits the public and the difference that they make.

**Nigel Davies, Head of Accountancy Services at the Charity Commission of England and Wales, said:**

Many charities do a great job of explaining how their work benefits the public. But this review indicates that too many charities are missing out on an important opportunity to tell the public why their work matters, and what difference they are making. We know from wider research how important it is for donors and supporters to know how charities are spending their money. Your report and accounts say a lot about your charity's attitude to accountability and transparency and so don't miss out on this opportunity. The easiest way to improve the quality of your accounts and report is to use our templates; we know the charities that do use our templates produce accounts of much better quality.

## **Do charity annual reports and accounts meet the reader's needs?**

The Commission also examined whether the charities' accounts meet basic user needs, based on a range of criteria, including whether the annual report explains the activities the charity had carried out during the year to meet its purposes and whether the accounts had been appropriately scrutinised in an audit or independent examination.

This work found that 75% of the accounts were of acceptable quality in meeting the basic needs of readers. There were some areas of particular strength; for example, all of the charities that required an audit had filed an audit report.

However, 25% (27 charities) did not meet the basic standard, for example because the accounts were inconsistent or not transparent.

### **Small charity accounts**

The Commission found that of the 109 small charity accounts scrutinised, 55% were of acceptable quality ([see 'Notes to editors'](#)), indicating a possible slight improvement in the quality of reporting (47% was achieved in the previous 2 years).

The regulator found a range of reasons for some charities falling short of requirements; for example, 5 charities provided incomplete accounts that did not include information on their assets and liabilities.

The report finds that those charities that use the accounts templates often present accounts of a much higher quality, and is encouraging smaller charities to make use of the available templates.

The Commission says it has provided guidance to the trustees of the charities that did not submit accounts of acceptable quality and will be using opportunities, such as its quarterly newsletter CC News, to share the key lessons arising from its account scrutiny work with other charities.

The [full reports](#) are available on GOV.UK.

Ends

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### **Notes to editors**

1. The report sets out the criteria used to determine acceptable quality.
2. [The Charity Commission](#) is the independent regulator of charities in England and Wales. To find out more about our work, see our [annual report](#).
3. Search for charities on our [online register](#).