

# [Press release: Charities must better communicate to the public through their annual reports and accounts, urges regulator](#)

The Charity Commission has today published the [results](#) of its latest monitoring reviews of charity trustees' annual reports and accounts. The findings reveal a modest improvement in the quality of public reporting, but the regulator says that too many charities are still falling short in this area.

Public benefit reporting plays a key role in providing transparency so that the public can understand exactly what a charity does and how their donations are being used.

As part of its proactive monitoring work, the Commission scrutinised a random sample of 106 charity trustees' annual reports and accounts filed with it to assess:

- how charities are meeting the public benefit reporting standards
- whether the accounts meet readers' needs, including a separate sample of "small charities"

## **Telling your story well: Public benefit reporting by charities**

Trustees have a legal responsibility to comply with the Commission's [guidance on public benefit reporting](#). All registered charities must publish a trustees' annual report, setting out the charity's activities for the public benefit.

The Commission's review found that 51% of the charities reviewed demonstrated a clear understanding of the public benefit reporting requirement – a 5% improvement from last year's result.

The majority of annual reports also included key aspects of public benefit reporting, with 71% explaining who benefitted from the charity's activities, and 62% including a public benefit statement.

Some trustees had expanded their statement to explain why they believed their charity's activities provided public benefit, whilst others discussed the difference that they had made, particularly to beneficiaries.

## **Do charity and small charity annual reports and**

## **accounts meet the reader's needs?**

The Commission examined whether the charities' trustees' annual reports and accounts as a whole met readers' needs, based on a range of [criteria](#).

For the sample of charities with incomes over £25,000, the Commission found that 74% of the trustees' annual reports and accounts reviewed were of acceptable quality, meeting the basic benchmark set by the Commission.

The most common reason for inadequate reporting was that the trustees' annual report did not explain the charitable activities the charity had carried out.

For the sample of small charities, the Commission found that 64% of the charities provided trustees' annual reports and accounts of acceptable quality, meeting the regulator's basic benchmark. The main reason for inadequate reporting was that the charity failed to provide one or both of the trustees' annual report and the accounts.

The Commission has provided regulatory guidance to 89 charities included in the reviews in order to help the trustees improve the quality of future trustees' annual reports and accounts.

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

"Our research into trust and confidence in charities shows that the public no longer give charities the benefit of the doubt; they want evidence that charities make a difference when using their money. Public reporting is an opportunity for charities to tell their story and explain to the public what they do and how they use charitable funds.

"Producing a trustees' annual report and accounts is not an administrative box-ticking exercise. It is a chance to show how your charity is making an impact and how you are delivering on your core purpose.

"Today's results show that too many charities are still not meeting very basic standards when it comes to making key information available to the public. I am encouraged to see that an increasing number of trustees recognise the value of public benefit reporting, but there is clearly more work to be done across the sector."

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

Ends

## **Notes to editors**

1. The Commission's research into public trust and confidence in charities was published on 11 July 2018 and is available on [GOV.UK](#).
2. The Charity Commission is the regulator of charities in England and Wales. To find out more about our work see the [about us](#) page on GOV.UK.

3. Search for charities on our [check charity](#) tool.
4. To assess whether small charities accounts met readers' needs, the Commission included a separate sample of 110 small charities, those with incomes less than £25,000, who are not required to routinely file their trustees' annual report and accounts with the regulator (except for Charitable Incorporated Organisations)
5. In addition to producing an annual report, all registered charities must prepare accounts and, where the charity's income is over £25,000, arrange for them to be scrutinised through an audit or independent examination. They must also file their set of accounts with the regulator.

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