

[Press release: Most large charities are unclear about the level of reserves they hold](#)

Less than a quarter of larger charities accurately reported the level of financial reserves they hold in their trustees' annual report, according to [a review by the Charity Commission](#).

The Commission says its findings suggest an incomplete understanding of what reserves are, which could lead trustees to make poor decisions about their charity's finances.

All registered charities must explain their policy on reserves in their trustees' annual report, and should state the level of reserves held as well as why they are held.

Almost all of a sample of 106 charities with an income over £500,000 included at least a reference to their reserves policy in their annual report. However, less than a quarter gave the right reserves figure, based on the information in their accounts. A third of charities failed to include a figure at all.

Sarah Atkinson, Director of Policy, Planning and Communications at the Charity Commission said:

The public, who generously donate to charity, rightly hold charities to high standards and expect them to manage funds in a way that maximises their benefit to society.

As regulator, we therefore expect charities to steward their resources effectively; to protect their charity's future and safeguard the money donated to them by the public or through public funds.

Reporting financial information accurately is an essential part of this responsibility, so it's concerning that so few larger charities appear to fully understand what reserves are or how to disclose them correctly.

We would also expect auditors and independent examiners to report any concerns they have about the reserves held by charities, especially in light of the collapse of Kids Company.

The Commission produces [guidance that helps trustees manage their reserves properly](#).

Sarah Atkinson said:

Our guidance for trustees equips them with the tools they need to improve reporting in this area. All charities should ensure they are up to speed with this, so they can reach their potential by planning effectively for their financial future.

The Commission will be sending a copy of this report to all charities in the sample where there were concerns over the absence or accuracy of the reserves figure in their annual reports.

The full report is available on [GOV.UK](#).

Ends.

Notes to editors

1. [Charity reserves: building resilience \(CC19\)](#), explains what reserves are and sets out the steps that trustees should follow in developing and explaining a reserves policy.
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.