

# The trustees' annual report and public benefit reporting

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Guidance for charity trustees on how to prepare a trustees' annual report and report on how public benefit has been delivered by the charity



## The Charity Commission for Northern Ireland

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To deliver in partnership with other key stakeholders in the charitable sector “a dynamic and well governed charities sector in which the public has confidence, underpinned by the Commission’s effective delivery of its regulatory role.”

Further information about our aims and activities is available on our website [www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk)

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### Online or in print

If you are viewing this document online, you will be able to navigate your way around by clicking on links either within the contents page or text.

We have produced a glossary that provides further information, definitions and descriptions of some key terms. The words in **bold green type** indicate words that are found in the glossary towards the end of this document. If you are reading the document online you can click on the word and it will link you to the definition in the glossary. The words in *pink italics* indicate other guidance or databases.

Please check our website [www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk) to make sure you’re using the latest versions of forms and guidance.

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## Section 1: Overview

All charities must be aware of their legal requirements when preparing a charity's financial statements and the trustees' annual report and having these documents reviewed or audited. The Charity Commission for Northern Ireland (the Commission) has developed a suite of guidance to help charities understand their legal requirements. For help understanding which guidance documents apply to your charity you should read [ARR01 Charity reporting and accounting: guidance summary](#).

All **charity trustees** should begin by reading [ARR02. Charity reporting and accounting: the essentials](#). It is important that charity trustees read this guidance first as it provides information on the new accounting and reporting framework in place for registered charities from 1 January 2016, and an overview of The Charities (Accounts and Reports) Regulations (Northern Ireland) 2015.

The full list of accounting and reporting guidance includes:

[ARR01. Charity reporting and accounting: guidance summary](#)

[ARR02. Charity reporting and accounting: the essentials](#)

[ARR03. Receipts and payments accounts](#)

[ARR04. Accruals accounts](#)

[ARR05. How to complete the annual monitoring return](#)

[ARR06. Charity reporting: Interim arrangements and the annual monitoring return](#)

[ARR07. Independent examination of charity accounts: examiner's guide](#)

[ARR08. The trustees' annual report and public benefit reporting](#)

This document, [ARR08. The trustees' annual report and public benefit reporting](#), is aimed at charity trustees of **all** charities.

All registered charities reporting under the new regulations, are required to submit a trustees' annual report that includes information on how the charity has met the public benefit requirement during the year. Public benefit reporting is a key element within the trustees' annual report and charity trustees **must** also have regard to the Commission's [Public benefit requirement](#) statutory guidance.

## Section 2: About this guidance

### What does this guidance cover?

This guidance provides information to assist charity trustees in preparing a trustees' annual report including details on how the charity has met the public benefit requirement. It covers:

- information that must be included in the trustees' annual report of all charities, irrespective of their size
- additional information that must be included in the trustees' annual report of a charity that is preparing accruals accounts
- further information that must be included in the trustees' annual report of a larger charity, with an income of more than £500,000
- how a charity can detail, within the trustees' annual report, that it has met the public benefit requirement.

If you are a registered charity you must ensure your charity accounts and reports comply with the new accounting and reporting regulations. These apply to your **first full** financial year beginning on or after:

1 January 2016 **or**

The date of registration with the Commission if later than 1 January 2016.

### What does this guidance not cover?

This document does not provide detailed guidance for charities that prepare accruals accounts and are preparing a trustees' annual report. The content requirements of the trustees' annual report for charities that prepare accruals accounts are set out in the Charities Statement of Recommended Practice (Charities SORP) (FRS102). For more information please see the [Charities SORP microsite](#).

This guidance also does not provide information on how to prepare **receipts and payments** or **accruals accounts**. This information is contained in other guidance documents that make up the suite of accounting and reporting guidance.

Additionally, this guidance, while providing practical support on public benefit reporting, does not explain the public benefit requirement. This information is found in the *Public benefit requirement* statutory guidance. Charity trustees **must** have regard to this guidance when reporting on how the charity has met the public benefit requirement.

## What will be published?

All charity accounts and reports, including the trustees' annual report, will be published on the charity's entry on the online [register of charities](#). The register will also display the compliance status of registered charities in relation to annual reporting. When a charity submits their annual reporting information within 10 months from the end of the reporting period, their entry on the register will display as 'Up-to-date'. However if a charity does not file their annual reporting information on time this will be displayed on the register as 'in default'.

The register will also display some information provided through the [annual monitoring return](#). For information on the Commission's approach to publishing decisions refer to the [Publishing our decisions](#) policy.

## Who does this guidance apply to?

This guidance is aimed at [charity trustees](#), who may also be referred to by other terms, such as trustees, members of management committees, or directors of charitable companies, as well as anyone acting on behalf of a charity, for example a helper group, solicitor, accountant, agent or adviser. The guidance applies to all types of charity, for example, charitable companies and charities that are not companies, such as unincorporated associations, industrial and provident societies and trusts.

## What are legal requirements and best practice?

In this guidance, where we use the word 'must' we are referring to a specific legal or regulatory requirement. We use the word 'should' for what we regard as good practice, but where there is no specific legal requirement.

Charity trustees should follow the good practice guidance unless there is good reason not to do so. For example, registered charities **must** apply the full accounting and reporting regulations to their accounts and reports prepared for the first full [financial year](#) beginning on or after 1 January 2016. Charities that are in the process of registering, or awaiting registration, **should** plan in advance for complying with the full accounting and reporting regulations. This will help them to be prepared for their annual reporting obligations following registration.

## Charity legislation

References in this document to 'the Charities Act' are to the **Charities Act (Northern Ireland) 2008**.

References in this document to 'the accounting and reporting regulations' are to [The Charities \(Accounts and Reports\) Regulations \(Northern Ireland\) 2015](#).

References in this guidance to the 'annual return regulations' are to [The Charities \(Annual Return\) Regulations \(Northern Ireland\) 2015](#), prescribed by the Charity Commission for Northern Ireland.

## Key terms

The following are some key terms that will be useful to understand when reading this guidance. They, and other terms, are also listed in a glossary at [appendix 1](#).

**Financial year:** A charity's financial year or period is usually set out in its governing document. This will normally be 12 months but, in certain circumstances, it can be shorter or longer. For charities that are not companies, it can vary but cannot be more than 18 months. Different rules apply for charities that are companies. Additionally, charities that are grant aided schools must not have a financial period of more than 15 months.

**Public benefit:** The Charities Act sets out a legal requirement that all charities have purposes that are for the public benefit. The two elements of public benefit are:

1. **Benefit:** This is about the benefit flowing from the charity's purposes. For a charity's purposes to satisfy the benefit element of public benefit, that benefit must have three key features, it must:
  - flow from the charity's purposes
  - be capable of being demonstrated
  - be beneficial, not harmful.
2. **Public:** This is about who may benefit from the charity's purposes. For a charity's purposes to satisfy the public element, the benefit which may flow from those purposes must:
  - be to the public or to a section of the public
  - not provide a private benefit to individuals unless this benefit is incidental.

**Receipts and payments accounts:** This is a form of accounting that consists of a summary of all monies received and paid via the bank and in cash by the charity during its financial year, along with a statement of balances. Company law requirements mean that a charitable company cannot prepare its accounts on a receipts and payments basis.

**Accruals accounts:** Refers to accounts prepared on a 'true and fair' basis in accordance with accounting standards and the methods and principles of the applicable Statement of Recommended Practice (SORP). In contrast to receipts and payments accounts, where income and expenditure is accounted for only when the money is received or paid out, accruals accounts record the income of a particular activity when there is entitlement or probability about income, and expenses, when the liability is incurred. This is not necessarily the same date on which money is received or paid out. Accruals accounts prepared in accordance with the Charities SORP must contain a balance sheet showing the charity's financial position at the end of the year, a statement of financial activities (SoFA), a cashflow statement (if applicable) and explanatory notes to the accounts. The SoFA should show all incoming resources, and resources expended during the year (and for company charities only, an income and expenditure account, except where the SoFA incorporates the income and expenditure account).

## Section 3: The trustees' annual report

Under the new accounting and reporting regulations all registered charities must prepare a trustees' annual report. This applies from their first full accounting period after 1 January 2016, **or** their date of registration with the Commission, if later. The trustees' annual report, also known as the annual report, is an important milestone in a charity's life, a chance to take stock, to celebrate successes and achievements, and to reflect on difficulties and challenges. It is also an opportunity to highlight the main activities undertaken by the charity to carry out its purposes for the public benefit.

It is important that preparing the trustees' annual report is not viewed simply as a 'legal requirement' or a technical exercise. The report's primary purpose is to ensure the charity is publicly accountable to its stakeholders and, along with the accounts, is an opportunity for the charity trustees to tell people about the charity's work, where its money has come from and how it has been spent. The report should enable a reader to have a better understanding of what the numbers presented in the charity's accounts mean for the charity and its beneficiaries. Financial accounts alone do not provide all the information a reader needs to gain a full picture of the charity. For example, they cannot easily explain:

- what the charity has done – its outputs
- what the charity has achieved – its outcomes
- what difference the charity has made – its impact and benefits.

The trustees' annual report also provides important administrative information about the charity such as where the charity is based and who the charity trustees are. Information on the structure, governance or management arrangements of the charity are also addressed by the trustees' annual report.

### 3.1 What must be in the trustees' annual report?

The level of detail required in the trustees' annual report depends on the size and nature of your charity. There is, however, certain key information that must be included in the trustees' annual reports prepared by all charities, irrespective of their size or the nature of the charity. These requirements are set out in regulation 32 of the accounting and reporting regulations. They are the minimum requirements for charities preparing

receipts and payments accounts. More details can be found in the checklist at section 3.1.1 below.

Charities that are preparing accruals accounts must include the minimum requirements set out at section 3.1.1 and, in addition, provide more detail in the report in accordance with the requirements of the **Charities SORP** (FRS102). The Charities SORP requires charities with an income of more than £500,000 to provide additional detail when annual reporting.

Charities preparing accruals accounts must look to the Charities SORP for detailed guidance on the requirements for their trustees' annual report, which is not covered in this guidance document. Please see the Charities SORP microsite [www.charitiessorp.org](http://www.charitiessorp.org) for more information.

### 3.1.1 Trustees' annual report content - minimum requirements for charities preparing receipts and payments accounts

The checklist below sets out key information that must be contained in the trustees' annual reports for **all** charities. Specifically it is the minimum requirements for charities that are preparing **receipts and payments** accounts. Additionally, it includes some information that is considered good practice. You may choose to use this checklist to identify what information is needed within the trustees' annual report or, alternatively, it may be helpful to cross-reference against a draft trustees' annual report so that the charity trustees can be satisfied that it includes all necessary information. Tick the box in the final column if you have included the following information:

Legal requirement	Help note	Tick
The financial year the report relates to	<i>For example, 01 April 2015 to 31 March 2016.</i>	
A summary of the charity's: <ul style="list-style-type: none"> <li>○ main activities to further its purposes for the public benefit</li> <li>○ main achievements in the year</li> </ul>	<i>This is known as public benefit reporting. See section 4 of this guidance for further information.</i>	
A statement that the trustees have had regard to the Commission's Public benefit requirement statutory guidance	<i>Charity trustees are legally obliged to have regard to this guidance.</i>	
A review of the charity's financial position at the end of the year	<i>Include details of any debts held by the charity and any reserves policy.</i>	
Details of any fund held by the charity that was materially in deficit' at the end of the year and steps taken by the charity trustees to eliminate the deficit	<i>Funds that are 'materially in deficit' are in shortfall and, for example the shortfall in a particular fund may be considered material where it is:</i> <ul style="list-style-type: none"> <li>• a substantial amount of total overspend or</li> <li>• a substantial amount of overspend</li> </ul>	

	<p><i>relative to the total amount received into that fund or</i></p> <ul style="list-style-type: none"> <li>• <i>likely to have a significant impact on the deliverables of that particular activity.</i></li> </ul>	
A dated signature of one or more of the charity trustees	<i>Those who sign/date the report must be authorised by the charity to do so.</i>	
The name of the charity as it appears on the register of charities, as well as any other names it is known by	<i>This may include an acronym or working name used by the charity.</i>	
The Northern Ireland charity (NIC) number and, if applicable, company registration number	<i>The NIC number was given to you when the charity was registered.</i>	
The principal address of the charity and, if it is a charitable company, the address of its registered office	<i>The principal address and the registered office may be the same.</i>	
<p>The names of:</p> <ul style="list-style-type: none"> <li>○ all charity trustees on the date the report was approved <b>and</b></li> <li>○ all individuals who served as charity trustees during the year</li> </ul>	<i>The Commission may grant a request for trustee anonymity and exempt a charity from disclosing the name of one or more trustees in the report, or from listing the principal address of the charity. This will only be where there is a concern that the information could lead to an individual being placed in personal danger. If you have been granted anonymity at registration you should omit the relevant details from the trustees' annual report submitted to the Commission.</i>	
Details of how the charity is constituted and its governing document	<i>Include details and dates of any document/provision setting out the charity's purposes and/or how it is administered eg governing document, a deed, or a management statement.</i>	
A summary description of the purposes of the charity	<i>Give a summary of the purposes of the charity as listed on the register of charities and in its governing document. The purposes are what the charity is set up to achieve.</i>	
The name of any person, or body of persons, permitted by the trusts of the charity to appoint one or more new charity trustees and a description of the method used to make such appointments	<i>If there is any individual or organisation with the power to appoint charity trustees, such as another charity or a government department, provide their details, the relevant powers, and methods of appointment.</i>	
<b>Good practice</b>	<b>Help note</b>	<b>Tick</b>
Include details of any funds held by the charity as a custodian trustee	<i>This is mandatory for charities preparing accruals accounts.</i>	

Ensure that figures provided in the report are consistent with figures reported in the charity's accounts		
You can put more detail into your trustees' annual report if you think this will be useful to those most likely to read and use the report.	<i>This can help to tell the story of what the charity has done, and what it has achieved, across the year, eg, a chairperson's report, an environmental report or impact assessment.</i>	

### 3.1.2 Trustees' annual report – content requirements for charities preparing accruals accounts

In addition to the minimum requirements for all charities set out above, charities preparing **accruals accounts**, must also comply with the Charities SORP when preparing the trustees' annual report. Some requirements of the Charities SORP are the same as those set out in the regulations (3.1.1 above), however, some are additional. It is important, if your charity is preparing accruals accounts, to refer to the Charities SORP when preparing the trustees' annual report.

Note that, whilst the SORP has been developed to be consistent with charity law, company law and other relevant legislation, it has not yet been updated to reflect the new accounting and reporting regulations in Northern Ireland. You should, therefore, read it in conjunction with this document which provides detailed guidance on the new requirement for registered charities in Northern Ireland to report on the public benefit.

The Charities SORP also requires larger charities, those with a gross income of more than £500,000, to prepare an expanded trustees' annual report given the greater degree of public accountability and stewardship in reporting that is required of these organisations. The **Charities SORP** sets out the guidelines larger charities must follow when producing their report. The checklist below sets out the key trustees' annual report requirements for charities preparing accruals accounts:

Legal requirement	Help note	Tick
Meet the requirements set out in the regulations	<i>These include the new legal requirement to report on public benefit and are set out in the checklist at 3.1.1</i>	
Meet the requirements of the Charities SORP (FRS102)	<i>You may present the report in any order, under any heading, provided the information required by the Charities SORP and charity law is included. See the Charities SORP microsite for further information <a href="http://www.charitiessorp.org">www.charitiessorp.org</a></i>	

## 3.2 Who is responsible for preparing the trustees' annual report?

The charity trustees are ultimately responsible for the preparation of the trustees' annual report. Although charity trustees may seek assistance from the charity's staff or advisors in drafting the report, the charity trustees must approve the final text of the report. One or more of the charity trustees must sign and date the report on behalf of the charity trustees upon their approval of the report.

## 3.3 Help to prepare the trustees' annual report

To help you understand how you might prepare a trustees' annual report, there are links to some example trustees' annual reports available in the [Annual reporting](#) section of the Commission's website. Additionally, examples can be found on the Charities SORP microsite. As annual accounting and reporting to the Commission is still new in Northern Ireland, there are limited examples available. Over time, we intend to add further examples of accounts and trustees' annual reports, and templates, to the website. You may find that some of the helper groups listed on the Commission's website will be able to provide you with support or guidance on preparing the trustees' annual report.

## 3.4 What does the Commission do with the information?

Trustees' annual reports are displayed on the online [register of charities](#) and will be available to anyone with an interest in the charity to read or print. If a member of the public, or other stakeholder, has a concern about a charity's trustees' annual report then this can be reported to the Commission. The Commission will monitor a sample of trustees' annual reports to assess the quality of reporting, including reporting on public benefit, and to identify issues of regulatory concern. This means that we will not assess or endorse the trustees' annual reports submitted by every individual charity. However, we will seek and provide examples of good trustees' annual reports and examples of public benefit reporting as models to help other similar charities. If a charity's activities are not in furtherance of its purposes, or for the public benefit, then this may be a breach of trust and could result in the Commission taking further action.

## Section 4: Public benefit reporting

### 4.1 Public benefit reporting in context

This section of the guidance provides information on the public benefit requirement in the context of annual reporting. It is drawn from the Commission's statutory guidance on *The Public benefit requirement*. Charity trustees **must** have regard to the full statutory guidance when exercising any powers or duties to which it is relevant. This means that charity trustees **must** be able to show that they are aware of the guidance and they have taken it into account in making a decision where the guidance is relevant. The information is included here with practical guidance to assist trustees in applying the principles of public benefit to the public benefit reporting.

To be a charity in Northern Ireland an organisation must have exclusively **charitable purposes**. One component of what makes a purpose charitable is that it is for the public benefit. This is known as the public benefit requirement.

Public benefit is, therefore, at the heart of what makes an organisation a charity. By reporting on public benefit, charity trustees identify that their charity is effectively doing what it was set up to do and is making a positive difference to its **beneficiaries**. This should not be difficult for charity trustees of well governed charities to demonstrate. Public benefit reporting within the trustees' annual report gives the charity an opportunity to engage the reader and give them a good understanding of the impact the charity has had across the year. It is a tool to enhance accountability to all of the charity's stakeholders including its funders, donors, members and beneficiaries.

All registered charities must:

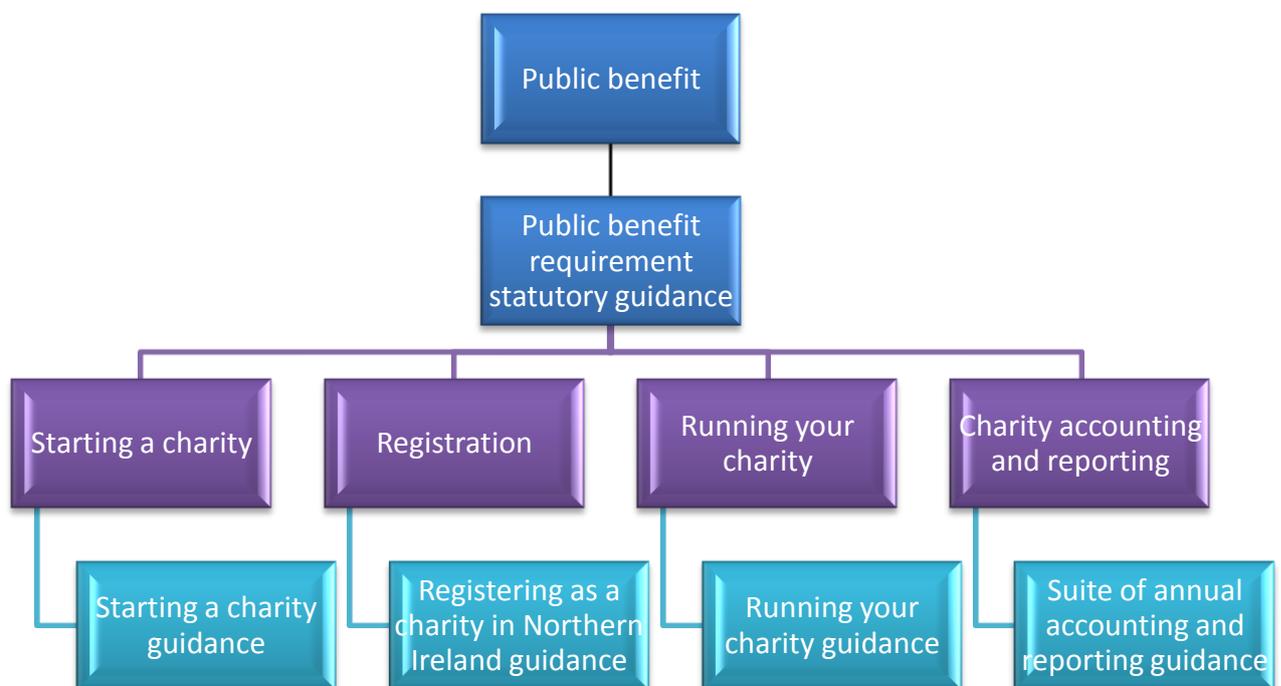
- report annually on how they have continued to meet the public benefit requirement and
- confirm that they have had due regard to guidance produced by the Commission.

This is known as public benefit reporting. The legal requirement is set out in Part 5 of the accounting and reporting regulations. Public benefit reporting is integrated into the trustees' annual report.

At the point of charity registration, charity trustees sign a declaration that they have had regard to the Commission’s guidance and are required to write a public benefit statement setting out the public benefit flowing from each of the purposes of the charity. As part of annual reporting, charity trustees are also required to declare that they have had regard to the Commission’s guidance on public benefit and, additionally, to report on the activities the charity has carried out to further its purposes for the public benefit. This is the key difference between public benefit at registration and public benefit reporting. At registration, public benefit is about the benefit to the public that flows from the charity’s purposes. At annual reporting, the focus is on the activities the charity has carried out during the year to achieve the public benefit flowing from its purposes.

### 4.1.1 The public benefit framework

The following chart shows you where reporting on public benefit sits in the overall framework of what it means for your organisation to be a charity, to operate as a charity and to report on your charity’s work, as well as signposting you to other, relevant guidance.



### 4.1.2 What does the law say?

The law regarding public benefit reporting is set out in regulations 32, 33 and 34 of the accounting and reporting regulations. Section 32 (2)(b) states that the report on the activities of a charity during the year must contain a summary that:

- explains 'the main activities undertaken by the charity to further its charitable purposes for the public benefit' and 'the main achievements of the charity during the year' and
- includes 'a statement as to whether the charity trustees have complied with the duty to have regard to the guidance issued by the Commission under section 4(b)' of the Charities Act (the public benefit requirement statutory guidance).

### 4.1.3 The benefits of effective public benefit reporting

Public benefit reporting is an opportunity for charity trustees to demonstrate and explain the work that their charity has done to further its purposes for the public benefit in that year. The charity can highlight the difference it has made in the lives of its beneficiaries and, if applicable, the wider public.

Through public benefit reporting in the trustees' annual report charities have an opportunity to explain the impact the charity has had in a way that speaks to the charity's beneficiaries, donors and other supporters and goes beyond simply reporting numbers and figures. Effective public benefit reporting within the trustees' annual report will tell a story that explains the links between the charity's purposes, beneficiaries, activities and resulting benefits.

Additionally, public benefit reporting, when done well, can be an effective tool for charity trustees and help them to:

- stay focused, or re-focus, on what the charity is there to achieve (its purposes) when planning activities
- demonstrate the impact of the charity and its achievements, particularly when applying for grant funding or fundraising
- enhance and demonstrate the charity's transparency and accountability to donors, beneficiaries and the general public
- improve the overall quality of reporting on the charity's work.

The report will also assist those within the charity to whom functions are delegated, for example, senior staff members, when delivering the work

of the charity to ensure that work planned will assist in meeting the charity's purposes.

#### 4.1.4 The elements of public benefit in the context of public benefit reporting

There are two elements of public benefit. These are explained in detail in *The Public benefit requirement* statutory guidance and are set out in brief below:

1. **Benefit:** This is about the benefit flowing from the charity's purposes. For a charity's purposes to satisfy the benefit element of public benefit, that benefit must have three key features, it must:
  - flow from the charity's purposes
  - be capable of being demonstrated
  - be beneficial, not harmful.
2. **Public:** This is about who may benefit from the charity's purposes. For a charity's purposes to satisfy the public element, the benefit which may flow from those purposes must:
  - be to the public or to a **section of the public**
  - not provide a **private benefit** to individuals unless this benefit is **incidental**.

For an organisation to be a charity, all of its purposes must be for the public benefit, that is, each of its purposes must fulfil the criteria set out above for the two elements of public benefit to be satisfied.

At the annual reporting stage, the charity does not have to demonstrate that it is established for the public benefit as this has already been assessed. Rather, public benefit reporting is about providing information and evidence as to how the charity has worked to achieve the public benefit for which it was established during the reporting year. Do this by setting out:

- how the charity carried out its purposes for the benefit of its beneficiaries during the year and
- who the beneficiaries of the charity were during the reporting year.

It is important, therefore, that the charity can demonstrate a continued awareness of the public benefit requirement and the impact this has had on how it has planned its activities.

## 4.2 Reporting on public benefit in practice

In order to meet the legal requirements regarding public benefit reporting a charity's trustees' annual report must contain:

1. a summary of the main activities undertaken by the charity to carry out its charitable purposes for the public benefit and the main achievements of the charity during the year and
2. a statement that the charity trustees have complied with their duty to have due regard to the commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

There is no legal requirement setting out **how** the charity trustees must structure the summary of activities and achievements. It is up to charity trustees to decide the level of detail they need to use to describe how they have operated the charity in furtherance of its purposes, for the public benefit, in the reporting year, however the Commission expects the report to contain:

- **Purposes:** an explanation of what the charity is established to achieve
- **Beneficiaries:** an explanation of who the charity's beneficiaries were during the year
- **Activities:** a summary of the charity's activities to carry out its purposes for the public benefit (the direct charitable activities, rather than fundraising or governance activities)
- **Achievements:** an explanation of how those activities have provided a benefit to the charity's beneficiaries
- **Restrictions on who can benefit:** an explanation of how any restrictions, if applicable, were managed for the public benefit. For example:
  - Fee charging
  - Access to facilities
  - Restrictions on the basis of personal characteristics
- **Harm:** how the charity has mitigated any **harm** flowing from its purposes
- **Private benefit:** how the charity has ensured that any private benefit has been incidental to the public benefit
- a statement of compliance with the duty to have regard to the Commission's *The Public benefit requirement* statutory guidance.

The nature of the public benefit, and the activities planned to achieve it, may be different for each of the charity's purposes and therefore the public benefit flowing from each purpose will need to be reported on in the trustees' annual report. Additionally, the charity may have chosen in the year to focus on one or more purposes and this is a good opportunity to explain why the trustees chose to do so. It is not necessary for a report on public benefit to be dealt with as a separate section of a trustees' annual report and will likely be addressed, naturally, throughout the body of the report, for examples in the 'activities and objectives' and 'achievements and performance' sections.

A useful starting point may be to review your organisation's public benefit statement published on the online [Register of charities](#) with a view to providing information and evidence on how the charity has worked to achieve the public benefit set out in that statement.

### 4.3 Useful sources of guidance

The following may be of use to a charity when preparing to report on public benefit in its trustees' annual report:

- The table at section 4.5 of this guidance contains practical examples of how trustees can demonstrate they have met the public benefit requirement.
- The checklist at section 4.6 which lists key questions trustees can use to help them identify any aspects they might have missed.
- The Commission's suite of accounting and reporting guidance.
- The [SORP Committee](#) and the [Charity Commission for England and Wales](#) have produced example trustees' annual reports which include reporting on public benefit. They may help you to prepare your trustees' annual report.
- The inspiring impact website [www.inspiringimpactni.org](http://www.inspiringimpactni.org) which includes resources to help charities plan, measure, assess and improve their work on the basis of their impact.

### 4.4 Are there different requirements for different charities?

All registered charities, with the exception of investment funds, are required to report on public benefit as part of the trustees' annual report. It is up to all charities, irrespective of their size, to meet the legal requirements regarding public benefit reporting.

## 4.5 Examples of information required in public benefit reporting

Further information on the elements of public benefit reporting is set out below. This information may also serve as a guide to assist you to identify and structure information to ensure that all elements of public benefit are reported on. Please note the examples below are purely to illustrate the guidance in this document and are not comprehensive. A charity must provide sufficient detail specific to its work in the relevant reporting year.

Key information	Guidance notes
<p><b>The purposes of the charity</b></p>	<p>Set out the purposes of the charity to allow for an explanation of how the activities and benefits provided by the charity are related to its purposes. These will normally be identical to the purposes of the charity as set out in its governing document.</p> <p><i><b>For example:</b> "The purposes of the charity are to improve the efficiency of the administration of charities in direct pursuit of their objects, by the provision of training, advice, administrative support and information."</i></p> <p><b>Refer to Section 3 of the <a href="#">Public benefit requirement</a> statutory guidance for more information</b></p>
<p><b>What the charity has done during the year to carry out its purposes – its activities</b></p>	<p>Provide a summary of the activities undertaken by the charity to further its purposes during the relevant reporting period. This should focus on those activities that have made a significant contribution to the charity's purposes and advanced the public benefit flowing from those purposes. This does not include activities which are not directly related to the public benefit of the charity, for example, fundraising, support activities or governance activities which may be documented elsewhere in the trustees' annual report. Larger charities are required to provide a fuller review of the significant activities undertaken by the charity to further its purposes and details of strategies adopted to achieve its purposes.</p> <p><i><b>For example:</b> in the case of a charity established to advance religion, the report may provide details of activities including the holding of public worship, dissemination of leaflets providing information on the beliefs of the organisation, and the running of prayer meetings or a club for young people. For example: "In 2014/15 we held open church services every week on a Sunday and a minimum of three services mid weekly. Across the year we noticed attendance at mid week services particularly increase and Sunday services remained popular with the community. This was as a result of an outreach programme we commenced with young people and new families that have moved into the area. During the year we also attended 24 school youth events providing literature to</i></p>

Key information	Guidance notes
	<p><i>spread our messages more widely and give support at exam time. We also held 3 away days for parishioners and maintained our Tuesday club for pensioners. Our parish bulletin has now gone online meaning that it can be more accessible to parishioners unable to attend the Sunday service.</i></p> <p><b>For example:</b> <i>in the case of a grant-making charity established to provide relief to those in need, the report may provide details of the grants the charity has made during the year, including a breakdown of grants made to different projects or organisations. For example: "In 2014/15 the organisation made 50 grants (53 in 2013/14) totalling £750,000 (£800,000 in 2013/14). While the grants we made towards work in particular areas focused on addressing community-wide disadvantage, we also supported organisations which address marginalisation in a more targeted way. In 2014/15 10 of our grants went to groups providing support to refugees and asylum seekers, 15 to groups with a focus on mental health, and the rest to groups working within those experiencing homelessness."</i>  <i>An explanation could be provided as to how the charity identified where its grants should go with reference to a grant making policy.</i></p> <p><b>For example:</b> <i>in the case of a charity that works overseas with a purpose of the relief of poverty, the advancement of health and the protection of vulnerable people, the report may provide details of specific projects that took place in different parts of the world in order to achieve its purposes. For example:</i>  <i>"In 2014/15 we spent £1 million on charitable activities in the areas of development, humanitarian aid and campaigns. We provided direct support to over 2,000 individuals across 15 countries through our project to deliver food parcels, mosquito nets and basic medicines. Additionally, we launched a campaign to raise awareness of the need to improve the sustainability of water supplies in parts of Africa. Through working with partner organisations, we sent volunteers to provide humanitarian assistance in parts of Africa affected by the Ebola crisis."</i></p> <p><b>Refer to Section 4 of the <a href="#">Public benefit requirement statutory guidance</a> for more information</b></p>
<p><b>Details of how the activities of the charity have provided a benefit to its</b></p>	<p>Set out how the charity's activities have provided a benefit to the intended beneficiaries, how this is demonstrated, and how this is linked to the charity's purposes. Include information on the main achievements of the charity in furthering its charitable purposes. This may be a summary for smaller</p>

Key information	Guidance notes
<p><b>beneficiaries and how this can be demonstrated – the achievements of the charity</b></p>	<p>charities; larger charities (with an income over £500k) will be required to provide a fuller explanation.</p> <p>It may be helpful to think about this in terms of the <b>impact</b> the charity’s activities have had on its intended beneficiaries, that is, the difference the charity’s activities made to the lives of the charity’s beneficiaries and how this is important in working to achieve the charity’s purposes. You may be able to provide statistical evidence of impact or document feedback from service users.</p> <p>It is important that the report demonstrates that the trustees of the charity are thinking about the beneficiaries when they describe the achievements of the charity and show an awareness of how they benefit. It may help you to refer back to your charity’s public benefit statement on its entry on the register of charities. A charity does not have to work directly with its beneficiaries, but the trustees’ annual report should show an awareness of how the public benefits, for example, a grant –making charity which only makes grants to other charities may have no direct contact with the ultimate beneficiaries of the grants, but should be able to explain in the trustees’ annual report how the grants which they make can support or assist the beneficiaries.</p> <p><i><b>For example</b>, in the case of a charity established for the benefit of older people: "Through operating our help in the home programme and providing weekly social activities to older people living in this area the charity has benefited older people by improving their health and well being and reducing their social isolation. In 2015, the charity helped over 180 people aged 60+. At the start of the year, service users were asked to rate their health using an anonymous survey. This was repeated following the operation of a programme of activity and showed a marked improvement in self-reported levels of health and well being."</i></p> <p><i><b>For example</b>, in the case of a charity established to promote education and research into the study and cure of Alzheimer’s disease: "The benefits of the Trust’s work are the education of future researchers, the dissemination of research findings, the development of new therapies and the funding of on-going research with the goal being to assist sufferers, their carers and families. The trustees are pleased that the achievements and performance of the Trust, as set out below, demonstrate concrete progress:</i></p> <ul style="list-style-type: none"> <li>• <b>Research posts:</b> the trust continues to fund two research posts at UK universities.</li> <li>• <b>Innovation programme:</b> the trust funds a community</li> </ul>

Key information	Guidance notes
	<p><i>outreach programme which evaluates the impact of Alzheimer’s disease on families and carers. The programme is showing that the use of home aids, emergency call alarms, the deployment of occupational health and local nursing services, as well as the combined use of music and aromatherapy, are providing demonstrable benefit to sufferers and carers. The trustees approved the extension of the programme for a further year. We disseminated the findings of the research via educational bulletins, presentations and on our website.</i></p> <p><b>Student grant awards:</b> <i>we awarded 19 new PhD and masters scholarships from 30 applications (63%) and are pleased to note that during the year 15 PhDs and 8 masters students funded by the trust completed their studies. In total over 70 academic papers on Alzheimer’s related topics were published, around 70% of which resulted in identifiable advances in research or treatment of the condition.”</i></p> <p>Case law has established that a charity’s purposes cannot exclude the poor. Charities can, however, charge a fee for the services or facilities they offer. Public benefit reporting may provide an opportunity for the charity to account for how it has ensured the benefit is available to beneficiaries who are poor, for example, by offering reductions, providing bursaries or limiting the amount at which fees are set.</p> <p><i>For example, in the case of a charity established to promote the arts of drama, opera and ballet: “The theatre relies on grants and the income from fees and charges to cover its operating costs. Affordability and access to our programme is important to us and is reflected in our pricing policy. We endeavour to encourage all within our community to take part in our activities and to attend our theatre and/or to view our exhibitions. The drama and art we provide is to be enjoyed by all from those attending local schools or the higher education colleges through to our programmes with particular appeal to our older residents. Concessionary tickets are available to all exhibitions including family discounts, 25% discount for students, and 50% discount for those in receipt of benefits.”</i></p> <p>A charity with a membership may wish to use its trustees’ annual report to provide information on how its benefits were provided to the public.</p> <p><i>For example, in the case of a charity established to advance education in astronomy and associated sciences: “In evaluating public benefit the trustees note that membership of</i></p>

Key information	Guidance notes
	<p><i>the society is open to all who share an interest in astronomy and its associated sciences. Whilst we would encourage those with interest to join our ranks we also strive to make our services and facilities available to non-members and ensure that restrictions placed on that availability are both necessary and reasonable. Our meeting programme for example is open to all whilst public access to the observatory or solar telescope is only available when supervised by the society; this is to protect both our assets and public safety. A society member, once suitably trained, may choose to use the observatory at any time."</i></p> <p><b>Refer to Section 4 of the <a href="#">Public benefit requirement statutory guidance</a> for more information</b></p>
<p><b>How the charity has mitigated any harm flowing from its purposes</b></p>	<p>Where there is any possibility of harm flowing from the purposes of the charity the trustees can set out in the trustees' annual report how this has been mitigated.</p> <p><i>For example, in the case of an organisation established to advance amateur sport: "Throughout the year we implemented a training programme for staff which included mandatory health and safety training. This ensured that they could anticipate and prevent accidents and helped the benefits of participation in sport to be achieved by the charity's beneficiaries."</i></p> <p><i>For example, in the case of a charity established to promote education into Alzheimer's disease: "The Trust is a member of the Association of Medical Research Charities and follows best practice in maintaining the independence of research funding and ensuring that sponsored researchers and research institutions abide by best practice in research ethics and animal testing; our aim is to maximise the efficacy of the research programme whilst minimising the likelihood of harm to research volunteers and animals."</i></p> <p><b>Refer to Section 4 of the <a href="#">Public benefit requirement statutory guidance</a> for more information</b></p>
<p><b>How the charity has ensured that any private benefit has been incidental to the public benefit</b></p>	<p>The trustees' annual report is an opportunity to account for any private benefit received by someone who is not an intended beneficiary of the charity. It is likely that many charities will not be providing a private benefit. In this case, it is sufficient to state that there was no private benefit.</p> <p><i>For example, in the case of a charity established to advance art: "The charity held its annual art display at which members of the public came along to see artists at work, listen to</i></p>

Key information	Guidance notes
	<p><i>lectures from local artists on their inspiration and participate in an art class. We recognise that the artists who attended may have benefited from an increase in their profile and may have, as a result, sold a piece of their work. However, this was incidental to providing members of the public with the opportunity to learn more about local art and enhance their appreciation and understanding."</i></p> <p><i>For example, in the case of a charity established to promote education into Alzheimer's disease: "Our research and educational programmes fund students, researchers, and research institutions and healthcare bodies who use these funds in their work to improve the lives of sufferers from Alzheimer's disease and related conditions, and their carers by developing therapies, potential medications and improvements in the personal care of sufferers. Any private benefit received by researchers, and research institutions and healthcare bodies is purely incidental to the purposes of our work."</i></p> <p><b>Refer to Section 4 of the <a href="#">Public benefit requirement statutory guidance for more information and to the <a href="#">Purposes and public benefit toolkit private benefit section.</a></a></b></p>
<p><b>A statement of compliance with the duty to have regard to the Commission's guidance</b></p>	<p>The trustees' annual report must contain a statement that the trustees have had regard to the Commission's guidance on public benefit. It is important to note that trustees must not provide false information by stating that they have had regard to the guidance if they have not.</p> <p><i>For example: "In setting our objectives and planning our activities for the year the trustees have given careful consideration to the Charity Commission for Northern Ireland's guidance on public benefit to ensure that the activities have helped to achieve the charity's purposes and provide a benefit to the beneficiaries."</i></p>

## 4.6 Public benefit reporting checklist

The checklists at section 3.1.1 and 3.1.2 set out the requirements of the trustees' annual report. If you would like additional guidance to assist you when preparing the trustees' annual report, specifically in relation to meeting the public benefit reporting requirements, the checklist below may serve as a helpful tool. You may choose to use this checklist to identify what information is needed to meet the public benefit reporting aspect. Alternatively, it may be helpful to cross-reference against a draft trustees' annual report so that you can be satisfied it includes the necessary information for reporting on the public benefit.

	Yes	No	References within trustees' annual report
Have we provided a clear statement of the charity's purposes?			
Have we showed an understanding of who the charity's beneficiaries are?			
Have we provided a summary of the charity's activities to carry out its purposes for the public benefit?			
Have we explained how those activities have provided a benefit?			
Have we explained the main achievements of the charity with reference to the delivery of public benefit?			
Have we provided information on how the charity has mitigated any harm flowing from the purposes (if applicable)?			
Have we provided information on any private benefit that flows from the purposes of the charity and how we have ensured that this has not outweighed the public benefit (if applicable)?			
Have we included a clear statement that we have had regard to the Commission's guidance on public benefit?			

## Appendix 1: Glossary

Term	Definition
<b>Accrual accounts</b>	Refers to accounts prepared on a 'true and fair' basis in accordance with accounting standards and the methods and principles of the applicable Statement of Recommended Practice (SORP). In contrast to receipts and payments accounts, where income and expenditure is accounted for only when the money is received or paid out, accruals accounts record the income of a particular activity when there is entitlement or probability about income, and expenses, when the liability is incurred. This is not necessarily the same date on which money is received or paid out. Accruals accounts prepared in accordance with the Charities SORP must contain a balance sheet showing the charity's financial position at the end of the year, a statement of financial activities (SoFA), a cashflow statement (if applicable) and explanatory notes to the accounts. The SoFA should show all incoming resources, and resources expended during the year (and for company charities only, an income and expenditure account, except where the SoFA incorporates the income and expenditure account).
<b>Annual monitoring return</b>	Every charity, regardless of its size needs to complete and file an annual return. This document provides the Charity Commission and the public with important information regarding the actions of the charity and its financial situation.
<b>Beneficiaries</b>	A legal term for a person, group of people or an entity (like a charity) eligible to benefit or receive assets from a charity's work. The beneficiary group of a charity will be defined in the charity's governing document. Beneficiaries may sometimes be called clients or service users.
<b>Charitable purpose</b>	<p>This is defined by section 2 of the Charities Act (Northern Ireland) 2008 (as amended) as one that:</p> <ul style="list-style-type: none"> <li>• falls under one or more of the list of 12 descriptions of purposes set out in section 2(2) of the Charities Act and</li> <li>• is for the public benefit.</li> </ul> <p>To be a charity, an organisation must have purposes which are exclusively charitable in law.</p>
<b>Charities Act (Northern Ireland) 2008</b>	<p>The Charities Act (Northern Ireland) 2008 is the main piece of legislation establishing the Charity Commission for Northern Ireland and setting out its functions and powers.</p> <p>References to 'the Charities Act' are to the Charities Act (Northern Ireland) 2008. The full content of the Charities Act can be found at</p>

Term	Definition
	<p><a href="http://www.legislation.gov.uk">www.legislation.gov.uk</a></p> <p>Not all of the sections of the Charities Act are in force yet. Details of the sections that are in force are available on the Commission's website <a href="http://www.charitycommissionni.org.uk">www.charitycommissionni.org.uk</a></p>
<p><b>Charities SORP or Accounting and reporting by charities: Statement of Recommended Practice (SORP)</b></p>	<p>This means Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator on 16 July 2014, also known as the Charities SORP. It provides a comprehensive framework that enables charities to adopt a consistent interpretation of UK financial reporting standards (FRS) as well as account for those transactions that arise when undertaking charitable activities. The Charities SORP applies to all general charities that prepare accounts on an accruals basis.</p>
<p><b>Charity trustees</b></p>	<p>These are the people who are legally responsible for the control and management of the administration of a charity. In the charity's governing document they may be called trustees, managing trustees, committee members, governors or directors or they may be referred to by some other title.</p> <p>Some people are disqualified by law from acting as charity trustees. These disqualifications are set out in the Charities Act and broadly include but are not limited to anyone who:</p> <ul style="list-style-type: none"> <li>• has been convicted of an offence involving deception or dishonesty, unless the conviction is a spent conviction under the Rehabilitation of Offenders (NI) Order 1978</li> <li>• is an undischarged bankrupt or has made an arrangement with creditors</li> <li>• has previously been removed as a trustee by the Commission or by the Courts</li> <li>• is subject to disqualification under company legislation.</li> </ul>
<p><b>Financial year</b></p>	<p>Your financial year or period will normally be 12 months long but, in certain circumstances, it can be shorter or longer. For charities that are not companies, it can vary but cannot be more than 18 months. Different rules apply for charities that are companies. Charities that are grant aided schools must not have a financial period of more than 15 months.</p>
<p><b>Harm</b></p>	<p>Something that causes damage, injury or loss – physical, mental, environmental or social.</p>

Term	Definition
<b>Incidental</b>	<p>This is something that happens or is likely to happen in an unplanned conjunction with something else.</p> <p>It is likely that there may be incidental benefit that results from a charity achieving its charitable purposes. For example, a charity with purposes to relieve poverty may have a number of volunteers. The volunteers may find their lives enriched by the activities they are carrying out. This is a benefit not directly related to the charitable purposes and while worthwhile, will not be taken into account when assessing the charity's public benefit.</p> <p>If people or organisations benefit from a charity, other than a beneficiary, then the benefit must be incidental, i.e. it directly contributes towards achieving the charity's purposes and/or it is a necessary result or by-product of carrying out those purposes. Examples of a private benefit that is incidental include paying reasonable salaries to a charity's staff, which is an example of a benefit that contributes directly to achieving the charity's purpose, or where there is an increase in profits to local businesses as a result of charitable regeneration projects, which is an example of a necessary by-product of those projects being carried out. If private benefit is more than incidental then it may mean that the organisation is set up for a private benefit and therefore may not be charitable.</p>
<b>Private benefit</b>	<p>There is private benefit where an individual or an organisation gains from their involvement with a charity. In some cases it may be proper for such a benefit to arise; in some cases not.</p> <p>Charities can provide private benefit so long as the benefit is incidental, ie it directly contributes towards achieving the charity's purposes and/or is a necessary result or by-product of carrying out those purposes.</p> <p>An example of a private benefit that is incidental would be where there is an increase in profits to local businesses as a result of charitable regeneration projects, which is a necessary by-product of those projects being carried out.</p>
<b>Public benefit</b>	<p>The Charities Act sets out a legal requirement that all charities have purposes that are for the public benefit. These are the two elements of public benefit:</p> <ol style="list-style-type: none"> <li>1. Benefit: This is about the benefit flowing from the charity's purposes. For a charity's purposes to satisfy the benefit element of public benefit, that benefit must have three key features, it must: <ul style="list-style-type: none"> <li>• flow from the charity's purposes</li> </ul> </li> </ol>

Term	Definition
	<ul style="list-style-type: none"> <li>• be capable of being demonstrated</li> <li>• be beneficial, not harmful.</li> </ul> <p>2. Public: This is about who may benefit from the charity's purposes. For a charity's purposes to satisfy the public element, the benefit which may flow from those purposes must:</p> <ul style="list-style-type: none"> <li>• be to the public or to a section of the public</li> <li>• not provide a private benefit to individuals unless this benefit is incidental.</li> </ul>
<b>Receipts and payments accounts</b>	<p>This is a form of accounting that consists of a summary of all monies received and paid via the bank and in cash by the charity during its financial year, along with a statement of balances. Company law requirements mean that a charitable company cannot prepare its accounts on a receipts and payments basis.</p>
<b>Section of the public</b>	<p>Where benefit is not to the public generally, it can be to a 'section of the public'. Who constitutes a 'section of the public' is not a simple matter of numbers. Where the benefit is to a section of the public the opportunity to benefit must not be unreasonably restricted.</p> <p>For example, a charity set up to support sufferers of a very rare illness may only benefit a few people, however this is fine provided that anyone who suffers from the illness can potentially benefit.</p>
<b>W3C Standards</b>	<p>W3C accessibility standards consist of a set of guidelines for making content accessible especially to those web users who have a disability. This standard is recognised internationally.</p>

## Useful links and guidance

*ARR01. Charity reporting and accounting: guidance summary*

*ARR02. Charity reporting and accounting: the essentials*

*ARR03. Receipts and Payments accounts*

*ARR04. Accruals accounts*

*ARR05. How to complete the annual monitoring return*

*ARR06. Charity reporting: Interim arrangements and the annual monitoring return*

*ARR07. Independent examination of charity accounts: examiner's guide*

*ARR08. The trustees' annual report and public benefit reporting*

*PBR1 Public benefit requirement guidance*

*CCNI EG043 Equality guidance for charities*

*CCNI EG024 Running your charity*

*The Charities (Accounts and Reports) Regulations (Northern Ireland) 2015*

## If you are dissatisfied with our service

The Commission is committed to delivering a quality service at all times. However, we know that sometimes things can go wrong. If you are dissatisfied with the service you have received, we would like to hear from you, and have a procedure that you can use. You will find further information on these processes in our guidance, *Making a complaint about our services*, which is on our website [www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk)

# Freedom of information and data protection

## Data Protection

Any information you give us will be held securely and in accordance with the rules on data protection. Your personal details will be treated as private and confidential and safeguarded, and will not be disclosed to anyone not connected to the Charity Commission for Northern Ireland unless you have agreed to its release, or in certain circumstances where:

- we are legally obliged to do so
- it is necessary for the proper discharge of our statutory functions
- it is necessary to disclose this information in compliance with our function as regulator of charities where it is in the public interest to do so.

We will ensure that any disclosure made for this purpose is proportionate, considers your right to privacy and is dealt with fairly and lawfully in accordance with the Data Protection Principles of the Data Protection Act.

The Data Protection Act 1998 regulates the use of “personal data”, which is essentially any information, whether kept in computer or paper files, about identifiable individuals. As a “data controller” under the Act, the Charity Commission for Northern Ireland must comply with its requirements.

## Freedom of Information

The Freedom of Information Act 2000 gives members of the public the right to know about and request information that we hold. This includes information received from third parties.

If information is requested under the Freedom of Information Act we will release it, unless there are relevant exemptions. We may choose to consult with you first if this relates to your consultation or application. If you think that information you are providing may be exempt from release if requested, please let us know.

**Further information on our activities is available from:**

**Charity Commission for Northern Ireland  
257 Lough Road  
Lurgan  
Craigavon  
BT66 6NQ**

[www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk)

**Email:** [admin@charitycommissionni.org.uk](mailto:admin@charitycommissionni.org.uk)

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