

Version	Author	Date approved
V1.0	PDM	22 May 2025

Running your charity: Guide 4

Finance, fundraising, updating and reporting



If you need any help to access this guide please email admin@charitycommissionni.org.uk and tell us what format you need so we can consider how to help you.

Contents

About this guide	3
What are legal requirements and best practice	3
Key terms	3
What are my main responsibilities?	4
Updating your charity's information	5
Managing your charity's finances	6
Keeping financial records	6
Charity banking	7
Charity reserves	7
Annual reporting	9
Changing your financial year end date	10
Fundraising for your charity	11
What rules does my charity need to follow?	11
The Fundraising Regulator	12
How is fundraising different from trading?	13
Tax relief and rates relief for charities	14
Merging or closing your charity	14
Support and resources	15
Appendix 1: Key terms	17
Appendix 2 - Preparing for annual reporting	20
More information	22

About this guide

This guide is for anyone who is interested in running a charity – whether you're just getting started or you've been a charity trustee for years.

This part of the guide is about charity finances, fundraising, updating reporting.

What are legal requirements and best practice

We use 'must' where a charity has to comply with a specific law or regulation. We use 'should' where a charity ought to follow good practice but where there is no specific legal requirement. Charity trustees should follow good practice guidance unless there is good reason not to do so.

Key terms

This guide uses some terms that you may find useful when running your charity. We have highlighted these in **bold green**. A list of the key terms is available in Appendix 1. You can also find definitions of other useful terms in the main glossary on the [Registration support](#) page of our website.

What are my main responsibilities?

As a charity trustee, you're responsible for making sure your charity:

- follows all the laws and regulations that apply to it (for example, charity law, the Bribery Act, company law, data-protection law, employment law, trustee law, and health and safety law)
- follows our regulations as the charity regulator
- is registered with us, unless the law says otherwise
- follows all the rules in the charity's **governing document**
- stays true to its charitable **purposes** (what the charity was set up to achieve).

To meet these responsibilities, you'll need to:

- submit an **annual monitoring return** to the Commission. This includes an online annual return form, a trustees' **annual report**, the charity's accounts and a report from either an **independent examiner** or **auditor**
- make sure your charity's money and other **assets** (for example, buildings) aren't misused
- report any **serious incidents** to us and explain what your charity is doing to manage them. There is a link to the serious incident guide in the support section below
- try to prevent **conflicts of interest** – and, if any do happen, deal with them in an open and accountable way
- follow the relevant processes if you close your charity or merge it with another organisation. These can be found in the Commission's guide to Mergers and closures listed in the support page below
- get our permission (if needed) before you make changes to your charity. You can find information about what changes need the consent of the Commission in the [Charity welcome pack](#) on our website.

Updating your charity's information

If your charity is registered with us, you'll need to keep its information up to date on the register of charities.

For most updates, you can use the Online services tool which can be found on the [home page](#) of our website. This allows you to change:

- the area where your charity works
- what your charity does
- how your charity does its work
- who your charity benefits through its work
- your charity's bank or building society account details
- your charity's contact person, including their name, address and phone number
- your website address
- the email address you would like us to use
- your charity's public email address
- information about your **charity trustees**.

It's important to keep this information up to date because:

- it gives your bank a quick way to check information about your charity, which can avoid problems with your charity's bank account (for example, your bank could close your account if they don't know who the current trustees are)
- it allows funders to check that your charity is acting responsibly after registering
- continuing to list inaccurate information, for example, someone as a trustee who no longer has that role is a breach of data protection law.
- providing accurate details will reassure anyone who is thinking of volunteering for your charity or supporting it in other ways
- providing open and honest information about your charity helps to build the public's trust in charities.

We use your charity's contact details to remind you about deadlines for your **annual monitoring return**. If the details are incorrect or out of date, you'll miss these important reminders. If you then miss the reporting deadline, the public register will show that your accounts and reports are overdue.

You must ask us for permission if you want to change:

- the name of your charity
- your charity's purposes set out in your **governing document**
- how your charity meets the **public benefit requirement**
- your charity's financial year end date.

Managing your charity's finances

A key part of having a well-run charity is managing your charity's money and resources and keeping proper accounts.

Keeping financial records

You must make sure that:

- your charity keeps accounting records
- the records show and explain all your charity's transactions.

The **Charities Act** states that charities must keep records for at least six years from the end of the financial year or the period in which the records were made. This applies even if you close your charity, unless we give you permission in writing to destroy the records. You may need to keep

records for longer than six years if other laws apply to your charity or if your agreements with funders set a longer period.

What records you need to keep will depend on the circumstances. Your charity's records might be handwritten or computerised.

If your charity is a company, you'll also need to follow sections 386 and 388 of the Companies Act 2006 on keeping adequate accounting records.

Charity banking

The most responsible way to protect your charity's money and prove how it has been used is to open a bank account in the charity's name. You should only use bank accounts that are regulated by the Financial Conduct Authority.

Acting in the best interests of the charity includes keeping the charity's money safe. The financial services provided by banks and other financial institutions are a safe, responsible, efficient and open way to manage your charity's finances.

When deciding whether to use cash or other ways of transferring money, you should:

- consider whether it would be appropriate in the circumstances
- identify any risks
- manage those risks appropriately.

Our [Serious incident reporting](#) guide explains when and how to report lost or stolen charity funds.

Charity reserves

Charity reserves are money from a charity's income that is set aside for the trustees to decide how to spend.

Usually, trustees use the reserves to:

- cover unexpected costs
- take up an opportunity that fits with the charity's purposes.

Charities differ by the types of funding they get, their fundraising activities, and how they are run. These things all affect how much money

a charity needs to keep in its reserves, and some charities don't need to keep any reserves.

Reserves planning is part of your role as a trustee. To do this, you need to understand clearly:

- how your charity is funded
- where you want the charity to be in the future
- how you will use the reserves to help achieve this.

Developing a reserves policy will help you to identify:

- your charity's financial position
- its main sources of income
- how money flows in and out of your charity
- any restrictions on money your charity has received, for example, if your charity received money from a will that could only be used to maintain its building
- your charity's main financial risks.

Creating a reserves policy will also make it easier to explain to funders, donors, the people you help and members of the public:

- why your charity holds a certain level of reserves
- why you (the trustees) have decided not to hold reserves.

By law, even the smallest registered charities have to review their work and their finances at the end of their financial year and report on their financial position in their trustees' annual report. You should include the information about whether your charity does or doesn't hold reserves, and why you have made that decision.

Our [Developing a reserves policy](#) guide explains the benefits of having a reserves policy. It also helps stakeholders (such as donors, funders, those your charity helps, and members of the public) understand why it's important for charities to hold appropriate reserves.

Annual reporting

All registered charities in Northern Ireland must report to us once a year. This allows us to:

- keep the [register of charities](#) up to date
- show that charities are being open and accountable
- monitor and regulate charities effectively.

When reporting annually, you must send us:

1. a completed online annual monitoring return
2. your charity's annual accounts
3. your charity trustees' annual report
4. an independent examiner's or audit report.

You can find more information on accounting and reporting on the [Annual reporting](#) pages of our website.

Appendix 2 also has a Preparing for annual reporting infographic which sets out the steps to follow when preparing and submitting your annual monitoring return, accounts and reports.

Once we receive your accounts and reports, we'll publish them on our website. We'll also update your charity's status on the register of charities to show we have received them.

The date your reports are due depends on when your charity's financial year ends. You will have told us this when you registered your charity.

If you don't send us your reports on time, your charity's status will show that they were late or are still overdue. The table below explains what each status means.

Status displayed on the register of charities

Status	What it means
Registered	After you've registered your charity, this status will appear on your entry in the register until: <ul style="list-style-type: none"> • The date your first annual reports are due (10 months after your first full accounting period), or • The date you send us your first annual monitoring return, if you send it before it is due.
 Received: on time	This shows you sent us your annual monitoring return on or before the deadline when it was due.
 Received: x days late	This shows you sent us your charity's annual monitoring return after it was due. It states how many days it was late.
 Overdue: x days	This shows how many days have passed since your annual monitoring return was due. The text is amber if you are up to two weeks late.
 Overdue: x days	This shows how many days have passed since your annual monitoring return was due. The text is red if you are more than two weeks late.
Removed	This is usually because the charity has closed or merged with another charity.

Changing your financial year end date

If you want to change your charity's financial year end date on the register, you'll need to ask us to do this for you. You can make a request through the Online services tool which can be found on the [home page](#) of our website. Once we receive your request, we usually accept or refuse it within ten working days. If we refuse it, we'll let you know why. If you want to change your charity's financial year end more than once in any three years, you'll need our permission.

Fundraising for your charity

Most charities need to raise money to make sure they have enough to fulfil their **purposes**. Your charity's fundraising activities might include:

- applying for grants
- corporate sponsorship (where a company pays to be associated with your charity or its projects)
- street collections
- organising fundraising events, for example, a sponsored walk
- direct marketing (such as emails and letters asking for donations)
- organising lotteries and ballots
- third-party fundraising (when other people raise money on your charity's behalf), for example, when the staff of a local business nominate the charity as its charity of the year, or when runners in the marathon are sponsored for the charity
- online giving, through the donate button on a charity's webpage or through online platforms such as JustGiving.

Your charity may also raise money from trade (for example, a charity shop or a gift shop) and from investments.

When fundraising, people in your charity (or raising money on its behalf) must:

- keep to the law
- have the charity's best interests in mind.

What rules does my charity need to follow?

When raising money, your charity must behave in a way that protects its reputation and builds public trust and confidence. This includes:

- following the law and the recognised standards, which are set out in the [Code of Fundraising Practice](#)
- protecting the charity from risks that can be avoided
- respecting donors, supporters and members of the public.

The Fundraising Regulator

The [Fundraising Regulator](#) oversees whether charities are keeping to the Code of Fundraising Practice. It regulates all fundraising by charities in England, Wales and Northern Ireland. In this role, the regulator:

- deals with concerns and complaints about fundraising, and decides if they are justified
- encourages charities to register with them and display their fundraising badge to show they are following the Code of Fundraising Practice
- recommends improvements in fundraising practice to the charity sector and fundraisers.

Registering with the Fundraising Regulator is voluntary, but you'll need to do so if you want to use the regulator's fundraising badge. Displaying this badge lets those who are thinking of donating to your charity know that your charity is committed to legal, open, honest and respectful fundraising.

Even if your charity doesn't register, you'll still be expected to follow the Code of Fundraising Practice when raising money or employing professional fundraisers.

We get involved in regulating fundraising if evidence shows that poor fundraising practice has created serious risks for:

- a charity, if the risk comes from something a charity trustee has done (or failed to do)
- a charity's funds
- public trust and confidence in charities.

We work closely with the Fundraising Regulator and other regulators to share information with charities about the kinds of situations that could lead to these sorts of risks.

Poor fundraising practice can damage public trust and confidence in charities. Our [Concerns about charity fundraising](#) report sets out the most common issues that come up in concerns raised about fundraising and includes case studies to help you deal with these.

The Fundraising Regulator's [summaries of its investigations](#) share learning from their work to help you improve your fundraising practice. These

summaries also allow members of the public to make informed decisions about whether to donate to a charity.

You can find more information about your responsibilities in [Fundraising for charities: a guide for charity trustees and the public](#).

How is fundraising different from trading?

It's important to understand the difference between fundraising and trading so you know what rules your charity should follow.

The circumstances under which a charity is allowed to trade are complex. HMRC's website's trading and business activities guidance has more information on trading by charities.

Charities are only allowed to trade in some circumstances because:

- buying and selling can put your charity's **assets** at risk. For example, if the charity makes a loss and gets into debt, and another asset has to be sold to meet the debt
- trading may affect your charitable tax relief and tax exemptions.

If your charity makes any profit from trade, you must use it to fulfil the charity's purposes.

You might not have to pay income tax on your charity's profit from trade if:

- your charity is trading as part of its main purpose, and it uses the profits to support that purpose (for example, a religious charity selling Bibles)
- your charity isn't trading as part of its main purpose, but it uses the income to support that purpose (for example, a theatre running a cafe during performances)
- the trade is mainly done by people who your charity helps (for example, disabled people making and selling items for a charity whose purpose is to support disabled people).

If you aren't sure how trading will affect your charity, you should get independent legal and tax advice.

Tax relief and rates relief for charities

Your charity may be able to raise money through the [Gift Aid scheme](#). When someone gives to your charity through the scheme, you can claim the income tax that they would otherwise have paid on their donation. The Gift Aid scheme is run by His Majesty's Revenue and Customs (HMRC).

Your charity may also be exempt from paying rates on property that isn't lived in (such as offices, shops and land). You can find more information on rates relief on the [Department of Finance](#) website.

Merging or closing your charity

Any charity, large or small, can find itself needing to merge with a similar organisation. There may also come a time when your charity needs to close.

With this in mind, you should regularly review how well your charity is doing and how it is meeting the needs of the people it helps. These reviews might show you that you could meet their needs more effectively by merging with another organisation.

You might need to close your charity:

- to merge it with other charities
- for other reasons, such as losing money or not having enough members.

Our [Guide to mergers and closures](#) explains what to do if you're thinking about merging or closing your charity. It covers your legal responsibilities, what you need to tell us, and how to tell us.

Support and resources

Resource	What it is
Helper groups	<p>Helper groups can support you with:</p> <ul style="list-style-type: none"> • registering your charity • annual reporting • other aspects of managing your charity. <p>Helper groups are organisations that have volunteered to provide this support.</p> <p>Follow the link to see the support each organisation can offer, who they work with, and how to contact them.</p>
Annual reporting	<p>Annual reporting by registered charities is a key element of our continuing regulatory and monitoring work and is essential to keeping the register of charities up to date. A suite of guidance is available on the annual reporting page.</p>
Annual monitoring return video	<p>Watch our video tutorial on how to complete and send us your annual monitoring return.</p> <p>The table below the video shows which sections are compulsory for your charity.</p>
Reporting on the public benefit toolkit	<p>The <i>Reporting on the public benefit toolkit</i> helps you provide information on how your charity has met the public benefit requirement as part of your annual reporting.</p>
Code of good governance	<p>The Code of Good Governance was created by a group of charities. The DIY Committee Guide can help you put the Code of Good Governance into practice in your charity.</p>
Code of Fundraising Practice Code Advice Service	<p>The Code of Fundraising Practice sets out standards for charity fundraising in the UK.</p> <p>Use the Code Advice Service to ask the Fundraising Regulator questions about the Code of Fundraising Practice and how it applies to your fundraising activity.</p>

Fundraising at a glance	Read our <i>Fundraising at a glance</i> guide and find more detailed guidance on fundraising.
Cyber security - Presentation Cyber security: Small charity guide	Cyber security is important for protecting your charity and the information it holds. Follow the links for guidance on: <ul style="list-style-type: none"> • protecting devices (for example, tablets, smartphones and laptops) • preventing unauthorised access to data (on devices and online).
Guide to mergers and closures	Any charity, large or small, can find itself in circumstances where it may need to merge with a similar organisation, or to close. The guide to mergers and closures sets out what charity law requires when a charity is considering a merger or facing closure. It also explains the processes that charities should use to notify the Commission of a merger of any charity or, where the charity is registered with the Commission, its closure.
Serious incident reporting: a guide for charity trustees.	Given the sort of work charities do and the challenging environment they work in, serious incidents can happen. Use the <i>Serious incident reporting: a guide for charity trustees</i> to help you identify what to report to us, and when.

Appendix 1: Key terms

Auditor: The Charities Act refers to the auditor as a statutory auditor eligible to act as such under part 42 of the Companies Act or listed as a member of the professional bodies specified in the Charities Act and eligible under their rules. They provide some assurance that financial statements are free from misleading statements and fraud.

Annual monitoring return: This is the online form that registered charities must complete every year to report on their activities that year. It is also known as the annual return.

Annual report: This is a full report on your charity's performance during the year, including its finances, activities and how it has met the public benefit requirement. It is also known as the trustees' annual report.

Asset: An asset is something of value that your charity owns. Assets can be tangible or intangible and can include cash. Tangible assets are physical things such as land, buildings, vehicles, furniture or equipment. Intangible assets include patents, copyrights, trademarks among other things.

Charities Act: The Charities Act (Northern Ireland) 2008 as amended by the Charities Act (NI) 2013 and the Charities Act (NI) 2022. This is the main law that defines what a charity is and how charities are regulated.

Charity reserves: The reserves are part of the charity's income that the charity trustees can decide how to spend. Reserves are usually kept for covering unexpected costs or taking up opportunities that fit with the charity's purposes.

Charity trustees: These are the people who are legally responsible for controlling and managing how your charity is run.

Conflict of interest: A situation in which a charity trustee's personal financial interest may, or may appear to, influence the decisions made by the charity trustee for the charity.

Gift Aid scheme: This is a scheme that allows people who pay tax in the UK to donate the tax they would have paid on their donation to charity. Charities can claim back the income tax considered to have been paid on donations made through the scheme. The Gift Aid scheme is run by His Majesty's Revenue and Customs (HMRC).

Governing document: This is a formal document that sets out your charity's purposes and, usually, how the charity will be run. It may be a trust deed, a constitution, a memorandum and articles of association, a conveyance, a will, a Royal Charter, or a Scheme of the Commission.

What these terms mean and the type of charity that will use them is set out below.

Types of governing documents

Articles of association - define the company's purpose and lay out how tasks are to be accomplished within the organisation, including the process for appointing directors and how financial records will be handled. For companies with older style memorandum and articles of association all provisions in the memorandum are now classed under the articles of association.



Charitable company

Constitution - this is a legal document that sets out its charitable purposes ('objects'), powers, who runs it and who can be a member, meetings and appointments, rules on remuneration, investments and holding land, power to change the governing document and how to close the charity.



Unincorporated association

Rules which set out items such as its name, objects, where it is registered, membership.



Community benefit society

Scheme



A legal document that changes, replaces or extends the trusts of a charity. It may be a fully regulating scheme, covering all aspects of a charity's administration and purposes and replacing the previous governing document, or it may be a scheme that adds to or alters some part of the governing document.

Independent examiner: An independent examiner is an independent person who is reasonably believed by the charity trustees to have the ability and practical experience to carry out an examination of the accounts. They provide a simpler form of scrutiny of accounts than an audit but one that still provides an assurance that the accounts of the charity have been reviewed by an independent person.

If a charity's income is above £250,000 the independent examiner must be a member of one of the professional bodies listed in section 65 of the Charities Act (Northern Ireland) 2008. They should also be allowed by the rules of that body to undertake the role of independent examiner.

Public benefit: Public benefit is at the heart of what it means to be a charity. It's about who your charity helps and what difference it makes. The Charities Act sets out that a charity's purposes must be for the 'public benefit'.

Public benefit requirement: By law, all charities must have purposes that benefit the public. The law states that **all** a charity's purposes must:

- Fall into one or more of the 12 charitable purposes described in the Charities Act, and
- Be for the public benefit.

The Charities Act calls this the 'public benefit requirement'.

Purposes: A charity's purposes are what the charity is set up to achieve. They are usually set out in the charity's governing document. Some charities call their purposes 'objectives', 'goals' or 'aims'.

Serious incident: A serious incident is something that could lead to:

- The charity losing a large amount of money or assets
- Damage to the charity's property
- Negative consequences for the charity's work, the people it helps, or its reputation.

Appendix 2 - Preparing for annual reporting

Submitting your Annual Monitoring Return (AMR) to the Charity Commission



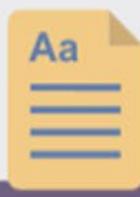
Check your charity's details are correct and up-to-date on the register of charities?

Make sure your email address and financial year end are correct. If not correct, log in using online services to update them.



Read the guidance:

Find out what type of accounts and level of scrutiny you need. Annual reporting guidance is on the Commission's website.



Review your charity's governing document

Check your governing document as rules here apply regardless of your income.



Look out for reminders and beware of your deadline:

We will send three email reminders to file your AMR to the charity's contact email address during the 10 months after your financial year ends.



Review and obtain approval from all charity trustees

Ensure documents are free from sensitive materials and that they are GDPR compliant. You can save and print your AMR before submission.



Gather the information required for the AMR and prepare The Trustees' Annual Report.

See online guidance ARRO5: How to complete the annual monitoring return and ARRO8: The trustees annual report and public benefit reporting



Appoint an appropriate person to prepare accounts and carry out Independent Examination or Audit

This will ensure your charity is compliant with accounting regulations.



Monitor your charity's income throughout the year.

This will enable you to identify the type of accounts and level of review required.



Helper groups

If you are having difficulties, why not approach one of the helper groups listed on our website? They are a great source of guidance and support.



Submit your Annual Monitoring Return to the Commission

This can be done via Online Services. You will receive a confirmation once you submit. Early submission buys you time to address identified issues.



Check your entry on the register the following day

This is to ensure all information you have submitted is correct.



We may contact you if your accounts or reports do not comply or we need more information.

More information

Website: www.charitycommissionni.org.uk

Email: admin@charitycommissionni.org.uk

Phone: 028 3832 0220

Sign up to our [newsletter](#) for news, views and important updates

Follow us on [Facebook](#), [Linkedin](#) and [X](#)