The Charity Commission for Northern Ireland

Receipts and payments accounts

Introductory notes

The Charity Commission for Northern Ireland is the regulator of charities in Northern Ireland, a non-departmental public body sponsored by the Department for Social Development.

Our vision

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 and advisory role".

Further information about our aims and activities is available on our website **www.charitycommissionni.org.uk**

Equality

The Charity Commission for Northern Ireland is committed to equality and diversity in all that we do.

Accessibility

If you have any accessibility requirements please contact us.

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. Words in **bold pink type** are hyperlinks and clicking on the words will take you to the specific website page where the information is stored.

Contents

Section 1: Overview

These notes and the accompanying accounts toolkit are designed to provide all the information needed to draft receipts and payments accounts.

The notes explain the principles underlying receipts and payments accounts and the toolkit provides a copy of our recommended format for their preparation. Fully completed, the pro forma and associated statements will meet the requirements of the law for such accounts.

In Northern Ireland many smaller non-**company charities** may choose to prepare receipts and payments accounts rather than **accruals accounts**. Company charities are not allowed to prepare receipts and payments accounts. Receipts and payments accounts involve simple cash accounting and are different to accruals accounts. The differences between the two are explained in the glossary of terms at the end of these notes.

Section 2: When can I use receipts and payments accounts?

2.1 Which accounts to use?

There are two types of accounts which charities can prepare: receipts and payments accounts and **accruals accounts**. A charity which is a company cannot use receipts and payments accounts.

The pro forma receipts and payments accounts are intended for use by charities:

- that are not required to prepare accruals accounts for the financial year; and
- whose trustees have opted to prepare receipts and payments accounts.

A charity can only use receipts and payments accounts if its governing document does not require it to produce accrual accounts. Trustees should be aware that if a governing document asks for 'true and fair' accounts or for the preparation of a balance sheet, this implies that accruals accounts are needed.

If a governing document does not state what type of accounts to prepare, in some cases accruals accounts may be preferable.

2.2 Considerations prior to opting for receipts and payments accounts

There are some occasions where, although the law allows receipts and payments accounts to be prepared, it may be preferable to prepare **accruals accounts**.

For example:

- donors may require accruals accounts to be prepared as a condition of their grant
- trustees may need to explain more about the use of their resources than simply cash movements. The need to explain resources in greater detail may arise when:
    - a charity has significant non-cash **assets**, or fixed assets which the trustees would like to value and depreciate in the accounts
    - a charity has received significant non-cash donations, for example **gifts in kind** or valuable gifts of services
    - a charity operates a total return policy in relation to **permanent endowment** investments.
- where the charity is growing in size or complexity, for example, where the charity uses a trading subsidiary, or where the charity is involved in joint operations with other charities

- where the charity has significant receipts or payments arising from asset and investment sales and purchases, and the trustees consider that the preparation of accruals accounts would explain these transactions more clearly
- where the charity carries out its activities mainly by making programme related **investments** by way of equity or loan rather than by making grants to beneficiaries and the trustees consider that the preparation of accruals accounts would explain these transactions more clearly.

In each of these cases, accruals accounts can provide a clearer picture of the charity's activities and financial affairs than receipts and payments accounts. These notes do not deal with accruals accounts.

If trustees opt to prepare their accounts on an accruals basis they may find the **Accruals Accounts Packs (CC17 or CC39)**, produced by the Charity Commission for England and Wales (CCEW), useful. The Charities Statement of Recommended Practice (Charities SORP) explains, in full, the methods and principles that must be adopted for charity accruals accounts. The Charities SORP adopts activity groupings for the accruals accounts of charities above the audit threshold.

Copies of the Charities SORP and other useful publications are available on our website **www.charitycommissionni.org.uk**

Section 3: How do I use the receipts and payments toolkit?

3.1 How can this toolkit be used?

The pro forma receipts and payments accounts toolkit is an Excel spreadsheet that can be used in one of two ways:

(i) Where trustees do not wish to design their own annual accounts, they can enter the relevant details and amounts from the cash book and other records of the charity onto the spreadsheet.

(ii) Trustees who want to produce their own form of receipts and payment accounts can use the spreadsheet as a checklist.

3.2 Must trustees use this format for receipts and payments accounts?

No. There is no statutory format for **receipts and payments accounts** in Northern Ireland. The pro forma accounts spreadsheet is designed to meet **minimum** recommended levels of accountability.

3.3 What statements need to be prepared?

The annual report and accounts of registered charities preparing receipts and payments accounts will usually consist of **three** related documents prepared by the trustees:

- **A trustees' annual report** – giving details about the charity's activities for the public benefit in the year.
- **Receipts and payments accounts** – providing an analysis of the incoming and outgoing **cash** for the year. A pro forma is available for these accounts.
- **A statement of assets and liabilities** - outlining the charity's main **assets** and liabilities at the end of the year and including the cash balances at the year end, shown in the receipts and payments accounts.

Most charities preparing receipts and payments accounts choose to have an independent examination of their accounts instead of an audit.

At present there is no requirement under Northern Ireland charity law for charities to prepare a trustees' annual report or have their accounts reviewed or audited, but it is recommended that charities prepare these reports as a matter of good practice. This will change when accounting and reporting regulations made by the Department for Social Development (DSD) come into effect, when all charities must adhere to the requirements laid out in the legislation. DSD anticipate the accounting and reporting regulations will come into effect for charities with accounting periods beginning on or after 1 January 2015, and plan to consult on these regulations in conjunction with the Charity Commission later in 2014.

Section 4: What are the features of receipts and payments accounts?

4.1 Record cash movements only

Receipts and payments accounts are statements that summarise the movement of cash into and out of the charity during the financial year. This includes:

- bank and building society current accounts
- other cash accounts into which money is banked or used to make payments.

4.2 Summaries of cash movements

Although there is no legally required format for receipts and payments accounts, it is generally accepted that they should not report all individual receipts and payments (like a cash book) but should summarise similar items. For example, all voluntary donations received could be shown as one entry and all payments for one activity or cost category could be shown as one entry.

4.3 Required and recommended content

There are no specific requirements in Northern Ireland for what needs to be included in receipts and payments accounts. Charities should report what readers of accounts might want to know, for example, how much has been spent on the charity's primary purpose and fundraising.

4.4 Differences from accruals accounts

Receipts and payments accounts include some items that do not appear in **accruals accounts**. These extra items involve either exchanging cash for other **assets** or exchanging other assets for cash. Examples include receipts from the sale of fixed assets or **investments**. These items should form a separate category, as they do not record resources moving into or out of the charity.

Similarly receipts and payments accounts exclude some items that are included in accruals accounts. These excluded items mainly involve changes in the value of assets, such as investments, buildings, **creditors** and **debtors**. Receipts and payments accounts will not contain any amounts for depreciation, **gifts in kind**, bad debts or gains and losses on sales of investments or fixed assets.

4.5 Assets and liabilities

A statement listing **assets and liabilities** is required in receipts and payments accounts. This replaces the balance sheet required for **accruals accounts**. However, no asset valuations are required, unless a valuation is essential to a meaningful description of the asset. This would be the case, for example, for cash or deposit account balances. Valuations, even approximate ones, may be provided if trustees wish.

4.6 Notes to the accounts

Notes are seldom necessary, although if notes would help the reader to understand the accounts better, they should be added.

Examples of notes that may be included are:

- information about significant non-monetary resources, for example, donated goods and services
- a brief note on transactions with **related parties** and trustees
- details of any remuneration or expenses paid to any trustee or related party
- details of the movement of particular restricted funds.

Otherwise this information can be included in the trustees' annual report.

4.7 Accounting standards

Receipts and payments accounts are not expected to show a ‘true and fair view’ of the charity's financial activities and state of affairs as is required with accounts prepared on the accruals basis. **Accounting standards**, which are primarily concerned with the presentation of a true and fair view, do not apply to receipts and payments accounts.

However:

- receipts and payments accounts should be prepared in a consistent way from year to year, and

- if valuations are provided in the statement of **assets** and liabilities, they should be relevant, reliable and understandable.

Section 5: Tips on preparing receipts and payments accounts

5.1 Where should the cut-off point be at the year end?

The closing cash balance to report in the accounts should be:

- the cash balance on the last day of the financial year
- **plus** any money received before the end of the year but only banked in the following year
- **less** any cheques written or other payments made before the end of the year but not cleared through the bank until the following year.

5.2 Accounting for separate funds

Trust law requires that trustees should be able to account separately for each restricted, endowment and unrestricted fund that they manage. A separate bank account is not required for each fund provided that the book keeping records allow the trustees to identify the receipts and payments of each fund and the related **assets** and liabilities.

When preparing year-end accounts, trustees may **either**:

- prepare a separate receipts and payment account for each fund that they manage

or

- combine all types of fund into a single statement, using a separate column for each type of fund.

The pro forma receipts and payments toolkit adopts an approach that allows trustees to prepare a single statement covering all categories of funds.

5.3 How to summarise cash movements

Receipts and payments accounts **summarise** cash movements. All payments for similar types of expense (eg wages) or similar activities (eg running an advice centre) and all receipts of a similar type (eg donations) should be added together. Significant items, for example, a large grant may be shown separately in the accounts or explained in a note to the accounts.

5.4 How are payments and receipts analysed?

There are two ways in which payments and receipts are normally analysed: by the ‘nature’ of the transactions or by the ‘activity’ categories of the charity.

Analysis by **nature**:

- For payments this means wages, rent, electricity, etc.
- For receipts this means donations, trading income, etc.

Analysis by **activity**:

- For payments this means costs of generating funds, **costs of charitable activities**, **governance costs**.
- For receipts this means receipts from generated funds and **receipts from charitable activities**.

Table 1 in section 7 gives an example of the types of headings that might be used under the 'natural' classification.

Table 2 in section 7 gives an example of the type of headings that might be used under the ‘activity’ classification. The glossary also provides details of what would be included under each activity heading.

Trustees may use either of these analysis methods or any other method that gives a reasonable summary of receipts and payments.

5.5 What is apportionment?

If payments are analysed using an ‘activity’ classification then it is likely that payments will often require apportionment. Apportionment refers to payments or receipts which are received for more than one activity or fund. For example:

- where stationery is used for both fundraising and charitable purposes, or
- where part of a payment is used for routine property maintenance and part for an improvement funded by a restricted grant.

These payments should be apportioned on a reasonable basis and charged to the activities or funds to which that payment relates.

A reasonable basis for apportionment may be time. For example, an administrator’s time is shared between a fundraiser and an advice centre manager. An estimate should be made of a reasonable cost to be charged to each activity. If the administrator’s time is shared equally between the two roles, then it would be reasonable to share the costs equally between the two activities.

Where a single payment, or receipt, relates to different funds then the payment or receipt must be apportioned reasonably between the respective funds in the receipts and payments accounts.

5.6 Endowment funds

Where a charity has an endowment fund which consists of **investments**:

- Receipts generated by endowment fund **assets** (dividends, interest, rent etc) will appear in the **unrestricted funds** column, or restricted funds column if the receipt can only be applied for a restricted purpose, and not in the **endowment funds** column.
- Receipts from the disposal of investments, or payments to acquire new investments should be included within the endowment column.
- **Investment management costs** should be taken from the capital of the investments in the fund.

The investment management costs will not be paid from the endowment capital if:

- the governing document of the endowment says they must not be, or
- there are insufficient capital funds in the endowment to meet these costs.

In these cases investment management costs may need to be charged against unrestricted funds.

5.7 Statement of assets and liabilities

The **statement of assets and liabilities** should provide sufficient detail to give the readers of the accounts a broad understanding of the type of assets controlled by the trustees and any material liabilities that need to be met from the funds.

There is no need to list all individual assets (for example, each chair and table or each individual holding for listed **investments**) but the list should be sufficient to identify the main categories of asset held by the charity.

A description of assets held may be sufficient, unless an amount or value is needed to provide a meaningful understanding of the asset. For example, in the case of cash and other monetary assets such as building society deposits, the cash value would be given. Trustees should take a reasonable approach to a valuation. Possible approaches could be assets' cost, insurance value or market value (eg for listed shares). No professional valuations are required but if one is available, perhaps as a result of an insurance survey, then this may be used.

5.8 Gifts of assets and services

Gifts of **assets** and gifts of services are not included in receipts and payments accounts. Gifted assets should be included in the statement of assets and liabilities. There is no requirement to value volunteers' time, though trustees may choose to refer to the contribution made by volunteers in their trustees' annual report or in a note to the accounts to explain these contributions.

5.9 Notes to the accounts

There is no outline page in the pro forma accounts for any notes to the accounts. If trustees need to add any notes, then they can do so on additional sheets.

Section 6: Detailed notes for completing receipts and payments accounts

6.1 General

All trustees, not just the treasurer, are responsible for the content and accuracy of the accounts and the trustees' annual report. Trustees should formally approve the report and accounts at one of their meetings. Sometimes trustees may wish to give a fuller understanding of a transaction or events. This information should be recorded as explanatory notes on additional sheets to the accounts.

The receipts and payments account toolkit has a column for 'last year's figures'. Whilst it is not compulsory to complete this column, it is good practice and assists understanding of the current year's figures.

All amounts should be rounded up to the nearest pound, for example £4.60 becomes £5.

6.2 Which columns to complete

Where charities only have an unrestricted or general fund, then the trustees will only need to enter amounts in the first column of the receipts and payments accounts. The additional columns should be completed by charities with restricted and/or **endowment funds**.

In the statement of **assets** and liabilities trustees should detail the fund to which the asset or **liability** relates.

6.3 Analysis of receipts and payments

Charities can choose how they summarise their receipts and payments. This summary should then be recorded on the first page of the toolkit pro forma. Receipts are recorded in the upper section of the form and payments in the lower section.

The Commission suggests that charities report three types of transaction on special rows.

These transactions are:

- receipts from the sale of any of the charity's **assets** or **investments**. These receipts do not increase the assets of the charity, but convert them from one form to another (see note A2 in tables 1 and 2 of section 7);
- payments to purchase assets or investments. These payments do not represent assets being used by the charity, but convert them from one form to another (see note A4 in tables 1 and 2 of section 7)

- transfers from one type of fund to another. For example where a charity has a shortfall on a project and transfers money from an unrestricted fund to a restricted fund (see note A5 in tables 1 and 2 of section 7).

The Commission recommends that charities present accounts in this way, to help those reading the accounts to see how much the charity has:

- received to support its work
- paid out to undertake its activities
- transferred to and from other assets and investments.

Section 7: Notes for completing receipts and payments accounts – natural and activity based categories

This section compares using a natural categories approach to using an activities approach. It also explains what should be included in each part of the receipts and payments accounts.

7.1 Examples of natural receipts & payments categories

Table 1

A1 Receipts In this section summarise all receipts using either a natural or activity classification. Do not include receipts in this section that are included in 'A2 Asset and investment sales'. **The total of this section will be accepted by the Commission as the gross income figure, to be entered on the annual return.**
Examples of natural receipts and payments include monies from: Donations, legacies and grants Fundraising events, for example raffles, jumble sales, coffee mornings Interest earned from deposit accounts Dividends on **investments** Members' subscriptions Fees for charitable services, for example advice services Hire of halls and equipment
A2 Asset and investment sales
Receipts from sale of fixed assets Receipts from sale of investments Loan repayments received Loans received from an external funder

A3 Payments In this section summarise all payments using either the natural or activity classification. Do not include payments in this section that are included in 'A4 Asset and investment purchases'.
Cost of fundraising events Wages / salaries and national insurance Pension contributions Rent/hire of rooms Repairs and maintenance Lighting and heating Water and sewerage Insurance Telephone, internet and postage Printing, postage, stationery and computer supplies Grants and donations paid to others Bank interest and charges
A4 Asset and investment purchases
Purchase of fixed assets Purchase of investments Loans made Loans repaid to an external funder
A5 Transfers between funds Use this section to show any **transfers** between restricted, unrestricted and **endowment funds**. The total of these transfers should be zero.
Include transfers from: • unrestricted/general funds to meet a deficit on a restricted fund • an **expendable endowment** to an unrestricted/general or **restricted income** fund to spend on charitable purposes • a restricted fund of any unspent funds to unrestricted/general funds with the agreement of the donor or the consent of the Commission. Where any expendable endowment funds are transferred to unrestricted or restricted income funds, there must be authority for this either from the charity's governing document or from the Commission. Give details of any transfer that has been made in a note, recording the authority for the transfer.

A6 Cash funds last year end
Use this section to show the cash balances brought forward from last year end. This should include the balances held in all the charity's cash and deposit accounts.

7.2 Example of activity based receipts & payments categories

Table 2

A1 Receipts In this section summarise all receipts using either a natural or activity classification. Do not include receipts in this section that are included in 'A2 Asset and investment sales'. **The total of this section will be accepted by the Commission as the gross income figure, to be entered on the annual return.**
Examples of activity based receipts and payments include monies from: **Voluntary receipts** **Activities for generating funds** Investment dividends/interest Charitable activities Other receipts
A2 Asset and investment sales
Receipts from sale of fixed assets. Receipts from sale of **investments** Loan repayments received Loans received from an external funder
A3 Payments In this section summarise all payments using either the natural or activity classification. Do not include payments in this section that are included in 'A4 Asset and investment purchases'.
Costs of generating voluntary receipts **Fundraising costs**, trading activities **Investment management costs** **Costs of charitable activities** **Governance costs** for example training, expenses

A4 Asset and investment purchases
Purchase of fixed assets Purchase of investments Loans made Loans repaid to an external funder
A5 Transfers and movements Use this section to show any **transfers** between restricted, unrestricted and **endowment funds**. The total of these transfers should be zero.
Include transfers from: • unrestricted/general funds to meet a deficit on a restricted fund; • an **expendable endowment** to an unrestricted/general or **restricted income** fund to spend on charitable purposes; and • a restricted fund of any unspent funds to unrestricted/general funds with the agreement of the donor or the consent of the Commission. Where any expendable endowment funds are transferred to unrestricted or restricted income funds, there must be authority for this either from the charity's governing document or from the Commission. Give details of any transfer that has been made in a note, recording the authority for the transfer.
A6 Cash funds last year end Use this section to show the cash balances brought forward from last year end. This should include the balances held in all the charity's cash and deposit accounts.

Section 8: Notes for completing the statement of assets and liabilities

This section should include a summary of the **assets** and liabilities held by the charity. If there are many small items, similar ones should be grouped together. If assets belong to a restricted or endowment fund, please indicate this on the form. The form provides spaces to give details of each class of assets and liabilities held.

B1	**Cash funds** should include all cash, bank and building society current and deposit accounts or other cash accounts into which money can be banked or used to make payments.
B2	**Other monetary assets** may include: • tax reclaim(s) due; • recoverable grants and charitable loans due to the charity; and • other debts (recoverable amounts) due to the charity.
B3	**Investment assets** may include: • government stocks, etc; • other quoted securities; • properties held primarily for investment purposes; • **investments** in subsidiary or associated companies; and • other investments
B4	**Assets retained for the charity's own use** may include: • land and buildings primarily occupied by the charity; • motor vehicles; • computers and other equipment; • furniture, fixtures and fittings; • **heritage assets**; and • other assets used by the charity in delivering its purposes.

B5	**Liabilities** may include: Those immediately due, for example: • taxes due but not yet paid; • amounts due to staff for wages, salaries, etc; and • suppliers' accounts not yet paid. Those payable sometime in the future or that are contingent, for example: • loan liabilities, for which details of lenders, terms, etc may be added; • amounts payable on hire purchase and other leasing arrangements; and • any other liabilities.

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Appendix1: Glossary of terms

Accruals accounts report the value of resources held by an organisation at the beginning and end of any accounting year and the movement of those resources between the two dates. They require the measurement and valuation of assets and liabilities. A clear understanding of the rules and conventions used by accountants is necessary for their preparation.

In comparison to receipts and payments accounts which only include cash resources, accruals accounts include all resources. In addition they report on the movement of these resources in the Statement of Financial Activities. The Statement of Financial Activities must reconcile with a statement of opening and closing resources, usually called the balance sheet.

Accounting year, sometimes called the financial year, is the period which the accounts cover. It is normally a calendar year. Charities may change their year end to a financial year as long as 18 months or as short as 6 months. All the reporting thresholds apply to the 'accounting year' even if this year is shorter or longer than a calendar year i.e. thresholds are not applied on a pro rata basis.

Activities for generating funds include receipts from:

- fundraising events for example jumble sales, fireworks displays and concerts;
- trading activities to generate funds, for example the sale of Christmas cards and other merchandise;
- sponsorships and social lotteries that are not pure donations;
- shop sales from selling donated and bought-in goods;
- services other than those provided to beneficiaries; and
- letting and licensing arrangements of property held primarily for functional use by the charity but temporarily surplus to requirements.

Assets provide a future benefit to the charity. Assets include land, buildings, equipment, furniture, investments, trading stock, debtors, cash, deposit accounts, etc.

Company charities are charities which were established under company law. Company charities are also registered with Companies House and have a company number in addition to their charity number. Company law sets out how company charities should prepare their accounts on an accruals basis to give a true and fair view.

Costs of charitable activities are all the payments made in undertaking a charity's work to deliver its charitable purposes for the public benefit and include:

- grants to individual beneficiaries for charitable purposes and/or paid to charitable and other institutions;
- payments for goods/services provided to beneficiaries; and
- payments for charitable activities for example, the provision of advice.

Costs of generating voluntary receipts include payments made by a charity to raise donations, grants and legacies and similar voluntary receipts. These include the costs of:

- producing advertising, marketing and direct mail materials for the purpose of fundraising;
- any remuneration payable to a fundraising agent; and
- publicity which supports fundraising but not costs used in an educational manner to advance the charity's purposes.

This category does not include the costs of trading activities.

Creditors are persons or organisations to whom the charity owes money for supplies of goods and services or loans received.

Debtors are persons or organisations that owe money to the charity, normally for supplies of goods or services but also for loans made and legacies.

Donated services and facilities is assistance in the form of donated facilities, beneficial loan arrangements, donated services or voluntary help. These items will not appear in receipts and payments accounts, but trustees may wish to refer to the support in their annual report.

Fundraising costs include:

- cost of generating voluntary receipts (see above); and
- fundraising trading payments comprising the costs of trading to raise funds including payments to buy goods for resale and any other payments associated with a trading activity.

Funds - Endowment funds are funds that the charity is prohibited by the governing document from spending as income. Normally these will be investments but may also be property held as endowment for use by the charity. The investment receipts must be spent for the purposes indicated in the governing document. There are two forms of endowment: permanent and expendable (explained below).

Funds - Permanent endowment is a type of endowment fund (see above) where the trustees do not have the power to spend the capital.

Funds - Expendable endowment is a type an endowment fund (see above) where the trustees have the option, under certain conditions, to spend the capital as if it were income of the charity.

Funds - Restricted income are those funds that the trustees are obliged to spend only on particular purposes set out by the donor or in an appeal document and these particular purposes are narrower than the charity's objects.

Funds - Designated funds are part of unrestricted funds which the trustees have set aside or earmarked to be used for a particular purpose. They are not legally distinct funds and trustees can at any time redesignate them for other purposes. They should be shown as part of unrestricted funds.

Funds - Unrestricted funds are those funds that the trustees are able to spend for any of the charity's charitable purposes.

Gifts in kind are gifts of assets other than cash, such as articles to given to or be used by beneficiaries (toys for a playgroup) or to be sold to raise cash (second-hand clothing). Only the proceeds of sale of gifts in kind will appear in receipts and payments accounts, but trustees may wish to refer to what was received in their annual report.

Governance costs are those payments associated with the governance arrangements of the charity and relate to the general management of the charity as opposed to those costs associated with fundraising or charitable activity. These payments will normally include:

- independent examination, or audit;
- costs associated with constitutional and statutory requirements, for example, the cost of trustee meetings, preparing statutory accounts and associated legal advice.
- any costs associated with the strategic as opposed to day today management of the charity's activities.

Gross income The Charities Act 2008 section 180 defines gross income to mean the gross recorded income from all sources including special trusts. For accounts prepared on a receipts and payments basis gross income is generally the total receipts recorded in the statement of accounts excluding endowments, loans and proceeds from sale of investments or fixed assets. For charities using these pro forma accounts their gross income is the total receipts shown in section A1 of the pro forma accounts.

For accounts prepared on an accruals basis gross income is the total incoming resources as shown in the Statement of Financial Activities (prepared in accordance with the Statement of Recommended Practice for charities) for all funds but excluding any endowment and including any amount transferred from endowment funds to income funds during the year so as to be available for expenditure.

Heritage assets are those assets held by the charity in pursuit of preservation or conservation objectives. For more information refer to the Statement of Recommended Practice for charities.

Investments are assets that are held to generate a return by way of income, capital growth or both. Investments may include government gilts, shares, bonds and deposit accounts when held as an investment.

Investment receipts are assets that are held to generate a return by way of income, capital growth or both. Investments may include government gilts, shares, bonds and deposit accounts when held as an investment.

Investment management costs will include any payments for:

- portfolio management charges;
- investment advice; and
- management or maintenance of investment property.

Liability is an obligation to pay for something. Liabilities include loans, creditors, bank overdrafts, etc.

Materiality is used to describe the importance of including a description or the amount of an item in accounts. An item is material if its inclusion in, or exclusion from the accounts would be likely to change a user's view of the charity's activities or of its assets or liabilities. Normally the larger the item the more material it is likely to be. Some items will always be material due to their nature, for example payment of expenses to trustees.

Receipts earned from investment assets may include:

- dividends/interest from investments;
- interest on loans made to a subsidiary;
- rents from a property held as an investment; and
- tax reclaims on investment receipts.

Receipts from charitable activities consist of receipts from trading within the charity's objects. Examples of this type of trading receipt include fees received in a playgroup, fees for advice or counselling services and the sale of religious booklets by a religious charity. Sometimes grants received (for example from local authorities) are more like trading receipts (for example where there is a service level agreement). When this is the case, it is acceptable for grants to be included here instead of as voluntary receipts.

Related parties are those parties with whom the charity has a relationship that might inhibit it from objectively pursuing its own separate interests. This will include charity trustees, those connected with a charity trustee by, for example, a close family relationship, and any other party that can exert significant influence over the operations of the charity.

Voluntary receipts comprise gifts that will not normally provide any return to the donor other than the knowledge that someone will benefit from the donation. They will thus exclude any gifts that are quasi-contractual (in that a certain service to a certain level must be provided) but they would include gifts that must be spent on some particular area of work i.e. restricted funds.

Voluntary receipts include:

- gifts, donations and appeals including legacies and bequests;
- grants which provide core funding or are of a general nature, provided by government and charitable foundations;
- membership subscriptions and sponsorships which are, in substance, donations; and
- tax reclaims on Gift Aid donations.

Useful publications

Receipts and Payments toolkit

Example Receipts and Payments accounts

Charities SORP guidance

Trustees' annual report guidance

Fundraising guidance

Running your charity guidance

The public benefit requirement: statutory guidance

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**

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. They will be safeguarded and will not be disclosed to anyone not connected to the Commission 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 Commission 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:

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