

Appendix 3: Fully accrued accounts

Under the 2006 Regulations, the statement of account for fully accrued accounts must consist of:

- **a Trustees' Annual Report** from the charity trustees of the activities of the charity. The content of the annual report is detailed in the SORP. The annual report is a crucial component of the statement of account and its preparation should actively involve the charity trustees. It provides information that is not contained in the financial statements that will enable a reader to understand how the numerical information relates to the organisational structure and activities of the charity
- **a Statement of Financial Activities** of the charity that gives a true and fair view of the incoming resources of the charity and their application during the financial year
- **a Balance Sheet** that gives a true and fair view of the state of the financial affairs of the charity at the end of the financial year
- **a Cash Flow Statement** (applicable to large audited charities)
- **notes to the accounts** that explain the accounting policies adopted and explain or expand on the information contained within the main accounting statement. See the SORP for further information.

The Balance Sheet and Trustees' Annual Report must be signed by one of the charity trustees on behalf of all the charity's trustees. Both documents must also specify the date on which the statement of account of which they form part was approved by the charity trustees.

The trustees' or directors' report of a charitable company is often signed by the company secretary. Where the company secretary is not also a charity trustee, the report must be signed by a charity trustee.

The statement of account must be prepared in accordance with the methods and principles set out in the SORP.

Additional information must be provided in the notes to the accounts where the Statement of Financial Activities (SoFA) and Balance Sheet are insufficient on their own to provide a true and fair view.

If compliance with the 2006 Regulations for the preparation of accounts would not be consistent with giving a true and fair view, the trustees should depart from the 2006 Regulations to the extent necessary to give a true and fair view. The reasons for any departures from the 2006 Regulations should be given in the accounts.

To allow comparisons to be made, any figures in the Statement of Financial Activities or Balance Sheet must include the corresponding amount for the previous financial year or period. Where the corresponding amount referred to has a different definition, it must be adjusted to allow a comparison to be made.

Where there is no figure to be shown in the statement of account but there was a corresponding amount in the previous year, then the previous year's figure must be shown.

The Statement of Financial Activities must distinguish between unrestricted, restricted and endowment funds. However, where a charity has more than one fund in any of these categories it can present the total funds held in each. The notes to the accounts must then explain in sufficient detail the content of the unrestricted, restricted and endowment funds so that the reader gains a full understanding of the accounts.

Charities preparing fully accrued accounts should also be aware of the concessions that are available within the SORP for those charities that are below the statutory audit thresholds. Some particular accounting disclosures may not be relevant for the users of accounts prepared by smaller charities. Similarly, the level of detail provided in the Trustees' Annual Report is likely to be dependent on the structure, size and complexity of the charity and be proportionate to the needs of the users of the report. The concessions are detailed in Appendix 5 of the SORP.