



# Chariot House

# Charity newsletter

*Autumn 2018*

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### *Introduction*

Safeguarding and fraud continue to be major themes in the charity sector. We remind you of the latest guidance in this newsletter.

We know that getting VAT right is also an ongoing matter of concern for many charities. Funding and income generation remains another key area for charities, and we have seen a number of charities look at using trading subsidiaries recently.

So we are covering VAT and trading subsidiaries at our next seminars (Brighton 7 November, London 21 November).

Email Lucy Eldridge at [lucy.eldridge@chariothouse.co.uk](mailto:lucy.eldridge@chariothouse.co.uk) if you haven't received an invitation to the seminars and would like more details.

The Charity Commission have been very busy with updated and new guidance over the last six months. You will see a rather longer Charity Commission News section in this newsletter. As ever, we give you a short description of the issue, and you can then follow the link if this might apply to your charity.



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## *Charity Commission news*

### **Safeguarding**

As mentioned above, this continues to be a major issue in the sector.

The Charity Commission has issued updated guidance and alerts that you can find at:

<https://www.gov.uk/guidance/safeguarding-duties-for-charity-trustees>

The Charity Commission have advised that you should carry out a thorough review of your charity's safeguarding policy and practice if you have not done so in the last twelve months. It seems to us as though you should schedule this as an ongoing annual review and that safeguarding should be a standing item on trustee and management meeting agendas.

Updated guidance has also been issued on child safeguarding:

<https://www.gov.uk/government/publications/working-together-to-safeguard-children--2>

NCVO has some guidance on writing a policy:

<https://knowhownonprofit.org/organisation/operations/safeguarding>

Finally, Bates Wells Braithwaite have produced a helpful two page summary on safeguarding duties. This may be useful to you as a checklist to work through:

<https://www.bwbllp.com/file/safeguarding-for-trustees-pdf>

### **Fraud**

Fraud is a major issue in society and in charities. Unfortunately, we are hearing about incidents of fraud in the sector locally. Charities must show that they are taking the issue of fraud prevention seriously.

Updated guidance has been produced on how to protect your charity from fraud:

<https://www.gov.uk/government/news/alert-for-charities-be-aware-of-insider-fraud-threats>

The Fraud Advisory Panel has specific guidance and resources for charities:

<https://www.fraudadvisorypanel.org/charity-fraud/resources/>

### **New Trustees**

The Charity Commission has produced a new welcome pack for recently appointed trustees. If you are a new trustee, this should be emailed to you on notification of your appointment to the Commission.

We strongly recommend new trustees read this (it is only 8 pages long) along with CC3 and CC25:

<https://www.gov.uk/government/publications/charity-trustee-welcome-pack>

### **Automatic Disqualification**

Well hopefully this will not happen to you soon – actually ever – if you have just become a trustee! The guidance also applies to senior managers (defined as CEO and CFO):

<https://www.gov.uk/guidance/automatic-disqualification-rule-changes-guidance-for-charities>

The Charity Commission have produced sample declarations (Word documents that you can download from the above linked guidance) that they suggest you use before appointing a prospective senior manager or trustee. In fact, it seems sensible good governance to get existing trustees and managers to sign these too.



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## Annual Return

There has been updated guidance on the ever longer Charity Commission Annual Return:

<https://www.gov.uk/guidance/prepare-a-charity-annual-return>

New questions include details of income from overseas, expenditure overseas, and salary and benefits paid. It depends on your income level whether you are asked all the questions.

Just to remind you, the deadline for filing this is 10 months after your financial year end.

## CIOs

The latest option available is to convert a CIC to a CIO:

<https://www.gov.uk/guidance/convert-a-community-interest-company-to-a-cio>

## Is a Charity the Best Option?

We think if you are looking to do something that is clearly charitable and is of sufficient scale, then the answer is yes.

To help you consider this, the Charity Commission has produced guidance:

<https://www.gov.uk/guidance/check-if-a-new-charity-is-the-best-option>

## Digital Services

You now need to do the following online:

- Changing a charity's name
- Changing a charity's governing document
- Removing a charity from the register
- Sending in a charity's annual return (you are probably doing this one already)

## Grants to Non-Charitable Organisations

This question comes up from time to time. It is perfectly acceptable to provide grant funding to a non-charity, but this can give rise to particular risks. The trustees may therefore need to take extra steps to ensure that the funds will be used for charitable purposes and for the public benefit.

The latest Charity Commission guidance on this is found at:

<https://www.gov.uk/guidance/draft-guidance-grant-funding-an-organisation-that-isnt-a-charity>

Of course, a charity cannot just make a grant to another charity unless the recipient charity will use the money in line with the donor charity's purposes.

## Updated Guidance

And finally, some other important guidance that has been updated:

CC3

<https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3>

CC3a

<https://www.gov.uk/guidance/charity-trustee-whats-involved>

CC30

<https://www.gov.uk/government/publications/finding-new-trustees-cc30>



## Governance

### Improving Charity Boardroom Behaviours

We are sure that all your trustee meetings run smoothly.

Actually, our experience is that these meetings run well, though that may just be the meetings we get invited to or the effect of our presence...

In case you need any help or feel things need to be improved:

<https://www.icsa.org.uk/knowledge/resources/improving-charity-boardroom-behaviours>

### Leading with Values

Here is a very interesting publication from ACEVO to help with the better leadership in your organisation:

<https://www.acevo.org.uk/leading-values-safe-organisational-culture>

We would add to this the importance of creating 'psychological safety' in order to have a high performing team. See this great article from Harvard Business Review:

<https://hbr.org/2017/08/high-performing-teams-need-psychological-safety-heres-how-to-create-it>

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### New Governance Code

As we think the New Governance Code is a key publication for the sector, we are reminding you of the resources available.

We believe that every charity should be working through the Code and adopting the 'apply or explain' approach to what the Code proposes.

If you want to start looking at the Code itself:

<https://www.charitygovernancecode.org/en>

A number of organisations have produced checklists that you may find helpful. Pick from:

<http://www.unw.co.uk/wp-content/uploads/2017/10/Charity-Sector-Governance-Code-LCs.pdf>

<https://getlegal.bwbllp.com/for-charities>



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## *Tax update*

### **Museums and Galleries Exhibition Tax Relief**

The Museums and Galleries tax relief is a new relief available to organisations from 1 April 2017. Even though this is a corporation tax relief, it can provide benefit to a charity, despite no tax being paid when they are undertaking new qualifying exhibitions.

The Arts Council has produced a guide:

<https://www.artscouncil.org.uk/supporting-arts-museums-and-libraries/museum-gallery-exhibitions-tax-relief>

If you think you may qualify or want to discuss this more, speak to your usual contact at Chariot House.

### **Making Tax Digital (MTD)**

We remind you that MTD will apply from April 2019 for VAT registered charities and their VAT registered subsidiaries. From 1 April 2019, paper records will no longer be sufficient and it will become mandatory for businesses including charities, which fall within MTD to keep digital records and to submit VAT returns directly from accounting software. Information can only be submitted to HMRC via an Application Program Interface (API) which can be done from software, bridging software or API enabled spreadsheets. You will no longer be able to submit your return through the government gateway.

This is unlikely to be an issue if you are using mainstream accounting programs, but you may wish to check with your software supplier what progress they are making with MTD.

Here is a useful guide:

<https://www.charitytaxgroup.org.uk/news-post/2017/hmrc-clarifies-reporting-requirements-charities-making-tax-digital>

### **Charity Corporation Tax**

We have previously explained how tax works for charities at one of our seminars.

While charities are generally exempt from corporation tax, they can be liable if they carry out non primary purpose activities and they can also be asked to complete a corporation tax return from time to time.

This is a useful summary of the position on corporation tax:

<https://www.charityfinancials.com/charity-financials-insider/charity-corporation-tax-the-10-rules-you-need-to-know-1775.html>

And perhaps another reason why you may need to set up a trading subsidiary – do come to our seminars in November which will be looking at subsidiaries as well as VAT.

### **Simple Guide to Tax Reliefs for Charities and Social Enterprises**

We are not sure we would wish to ever describe the UK taxation system as simple.

But here is a guide you may well find helpful:

<https://www.bigsocietycapital.com/sites/default/files/Simple-Guide-to-Tax-Reliefs-for-Charities-Social-Enterprises.pdf>

### **Simplification of Donor Benefit Rules for Gift Aid**

These are being simplified with effect from 6 April 2019:

<https://www.gov.uk/government/publications/simplification-of-donor-benefits-rules-for-gift-aid/simplification-of-donor-benefits-rules-for-gift-aid>

And see another announcement on Gift Aid at the end of the Other Matters section.



## Other matters

### GDPR

Hopefully you have made good progress in dealing with this.

CFG have produced a guide if you need help or want to check your progress:

[https://cfg.org.uk/userfiles/documents/CFG%20resources/CFG%20Publication/CFG266%20Data%20protection\\_AW.pdf](https://cfg.org.uk/userfiles/documents/CFG%20resources/CFG%20Publication/CFG266%20Data%20protection_AW.pdf)

### Fundraising

New disclosure requirements are required for auditable charities that raise funds from the public.

The guidance is found in CC20 and we recommend that any relevant charities review how they are complying with the guidance:

<https://www.gov.uk/government/publications/charities-and-fundraising-cc20>

There is also a useful resource from CAF:

<https://www.cafonline.org/charities/fundraising/fundraising-fundamentals>

### Earning Interest

As we all know, interest rates continue to remain low.

On top of this, opening new bank accounts can be an administratively tortuous process.

But if you could earn even a little more interest this would help cover some of your costs. One service we are aware of that may assist you is provided by Skerritts Financial Advisers, with whom we have worked over a number of years. They offer a Cash Management Service for charities and you can obtain details from them by contacting them on 01273 204999.

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## You Can Have Your Cake and Gift Aid It

It is pleasing to hear that HM Treasury have confirmed (on the day of the Macmillan Coffee Morning) that you can still receive (and eat) cake if you make a gift aid donation at a charity bake sale event.

Good news for everyone and especially our cake-loving colleague Graham...

<https://www.gov.uk/government/news/jenrick-treasury-supports-bake-off-fever>

CHARIOT HOUSE LIMITED  
Chartered Accountants and Registered Auditors

44 Grand Parade  
Brighton  
East Sussex  
BN2 9QA  
Tel: 01273 447040

6 Salisbury House  
Finsbury Circus  
London  
EC2M 5QQ  
Tel: 0203 285 8900

[www.chariothouse.co.uk](http://www.chariothouse.co.uk)

Every care is taken in preparing this newsletter, but readers are advised to seek professional advice before acting on any information contained in it.

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