

## **Russell New Charity and Education Newsletter – January 2007**

Welcome to the first addition for 2007 of our Charity and Education Newsletter. In it we cover a variety of topics including legislative updates and new guidance/information issued by the Charity Commission.

### **Charities Act 2006: Implementation Plan**

The Charities Act 2006 was given Royal Assent on the 8 November 2006. It is a major piece of charity legislation, reflecting both the changes in society and in the charity sector over the last decade.

The government (through the cabinet office) has issued a document setting out a provisional timetable for the implementation of the Act. The aim is to allow charities properly to prepare for changes that will affect them.

The first part of 2007 will concentrate on issuing a plain English guide to the Act and a consultation with the sector to ensure clear guidance is available on the public benefit test.

Full details of the implementation plan can be found at:

[http://www.cabinetoffice.gov.uk/third\\_sector/documents/charity\\_reform/implementation\\_plan.pdf](http://www.cabinetoffice.gov.uk/third_sector/documents/charity_reform/implementation_plan.pdf)

We will of course keep you updated with any significant news regarding the Act in future newsletters.

### **Safeguarding Children**

The Charity Commission has updated its guidance notes on 'Protecting Children in Your Organisation'. This has replaced the previous notes issued in 2002 called 'Child Protection'.

It has been amended to reflect guidance which is more up to date and relevant.

Children are an especially vulnerable group and therefore the Charity Commission is concerned to stress the importance of charities having proper safeguards in place for their protection.

The guidance will be reviewed again once the Safeguarding Vulnerable Groups Bill is enacted.

The publication can be found at:

<http://www.charitycommission.gov.uk/supportingcharities/protection.asp>

### **Compulsory Trading Disclosures**

The Companies (Registrar, Languages and Trading Disclosures) Regulations 2006 came into force on 1 January 2007. This statutory instrument makes a number of changes to the provisions which deal with company identification and trading disclosures.

The law has always provided that each company must have its name in all business letters, notices and official publications.

made it clear that all of the regulations apply to "a document of any type in hard copy, electronic or any other form". So the regulations apply to business letters whether in the traditional form or by email.

In addition, the new legislation specifies that every company has to have its name mentioned "in all business letters and order forms of the company, in audits, notices and other official publications and on all of its websites".

There is a further obligation to have the company's place of registration, registered number and its registered office on all business letters, order forms and the website. Business letters includes hard copy, electronic and any other form.

Companies House is stressing to all companies that they must comply with this legislation and will, many believe, be more assiduous in checking up on defaulting companies.

The company and also each director of the company are potentially liable to a fine for breaching these rules.

You should therefore take steps to ensure that all your business communications in every form, written or electronic, should include the statutory details as follows:

- Full Name
- Registered number
- Place of registration
- Registered office address
- VAT number
- Membership details (trade/professional organisation)

If you have any queries, please do not hesitate to contact any of the Russell New team.

### **Summary Information Returns**

Last year saw a change in the Annual Return that charities have to complete and submit. Charities with gross annual income greater than £1 million have been required to submit a Summary Information Return (SIR) to the Charity Commission. The SIR form highlights key qualitative and quantitative information about a charity's work.

The Charity Commission has conducted research into a sample of the : 1 of 2 different approaches charities have taken.

A report entitled 'RS14 - In their own words - How charities have responded in the first year of the Summary Information Return' has been

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issued and can be found using the following link:

<http://www.charitycommission.gov.uk/publications/rs14.asp>

This is a useful report which we believe gives guidance and feedback on the approaches charities have taken and where the return can be used to assist charities in being more transparent.

### **Companies Act 2006**

In recent months the Charities Bill (and now an Act) has been receiving the headlines within the charity sector. However running neck and neck through parliament was another Bill (and also now an Act) which in many ways could have a greater impact on the day today running of charities.

The new Act encompasses a major overhaul of company law.

It consolidates some, but not all, of the provisions of the Companies Act 1985 and 1989. This means that, for the most part, it will only be necessary to refer to one Companies Act rather than three.

We will be issuing a technical briefing on the Act shortly, specifically looking at how it will impact on charities.

In the mean time further details can be found using the following link:

[http://www.opsi.gov.uk/ACTS/acts2006/ukpga\\_20060046\\_en.pdf](http://www.opsi.gov.uk/ACTS/acts2006/ukpga_20060046_en.pdf)

### **Reserves Policy**

We are often asked by charities what level of reserves they should strive to achieve as part of their reserves policy?

A difficult question to answer, charities with too many reserves – people think they are wealthy and don't need donations. Charities with very little reserves – people think they are guilty of financial mismanagement and do not deserve donations.

The answer is that it can be different for every charity.

Each charity should determine its reserves policy by considering the following:-

- Long term plans
- Cash flow ups and downs
- Stability of income
- Volatility of expenditure
- Future capital requirements

Aside from their monetary value, strong, healthy and well managed reserves demonstrate security and provide stake holders with a comfort that all is well.

### **Trustee Training**

You may be aware that a new requirement under SORP 2005 is for charities to disclose in their Trustees' Report a policy for training Trustees in their role and responsibilities.

We have discussed in previous newsletters the need for charities to make sure the training is specific and relevant to the needs of each trustee, rather than just to satisfy the requirements of SORP 2005.

To assist with fulfilling this need we are pleased to announce that we will be running a series of seminars and Trustee training events during 2007. These will be held in Sussex and London.

Many of these events are free whilst others ask for a small donation which we give back to some lucky winners who attend.

The dates of these are as follows:

- Tuesday 6<sup>th</sup> March (pm) West Sussex
- Thursday 8<sup>th</sup> March (pm) London
  
- Tuesday 24<sup>th</sup> April (pm) West Sussex
- Thursday 26<sup>th</sup> April (pm) London (with J M Finn & Co, Stockbrokers and Charity Fund Mangers)
  
- Tuesday 9<sup>th</sup> October (pm) West Sussex
- Thursday 11<sup>th</sup> October (pm) London

Further details of the events can be obtained by contacting Liane Woollett on 01903 816699 or email [liane@russellnew.com](mailto:liane@russellnew.com).

### **Coming Soon**

#### **A workshop for Heads of Independent Schools covering:-**

- Key aspects of school finances/ accounts
- Risk assessment under SORP 2005
- 'Ten questions' Heads need to be asking

For further details please contact Mark Cummins, [mark@russellnew.com](mailto:mark@russellnew.com)

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