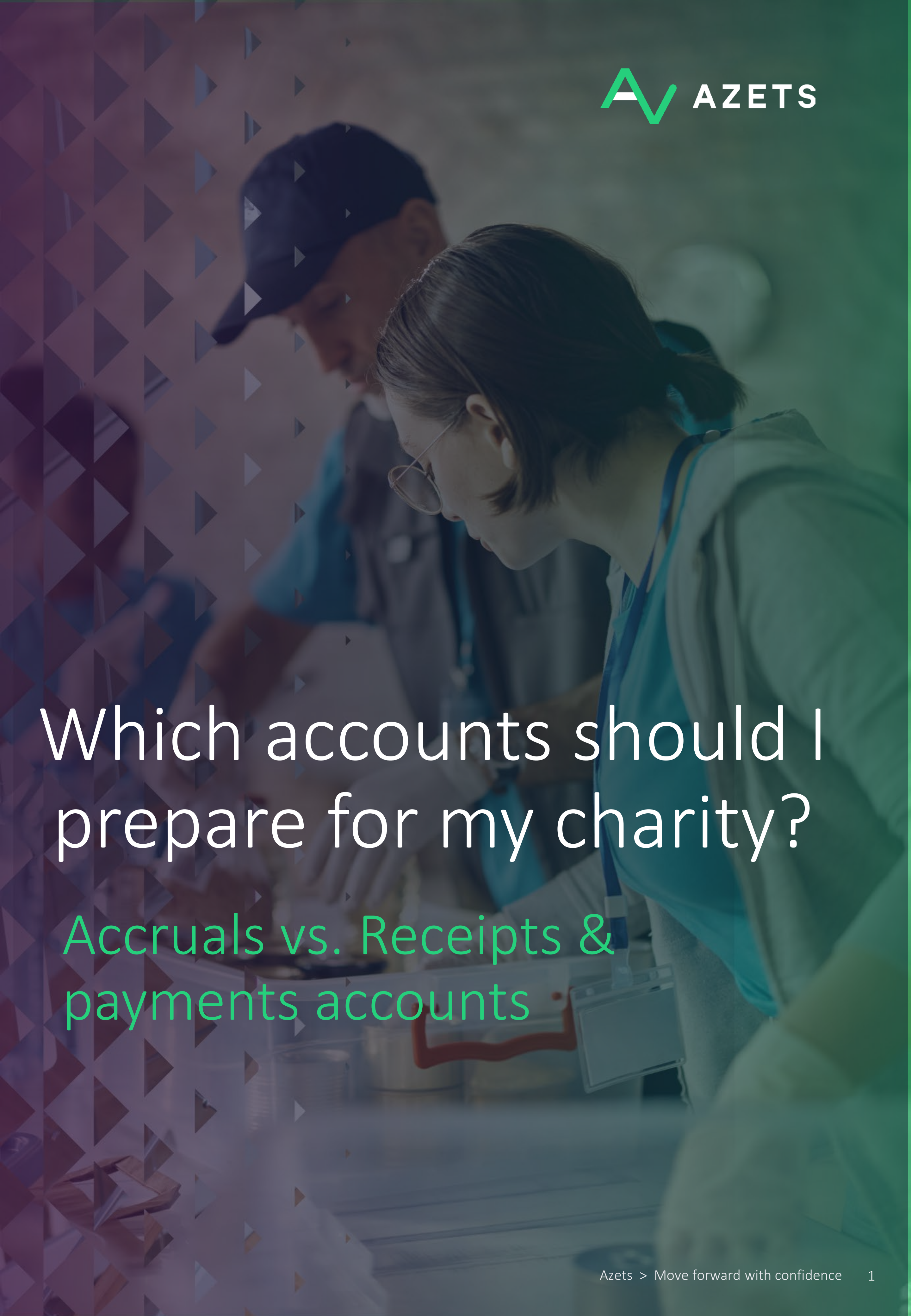


Which accounts should I prepare for my charity?

Accruals vs. Receipts & payments accounts

If your charity is registered in England and Wales (E&W) only, from 30 September 2026, the income level for preparing different types of accounts is due to change. The threshold for preparing receipts and payments accounts is increasing from gross income up to £250,000 to £500,000. This will mean that more charities will have a choice in the format of their financial statements. The level will remain at £250,000 in Northern Ireland (CCNI) and under the Scottish Regulator (OSCR).

What are accruals accounts?

Accruals accounts (also called accrued accounts) are financial statements prepared on the accruals basis of accounting, meaning income and expenditure are recorded when they are earned or incurred, not when cash is received or paid. Accruals accounts show the true financial position and performance of an organisation for a period (e.g. money that is owed to or from a charity), rather than just its cash movements.

The accruals accounts include:

- Trustees' annual report
- Statement of Financial Activities (SoFA)
- Balance sheet
- Notes to the accounts

The account must comply with the Charities Statement of Recommended Practice (Charities SORP).

What are receipts & payments accounts?

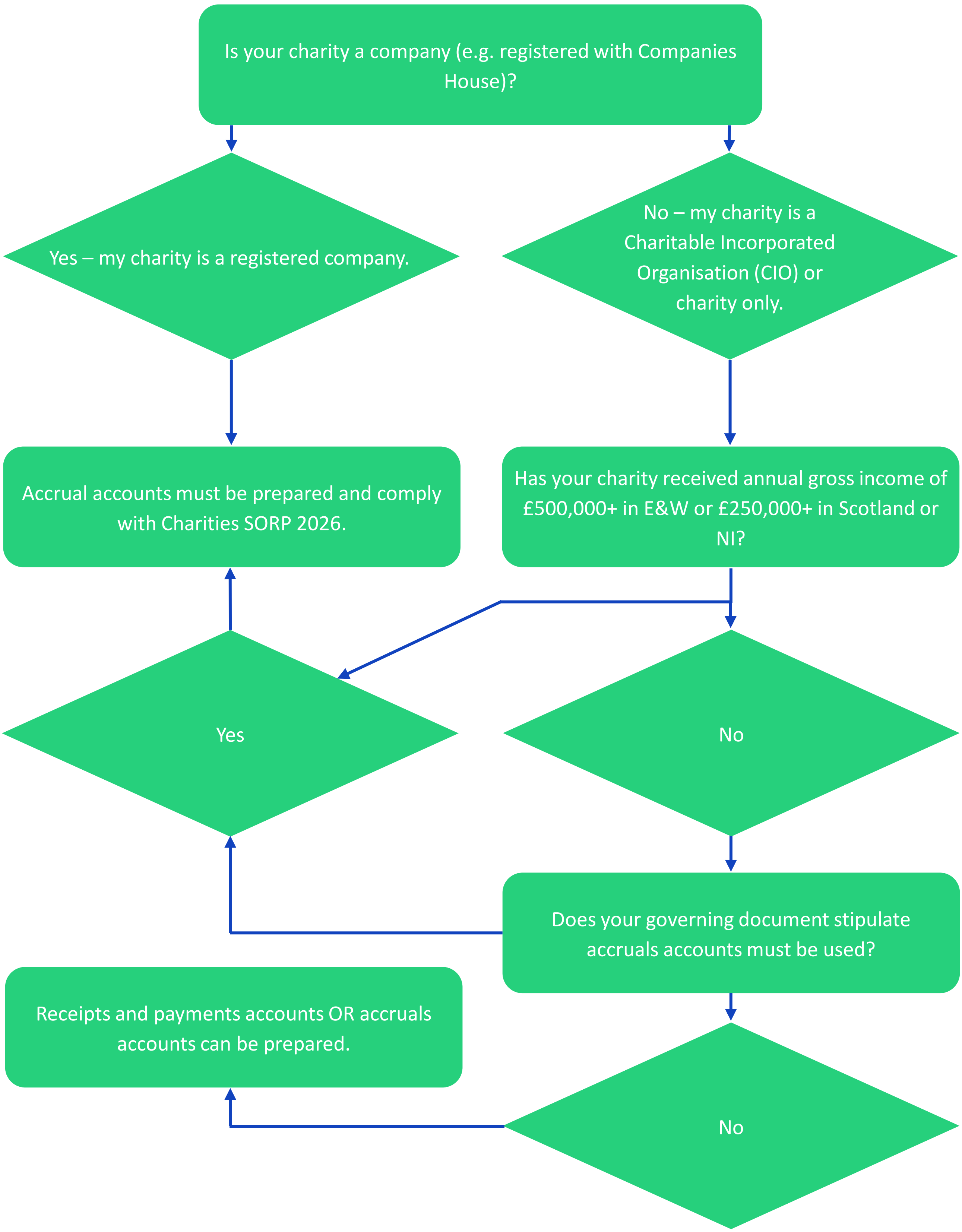
Receipts and payments (R&P) accounts are a simple form of charity accounts that record actual cash received and cash paid out during the financial year. They are designed for smaller, non complex charities. Income and expenditure is recorded when cash is received or paid. There are no adjustments for liabilities or debtors, or recognising income or costs in another year.

Receipts and payments accounts include:

- Trustees' annual report
- Receipts and payments statement (a summary of cash in and out)
- Statement of balances (assets and liabilities)
- Notes explaining key items

Unlike accruals accounts, R&P accounts do not comply with the Charities SORP.

How do I know which accounts to prepare?



Frequently asked questions

What is an incorporated company charity?

Your charity is registered with Companies House with a company number, and referred to as a Charitable Company.

What is an unincorporated non company charity?

An unincorporated charity does not have a separate legal identity from its trustees. It is registered with the Charity Commission only, and referred to as a non-company charity.

What is a CIO?

A CIO is a Charitable Incorporated Organisation. It is registered with the Charity Commission for England & Wales, and it's legal form is shown as Charitable Incorporated Organisation, but it does not appear on the Companies House register. It is referred to as a non-company charity.

How do I know what category my charity falls into?

Your governing document will state the structure of your charity. Although if your charity is not a registered company, then it is likely to be a CIO or unincorporated charity.

How do I calculate gross income?

To calculate gross income, take the:

- total receipts recorded in the statement of accounts
- minus any endowment received in the year, as this is unavailable for spending
- add any amount transferred from endowment funds into income funds during the year, as these are now available for spending
- minus loans received during the year
- minus proceeds from sale of fixed assets and investments

We’re here to help

If you would like some advice on how to prepare your accounts, or some guidance on navigating regulations to meet your obligations, please speak to a member of our specialist team.

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This publication is for general information only and is not intended to be advice to any specific person. You are recommended to seek professional advice before taking or refraining from taking action on the basis of the contents of this publication.