



Charity Financial Statements

The Charity SORP (Statement of Recommended Practice) determines how accounting standards should be applied in accordance with FRS 102, within the charity sector. It provides a framework to guide charities to meet the legal requirements for the accounts to give a true and fair view.

Generally, many charities will need to prepare at least a basic set of financial statements which include the following:

The Trustee's Annual Report

This report allows the Trustees to consider the information they need to offer to the primary users of the accounts, for example donors and beneficiaries. The basic contents of the report, are set out under the subsequent headings:

- Reference and admin details
- Objectives and activities
- Achievements and performance
- Financial review
- Structure, governance and management

Statement of Financial Activities (SoFA)

The SoFA summarises the financial performance for the reporting period and is prepared for all charities preparing accounts using the accruals basis. The statement provides a summary of the income, expenditure, gains and losses recognised in the reporting period and presents the movement in the charity's funds.

Balance Sheet

This statement provides a 'snapshot' of the charities finances at a given date. It will detail the assets, liabilities and the reserves balances at the reporting period end date.

Accounting Policies

These set out the specific principles and measurement bases applied when preparing the accounts.

Notes to the Accounts

The notes provide further details for the user on the income and expenditure of the reporting period together with a further breakdown of the assets, liabilities and reserves.

If you would like any advice on preparing your charity accounts, please contact a member of our EQ Charities team or speak to your local office contact.

Disclaimer: We make every effort to ensure that the information provided is accurate and up to date, however EQ cannot be held responsible for any action taken, or not taken, as a result of reading this publication.