

Joseph Cowen Lifelong Learning Centre

General Notes on the format of our annual report and accounts

We use a template made available by the **Charity Commission** (which regulates charities) for our annual accounts, which need to comply with the Statement of Recommended Practice (SORP) for charities. This involves using a particular format and making the disclosures required. You'll see that the report and accounts is quite a long document including a report from the trustees, the contents of which are also prescribed.

Essentially our annual report and financial statements (accounts) consist of five items:

- a) The Trustees' Report which has to cover quite a number of issues, but within the constraints we try and ensure it remains informative.
- b) A Statement of Financial Affairs (or SOFA) which sets out the income and expenditure for the year, the resulting surplus or deficit and shows the balance of reserves (see later) brought forward from the previous year and carried forward at the end of the year
- c) A balance sheet, which provides a snapshot of assets and liabilities at the end of the year and is based on the equation:

$$\text{Fixed assets (furniture, equipment etc.)} + \text{Current assets (debtors and prepayments, bank balances)} - \text{Current Liabilities (Creditors and accruals)} = \text{Reserves (accumulated surpluses less losses)}$$

The reserves shown on the balance sheet must equal the total reserves carried forward in the Statement of Financial Affairs.

- d) Notes to the accounts – these are extensive and provide further analysis of numbers in the balance sheet and SOFA, as well as setting out how income and expenditure have been measured (accounting policies)
- e) Report by the Independent Examiner – smaller charities don't have to have an audit, but if income is over £25,000 must be checked by a suitably qualified independent examiner, who ensures the financial statements match the accounting records and have been properly compiled.

Other things to note:

Figures for the previous year are also provided which makes it easier to understand what has happened by comparing the current with the previous year.

Charity accounts have to distinguish between unrestricted and restricted funds. We can spend unrestricted funds as the trustees determine, but restricted funds must be spent in accordance with the conditions laid down by the donor or grant giver. JCLLC's current restricted funds come from a grant to fund additional activities in Philosophy. This has started to be spent down.

Designated funds are sums set aside by the trustees for planned future expenditure from within unrestricted funds. The Gordon Brown legacy has been designated by the trustees for expenditure on organisational development and has so far principally been used to fund annual lectures.

Unrestricted reserves are accumulated surpluses less deficits, whereas restricted reserves are the unspent elements of restricted grants and donations. It is good to have some reserves as they provide a safety cushion and they have certainly helped JCLLC survive the past few years, by enabling the trustees to plan for deficit budgets in the short run as we emerged from the pandemic. This also means that we haven't had to raise subscriptions as fast as we would otherwise need to do.

Simon Pallett
Hon. Treasurer

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