

Audit exemption for charities

You may not need to get an audit of your charity's annual accounts. The charitable company's articles of association or a charity's governing document may stipulate that the accounts must be audited.

For financial years that end on or after 1 April 2015

If it's a standalone charity (as opposed to part of a group), a charity's accounts are subject to audit if:

- its gross income is above £1 million; or
- its gross assets are above £3,260,000 and its gross income exceeds £250,000; or
- its governing document stipulates that an audit is required.

A charity will need an independent examination if:

- its income exceeds £250,000 but not £1 million, and total assets do *not* exceed £3.26 million; and
- its governing document does not stipulate that an audit is required.

Charitable groups:

- An audit is required if gross income exceeds £1 million.

Accounting requirements:

Test	Basis of accounts preparation	External scrutiny required
Gross income < £25,000	"Receipts and payments" or "accruals". Can produce simplified trustees' report. A charitable company must include a directors' report and accounts prepared under the Companies Acts and as per SORP.	None
Gross income <£25,000 and less than £250,001	"Receipts and payments" or "accruals". Can produce simplified trustees' report. A charitable company must include a directors' report and accounts prepared under the Companies Acts and as per SORP.	Choice of IE ¹ or audit
Gross income > £250,000 but less than £1,000,001 and gross assets under £3,260,001	"Accruals" basis. Can produce simplified trustees' report. A charitable company must include a directors' report and accounts prepared under the Companies Acts and as per SORP.	
Gross income >£1m or gross assets >£3.26m and gross income over £250k	"Accruals" basis. Full trustees' report. A charitable company must include a directors' report and accounts prepared under the Companies Acts and as per SORP.	Audit

¹ IE = Independent examination