

## fall in confidence over compensation

Concerns have been raised by a number of prominent charities about their ability to claim under the Financial Services Compensation Scheme (FSCS), after they were affected by the collapse of Icelandic banks in 2008. It has been estimated between £120 million and £230 million of charitable funds are tied up in the country's troubled financial services firms.

The FSCS, which became the single compensation scheme on 1 December 2001, was established under the Financial Services and Markets Act 2000 and is funded by levies on businesses authorised by the Financial Services Authority (FSA). According to the FSA, the role of the FSCS is to "provide compensation to consumers of financial products when authorised firms are not able to meet their obligations".

More than 25 charities have established an action group, Save Our Savings, to fight for the return of their lost savings or deposits. An online petition organised by the group was sent to the Prime Minister in January. It received 7,800 signatures.

Charities, confused about their eligibility to claim for compensation for loss of savings and

deposits, where their bank or building society has failed, have been given reassurance by the FSCS. Although, the FSCS's information about the Scheme doesn't specifically mention charities, they are covered to the same extent as other organisations and individuals.

According to an influential group of MPs, Charities should be compensated in full for any losses they suffered in the Icelandic banking collapse.

As reported by Third Sector Online, a report by the Treasury Select Committee into the impact of the crisis, published 6 April 2009, recommends that affected charities should receive the amounts lost in full through the Financial Services Compensation Scheme, the statutory fund that pays compensation to customers of

authorised financial services firms. We understand the recommend states, on this occasion only, all charities should be compensated for losses incurred as a consequence of the failure of the Icelandic banks. The committee has also recommended that the Government should clarify charities' status under the Financial Services Compensation Scheme.

The report *Banking Crisis: The Impact of the Failure of the Icelandic Banks*, is based on an investigation into the crisis and includes evidence submitted by umbrella bodies the NCVO, Acevo, the Charities Aid Foundation and the Charity Finance Directors' Group.

John Low, chief executive of CAF, who gave evidence to the committee, said he was happy with the report's recommendations. "The Government is continuing to work with the Icelandic authorities and through the International Monetary Fund to ensure fair treatment for all UK creditors, he said. "We have been clear that we will fully support charities in pursuit of any claims through administration.

More information about the FSCS can be found on the Charity Commission's website at: <http://snipurl.com/e0fan>



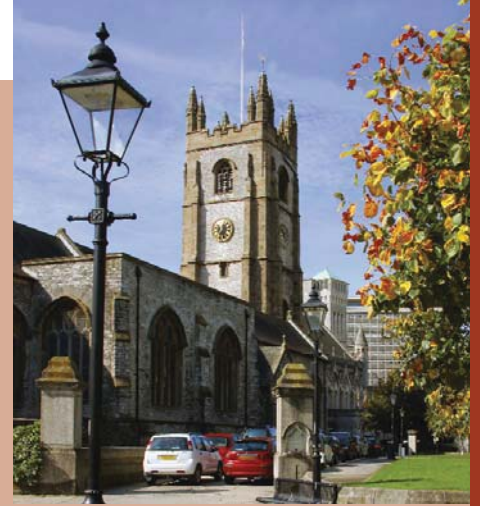
## registration of charities

The Charities Act 2006 changed the way in which excepted and exempt charities are regulated. Ultimately the intention is to ensure that all of these charities are registered with the Charity Commission with the exception of certain exempt charities that will have "principal regulators".

From 31 January 2009 excepted charities with an annual income over £100,000 must register. It is estimated that 4,000-5,000 charities will be affected and that the registration process will take several months. The deadline is October 2009. These charities are largely connected with churches and chapels, the armed forces and scouts and guides. Armed forces charities will be registered on a phased basis over 18 months commencing last October. The Charity Commission website contains a comprehensive list, details of who to contact and the phased timetable.

Excepted charities with an annual income below £100,000 will not need to register until 2012. However there are a group of churches including The Church of The Nazarene, The Free Church of England, Independent Methodists, Wesleyan Reformed Union and Churches of Christ, that are required to register immediately if their annual income is over £5,000.

As far as exempt charities are concerned, the majority of these are listed in Schedule 2 to Charities Act 1993. How these charities are dealt with will depend upon whether or not they will be governed by a principal regulator in the future. Certain principal regulators have already been identified. These include the Department for Culture, Media and Sport for Museums and Galleries, the Department for the Environment, Food and Rural Affairs for Royal Botanic Gardens



Kew, and the Higher Education and Funding Council for England for all the universities in England with the exception of Oxford, Cambridge and Durham. It is likely that Registered Social Landlords that are also Industrial and Provident Societies in England will have a principal regulator.

All exempt charities will ultimately be registered. It is intended that those with an annual income over £100,000 will be the first to be registered. No date has been set.

Further information can be obtained at [www.charity-commission.gov.uk/registration](http://www.charity-commission.gov.uk/registration)

## disciplinary and grievance: the way forward

The revised ACAS Code of Practice on discipline and grievance provides basic practical guidance to employers and employees and their representatives and sets out principles for the handling disciplinary and grievance situations in the workplace.

From 6 April 2009 the '2004' Statutory Dispute Resolution procedures, including those relating to discipline and dismissal are being abolished.

From 6 April 2009, the old Statutory Dismissal and Disciplinary procedures, DDPs, no longer apply to any new disputes so that it will no longer be required for the 2004 3 - step DDP as such, to be followed.

The revised Code needs to be followed instead in most disciplinary

situations. However the Code does not apply to:

- a) Dismissals due to redundancy or
- b) The non renewal of fixed term contracts on their expiry

If possible, employers and employees should seek to resolve disciplinary and grievance issues in the workplace. However where this is not possible, mediation should be considered as an option either by using an internal mediator or using the services of an external impartial mediator.

Where an issue cannot be resolved informally then it may be pursued formally and the Code sets out the basic requirements of fairness that will be applicable in most cases. A failure to follow the Code does not

in itself make a person or organisation liable to proceedings. However employment tribunal will take the Code into account when considering relevant cases.

Tribunals will be able to adjust any awards made in relevant cases by up to 25% for unreasonable failure to comply with any provision of the Code.

The new regime has been described as a simpler and less prescriptive system by BERR, the Department for Business, Enterprise & Regulatory Reform.

However many legal practitioners envisage that, at least in the short term, the transition from the old to the new regimes may be problematic and confusing.

## in brief...

Support and lending for third sector organisations predicted to increase

Banks will provide more support to sustainable social enterprises in the future, despite the tough economic climate. That was the prediction of Peter Ibbetson, chairman of small business banking at Royal Bank of Scotland (RBS), who was speaking at the Voice 09 conference, an annual event for the social enterprise sector. He told an audience of delegates at the event in February that banks will support them if they have a sustainable business model. In 2008 social lender Triodos Bank increased its lending to social enterprises and the charity sector by 25% to £93 million. Sue Cooper, leader of Triodos Bank's social lending team, is predicting similar growth during 2009.

For more information go to:  
<http://snipurl.com/e0evc>  
<http://snipurl.com/e0ewf>

### Grassroots grants eligibility extended

Voluntary organisations in England with an annual income of up to £30,000 can now obtain help from the Government's £130 million Grassroots Grants scheme. Previously the scheme was only open to voluntary organisations with an annual income of up to £20,000. Grants of up to £5,000 are to be made available for more community activities and organisations. The scheme is funded by the Office for the Third Sector and administered by the Community Development Foundation. There is more on this story at:  
<http://snipurl.com/e0exr>  
More information on the scheme and how to apply can be found at:  
<http://snipurl.com/e0eyr>

### Sector leaders meet MP to discuss tax issues

Charity sector leaders from the National Council for Voluntary Organisations (NCVO), the Institute of Fundraising, the Charity Finance

Directors' Group (CFDG), the Association of Chief Executives of Voluntary Organisations (ACEVO) and the Charities Aid Foundation (CAF) have met with Stephen Timms MP, the Financial Secretary to the Treasury, to discuss tax issues. The group met to consider the issues of irrecoverable VAT and the progress of gift aid reform. They concluded that they will work to see if the system can be changed to an opt-out scheme, rather than an opt-in one, and the Treasury agreed to research the issue of gift aid. For more on this story go to:  
<http://snipurl.com/e0f06>  
<http://snipurl.com/e0f1e>

### CAF launches confidential Financial Crisis Helpline for charity leaders

The Charities Aid Foundation (CAF) has launched a Financial Crisis Helpline which charity leaders can call in confidence to discuss their organisations' finances. The helpline will be staffed by CAF's managers, who will field concerns from charity leaders and offer survival tips. John Low, chief executive of CAF, said: *"Our helpline gives charity leaders the chance to speak candidly about their situation to someone impartial and knowledgeable who can help them contemplate their next steps."* The helpline telephone number is 0800 980 2000. To read more on this story go to: <http://snipurl.com/e0f2p>

### Migrant workers

In February 2008 The UK Border Agency introduced a new points based system for migrants entering or wishing to remain in the UK. This affects migrants from outside the EU, the European Economic Area and Switzerland.

There are five tiers as follows:-

- Tier 1 - Highly skilled migrants
- Tier 2 - Sponsored skilled workers
- Tier 3 - Low skilled workers
- Tier 4 - Students
- Tier 5 - Temporary workers including gap year students

These new rules may be applicable to many charities but particularly to independent schools employing foreign teachers and gap year students. The system is being implemented in stages, the most recent on 31 March 2009.

Employers employing migrants under Tier 2 must apply to the Border Agency for a licence to act as a sponsor and there is a fairly onerous test. Applications should be made online at: [www.ukba.homeoffice.gov.uk/employer/points/applying/applyonline](http://www.ukba.homeoffice.gov.uk/employer/points/applying/applyonline);

### Fundraisers' pay under consultation

As reported by The Institute of Fundraising (IoF) a draft 'Payment of Fundraisers' Code of Fundraising Practice, currently under consultation, is being developed to replace the 'Payment of Fundraisers on a Commission Basis' Code. The IoF intention is to provide guidance for all those paying fundraisers.

The Code highlights the impact of payment methods such as commission but, unlike the old Code, also provides guidance about other remuneration methods.

The new draft Code aims to be applicable no matter what form of remuneration is undertaken, or which type of fundraising role is being remunerated. Such principles include considering innovative ways to pay fundraisers and ensuring a sound business plan is followed, benefiting and safeguarding fundraisers and fundraising organisations.

The wider implications of paying fundraisers are also recognised in the Code, with guidance on effective performance management and more general information about the use of charitable funds.

Consultation by the IoF on the draft Code continues until 15th June 2009, and further information is available at [www.institute-of-fundraising.org.uk/currentconsultations](http://www.institute-of-fundraising.org.uk/currentconsultations).

# Companies Act 2006 new filing deadlines and late filing penalties

From 1st February 2009 the penalties for private limited companies for late filing of accounts at Companies House have been significantly increased. This follows a reduction in the permitted filing periods for all accounting periods that began on or after 6th April 2008. For private limited companies, including all charitable companies, the filing period was reduced from 10 months to 9 months after the end of the relevant accounting period.

The new late filing penalties apply to all accounts that have been delivered late, regardless of when they became overdue, and are as follows:

**Not more than 1 month £150**

**More than 1 month but  
not more than 3 months £375**

**More than 3 months but  
not more than 6 months £750**

**More than 6 months £1,500**

Please note that there is now a much faster rate of increase in the penalties that will be charged for accounts that are filed more than one month late and, where a company also failed to comply with the filing requirements in relation to the previous financial year (beginning on or after 6th April 2008), the penalty will be double that shown in the table.

Companies House will send filing reminders to your registered office address as the filing deadline approaches. If it looks like there may be a problem with filing on time you should contact Companies House who may be able to grant an extension. There is no such discretion if contact is made after the deadline has passed.

The accounts filing requirements at Companies House are in addition to the requirements for charitable companies with gross incomes in excess of £10,000 to file their accounts at the Charity Commission, to file annual returns at both Companies House and the Charity Commission, and to file a Trustee's Annual Report at the Charity Commission.

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## Charitable Incorporated Organisations to be reconsidered

The Office of the Third Sector (OTS) has reported the Government is to amend its plans for the rules on charitable incorporated organisations (CIO) in time to introduce the new legal form in April 2010.

This change comes after consultation on the draft regulations, created by the Charities Act 2006, which had shown plans would be too complicated for small charities. It is expected the regulations will cut the administrative burden and be less reliant on company law.

Criminal penalties for CIO trustees

and public access to the register of CIO directors and members were among the sections being reworked.

The OTS is expected to publish a summary of the consultation and a timetable for the introduction of CIOs next month, but it is unclear if there would be a phased introduction of the new legal form.

Currently, charities that are companies have to report to the Charity Commission and Companies House. CIOs will have the benefits of incorporation and report only to the Commission.