

## **Volunteering and charities – reporting requirements, resilience and ACCA members acting as volunteers**

### **Consideration of the contribution of volunteers to the work of charities from the perspective of the trustees' annual report and financial statements, charity resilience and the contribution of ACCA members**

Almost all charities rely on the contribution of volunteers, not least in the role of charity trustees. The contribution of volunteers can be an essential part of a charity's operating model and in some cases without volunteers a charity might not continue operating at all.

This Factsheet considers the topic of volunteering in four parts- statutory reporting, operational resilience, potential pitfalls for charities in their management of volunteers, and the contribution that ACCA members can make as volunteers under ACCA's rules for members and retired members.

#### **Part A – Statutory reporting on volunteers in the trustees' annual report**

The content of the trustees' annual report is governed by the applicable accounting and reporting regulations, company law (in reference to charitable companies), and the Charities SORP 2026. Each charity law jurisdiction in the UK and Ireland makes its own charity accounting and reporting regulations. Similarly, UK company law and Republic of Ireland company law sets out the particulars to include in the directors' report.

The regulations are important as the majority of charities in the UK and Ireland are not established as charitable companies and if small enough these charities can adopt cash accounting and so do not report under the Charities SORP 2026 (SORP introduction paragraphs 10 and 11). In all cases though charities must adhere to the regulations in providing the required content of the trustees' annual report specified in those regulations. The regulations often distinguish between all charities and auditable charities. In the case of auditable charities these charities will be too large to have the option to prepare cash (receipts and payments) accounts.

In respect of reporting the contribution of volunteers the currently applicable regulations require the following:

- England and Wales- Part 5 to the Charities (Accounts and Reports) Regulations 2008 sets out the requirements for the trustees' annual report. Regulations 40 and 41 both require for auditable charities that the trustees in their review of the significant activities during the financial year include: 'details of any significant contribution of volunteers'.
- Northern Ireland- the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 (NI Regulations) regulations 29 to 34 set the requirements for the trustees' annual report. Neither regulation 32, which applies to receipts and payments accounts, nor regulation 33, which applies to charities required to apply the SORP, make special mention of volunteers.
- Republic of Ireland- following the Charities (Amendment) Act 2024 the first accounting and reporting regulations for charities are awaited.

- Scotland- Schedule 2 of the Charities Accounts (Scotland) Regulations 2006 sets out the requirements for the trustees' annual report. Regulation 9 and schedule 2 requires for receipts and payments that the trustees' annual report provides: 'An analysis of donated facilities and services, if any, that the charity received during the financial year'. In respect of accrued accounts (following the SORP), regulation 8 and schedule 1 provides that the 'statement of account' for accrued accounts includes a trustees' annual report which is to be prepared in accordance with the statement of recommended practice for accounting and reporting by charities.

**In regard to receipts and payments accounts** we can conclude there are no statutory requirements applying in England and Wales, Northern Ireland or the Republic of Ireland but some form of analysis of volunteer contribution is required for charities in Scotland. Since trustees have latitude as to the form of reporting on volunteers in Scotland the analysis required of charities reporting under the SORP may be a helpful reference point.

### **The trustees' annual report and the requirements of the Charities SORP 2026**

The Charities SORP 2026 requires all charities (tiers 1, 2 and 3 charities) to include in the trustees' annual report (see module 1) details about the contribution of volunteers: Paragraph 1.21. 'The report must include an explanation to help the user to understand the scale and nature of the activities undertaken by different volunteer roles and the input from volunteers. This description is important as measurement issues, including valuing the contribution of general volunteers, often prevents this being included in the statement of financial activities (see the SORP module 6 'Donated goods, facilities and services, including volunteers').' (Providing this information would fulfil the requirements of the applicable regulations as noted previously.)

The additional reporting required of tier 2 and tier 3 charities could also include a volunteer aspect if the judgment made is that the contribution of volunteers is important to the operational performance of the charity:

Paragraph 1.23. 'Charities meeting tier 2 and tier 3 requirements must provide the user with a more detailed understanding of their short term and longer term aims and objectives and how those in the short term relate to those in the longer term. When explaining activities, it is important for the user to understand their scale and the resources used in their delivery; for example, it may be helpful to provide details of the amount spent on, or the number of staff engaged in, undertaking a particular activity.'

In any event additional reporting is encouraged:

Paragraph 1.26. 'Charities reporting on the contribution of general volunteers should provide:

- information on the number of volunteers
- an explanation of the activities that volunteers support or help to provide

Charities may provide details of the contribution in terms of volunteer hours or staff equivalents, if practicable.'

For those volunteer hours of professional services that are required to be valued (see later section) describing these gifts and the value attributed to them in the Statement of Financial Activities brings the narrative and numbers together in celebrating the contribution made. The SORP does not allow all gifts of general volunteer time to be valued: 'the contribution of general volunteers must not be included as income in charity accounts' (paragraph 6.18). Although it cannot be included in the accounts, trustees of some charities may still wish to acknowledge this contribution in financial terms by attributing a value to general volunteer time in the trustees' annual report.

In pioneering work, Charity Finance Directors Group (now named Charity Finance Group) advocated valuing general volunteers in its inputs measurement project report 'Inputs Matter' (2003). This report noted that: 'We are aware that the proposal to value volunteer time is

controversial and, whilst we are convinced that this is the right way forward, the practicalities have to be thought through and guidance developed on implementation. Pending research into the areas we have identified, we recommend that thought be given to developing a statement in the trustees' annual report assigning a monetary value to volunteer time. The statement could consist of two columns: the first column would show the receipt and use of volunteer time and the second column would show the 'valued' transactions corresponding to the applicable lines in the SOFA... (paragraph 4.24)'. Elsewhere the CFDG report considered valuing volunteer hours at the National Minimum Wage (paragraph 4.20) where an alternate measure is not appropriate.

In discussing the 'scale and the resources used' the trustees might therefore choose to extend this to include a quantification of hours and attribute a value for all gifts by volunteers including that of 'general volunteers' not valued in the financial statements. However, in so doing it is important to make it clear to the reader that these figures are illustrative and not included in the Statement of Financial Activities (SoFA). This is because the SORP requires for all tiers that: 'The report must contain a review of the charity's financial position at the end of the reporting period. All financial details used in the report must be consistent with the figures in the accounts (paragraph 1.34).'

## **Part B – Statutory reporting on volunteers in the Financial Statements**

### **Valuation options and requirements**

#### **Requirements if preparing accounts on a receipts and payments (cash) basis**

By their nature any gifts of volunteer time and skills are non-cash gifts. Receipts and payments accounts report on the cash received in the reporting period and cash payments made in the reporting period and therefore non-cash gifts are excluded from these accounts.

#### **The financial statements and the requirements of the Charities SORP 2026**

The main implications are for the Statement of Financial Activities although in particular circumstances there may be an effect on the balance sheet value of property. The SORP differentiates volunteers offering a skill or service that would otherwise be bought from the contribution of general volunteers.

Paragraph 6.6. 'Where a gift takes the form of volunteer time, the charity does not have control over the resource but it has the right to control how the volunteer resource is used at the time the donation of volunteer time is received by the charity. Charities are not expected to be able to reliably measure and therefore recognise many of the contributions made by volunteers but where for instance, the service provided by a volunteer would be normally provided as part of their trade or profession for a fee, it would be capable of reliable measurement and therefore will be recognised at the time it is received. For example, a professional accountant volunteering to be an unpaid independent examiner acts on the charity's instruction, or a coding expert offering to develop a free website develops the website to the charity's specification.'

The two principles here are the volunteer is using their professional, trade or similar skills which have a market value and their contribution can be measured. If donating time on a project then the volunteer hours will need to be declared or recorded along with either their normal rate for the work or by reference to an available market rate. For a discrete item of service such as an independent examination the valuation might be for the size of charity rather than time on the work. This requires judgment as to what is reasonable.

In the section 'Accounting for donated facilities and services' the SORP sets out the basis for recognition of the contribution of volunteers as income and its valuation. The SORP allows for judgment and offers a degree of latitude.

Paragraph 6.14. 'If a charity is given facilities and services for its own use, these donations must be recognised in the charity's accounts when the donations are received or receivable assuming there are no performance related conditions specified.'

Paragraph 6.15. 'Donated facilities and services are measured at the value of the donation to the charity. Donations of facilities such as office accommodation, or services provided by an individual or an entity as part of their trade or profession can usually be measured reliably.'

Paragraph 6.16. 'The value of donated facilities and services to the charity is the price the charity estimates it would have paid in the open market for a service or facility of equivalent utility (economic benefit or service potential benefit) to the charity. The value to the charity may be lower than the market price, but cannot exceed the market price of the item. The value to the charity may be lower than the market price because the service or facility received was a premium service but the charity would otherwise only have paid for a standard service, and so the value to the charity may be the value of a standard service. Where the charity would not have purchased the service or facility at all had it not been donated, the value to the charity is expected to be nil.'

In line with the normal principle of fair value the starting point is the market value, however if this would overstate the value to the charity then the trustees can determine a more appropriate market rate. For example, for an employment question the trustees receive free advice from a supporter of the charity who is a lawyer who is a King's Counsel but the question would normally be answered by a solicitor and so a lower solicitor rate is used. In some instances, the trustees might never have had the capability to retain the professional service and would not have chosen to have the work done but for it being a free gift and in such instances the trustees might attribute a nil value. For example, an electrician who is a supporter installs for free an outside light which was not really needed but the gift is accepted because the trustees hope that the electrician might donate their skills further in the future for planned maintenance work and so refusing the gift risked alienating the donor.

Unless the volunteer time is contributing to an asset (see below) the rule is that it is consumed and so the SORP requires a matching amount for expenses in the Statement of Financial Activities.

Paragraph 6.17. 'Where donated facilities and services are consumed immediately by the charity, an amount equivalent to the income is recognised as an expense under the appropriate heading in the statement of financial activities (SoFA). Where consumption of the donated facilities and services by the charity is not immediate, an amount equivalent to the income is recognised as an asset.'

Capitalisation of certain volunteer gifts may be appropriate. In regard to property if the donor is self-employed and their contribution is to that asset, for example the gift of services from a qualified architect or quantity surveyor this can be measured and capitalised:

Paragraph 6.21. 'If donated services are used in the construction of a tangible fixed asset, the value of services donated will only form part of the construction cost of the asset when the value to the charity of the donated services can be measured reliably. For example, the services donated by a firm of building or electrical contractors would be valued because these services would normally be provided as part of the donor's trade.'

The SORP requires the contribution of volunteers to be disclosed in the accounts:

Paragraph 6.30. 'All charities receiving donated goods, facilities or services must disclose in the notes to the accounts:

- the accounting policy for the recognition and valuation of donated goods, facilities and services

- the nature and amounts of donated goods, facilities and services receivable from non-exchange transactions recognised in the accounts, for example seconded staff, use of property etc.
- any unfulfilled conditions or other contingencies attaching to resources from non-exchange transactions that have not been recognised as income in the reporting period
- an indication of other forms of resources from non-exchange transactions from which the charity has benefitted but not recognised in its accounts, for example the contribution of unpaid general volunteers or donated goods that have been received but which the entity does not expect to recognise until the goods are sold or distributed'

If general volunteer time is not valued by the trustees for illustrative purposes as advocated in CFDG's Input Matters report then to comply with the SORP it is important that their contribution is still disclosed.

## **Part C – Volunteers and charity operational resilience**

The charity sector is very diverse in type of organisation, activity and charitable purpose and therefore the extent to which money, property, volunteers, and non-cash gifts of goods, services and facilities are combined in operational delivery also differs.

In considering resilience it is important to consider how far the charity is reliant on volunteers for operational delivery. If there is a high volunteer component then the charity's ability to source, maintain and organise the volunteers may be a key element of operational delivery. In such cases when the trustees consider going concern there may need to be consideration of this volunteer contribution as part of demonstrating the capability for ongoing service delivery as part of going concern. For further information refer to the ACCA Factsheet: Going concern and the alternative basis of accounts preparation for charities reporting under UK-Ireland.

## **Part D – Potential pitfalls for charities in their management of volunteers**

Pitfalls arise with respect to: the boundary with employment, necessary training or accreditation for certain roles and the importance of training and support in some roles.

It is important that volunteers are not treated, whether intended or not, as employees are treated or would be treated. To quote NCVO (see annex 1): 'A volunteer provides their services voluntarily, without being paid. A voluntary worker also provides their services without being paid – but they're under a contractual obligation to do so. The organisation is also under contractual obligation to provide them with work.'

Care therefore needs to be taken by trustees in how they define volunteering and the nature of the volunteer role specification(s) that are provided to ensure that these are not so structured and defined as to create a contractual relationship. Where appropriate trustees may wish to take legal advice. Before doing so the resources on the boundary between volunteering and employment in annex 1 may be helpful.

In certain situations, additional measures need to be taken, for example obtaining DBS clearance if working with children and vulnerable adults. Similarly, training may be needed in certain roles for example on handling heavy loads if working in a storeroom, food hygiene if involved in food preparation and data protection if handling databases.

Volunteers may need supporting if they are to be as effective as they can be. Training and support may be beneficial in order to meet the charity and beneficiary expectations. This support includes assisting trustees new to their role; the charity regulators offer a number of

helpful resources on trustee responsibilities and induction, for example Charity Commission for England and Wales publication: Finding and appointing new trustees (see annex 1).

The organisation Charity Excellence offer a number of free resources including a policy template for volunteers and advice on what to consider when designing volunteer training. Investors in Volunteers (annex 1) offer an accredited structured approach which may be helpful and Northern Ireland Council for Voluntary Action (NICVA), WCVA (Wales) and Volunteers Scotland also offer resources. (In some cases, a fee may be payable.)

## **Part E – ACCA members acting as charity volunteers**

The training, skills, and insights of qualifying for and as a qualified ACCA accountant offer a very valuable contribution to the charity sector. This contribution is not limited to technical accountancy as many skills and insights are transferrable to other roles including that of a charity trustee. It is important though to distinguish those roles that draw on accountancy skills and training from those that do not because ACCA does set a boundary between volunteering ('honorary work') and being a member in public practice. The other important consideration is whether a member is self-employed, employed or retired. For further information refer to the resources in annex 2. Also, if using your accountancy training or qualification it is essential not to undertake work that you are not competent to do.

### **Volunteering as a self-employed individual not registered as a member in public practice**

Not all assignments and activities cause a member to be in public practice. In these instances as an ACCA member you can serve in any volunteer role which is not involving your accountancy skills. Examples would be serving as a volunteer reader in a school or working in a charity shop. Similarly, you can serve as a trustee of a charity. In instances where your role involves your accountancy skills such as acting as an independent examiner or as a book-keeper or as a charity treasurer (or similar role) then it is important to comply with the guidance on honorary work.

In volunteer roles which would draw on your accountancy training, for example preparing charity accounts or providing accountancy services, then the income of the charity must be below the limit set, currently £250,000, no fee is to be charged and you must not hold yourself out to be in public practice. If you wish to assist a charity above the threshold as an independent examiner, or to act as a charity auditor or tax advisor you must seek and obtain the necessary authorisation from ACCA first before accepting that role, as you will be deemed to be in public practice.

### **Volunteering as a member who is also registered with ACCA as a member in public practice**

Not all assignments and activities fall within the definition of public practice. Accepting these roles which are not involving your accountancy skills is open to you. Examples would be serving as a volunteer reader in a school or working in a charity shop. Similarly, you can serve as a trustee of a charity. The distinction between what counts as honorary work may still be helpful in identifying the amount of time in public practice and those roles that require registration as a member in practice. Depending upon the terms of your professional indemnity cover noting those volunteer roles that count as public practice may assist in understanding the implications for cover and obtaining or renewing such cover.

In volunteer roles that draw on your accountancy training being registered as a member in practice offers greater flexibility in accepting those roles that fall outside of the limits set for

honorary work, for example accepting work for a discounted fee or acting as a pro bono charity auditor or as a volunteer independent examiner for a charity with an income above the limit set, currently £250,000.

In respect of members who are auditors, consideration should also be given to whether accepting the volunteer role is compatible with the requirements of audit ethics and maintaining auditor independence that might involve either a conflict of loyalty or conflict of interest. Care must be taken in avoiding reviewing your own work but some assistance to the client charity may be permissible where acting as an independent examiner but consult the applicable Directions and/ or charity regulator's guidance. For example, the Charity Commission for England and Wales in making its Directions for the conduct of an independent examination permits the independent examiner to format the client's accounts provided they have had no other involvement (see Direction 2).

### **As employees or partners**

It is advisable to check with your employer before accepting a volunteer role as to whether the firm has a policy on volunteering. Some employers offer time off or other assistance whilst others organise volunteering events as a corporate activity. In the case of partners having a shared understanding with the Lead Partner for the Firm of the volunteer role and what is involved may well be helpful. In the case of a registered auditor, even where a volunteer role might not be in conflict with audit guidelines on independence some roles, for example acting as a trustee, may bring a profile or a degree of risk that colleague partners would need to consider and on occasion such a role might not be considered appropriate.

Depending upon the terms of your firm's professional indemnity cover noting those volunteer roles that count as public practice may assist in understanding the implications for cover and obtaining or renewing such cover. It is potentially the case that your employer or partner colleagues may want to understand more about the volunteer role and in some cases may ask you to decline it.

Not all assignments and activities require accountancy skills or fall within the definition of public practice. Accepting these roles is open to you subject to obtaining prior approval if required under the firm's policy on volunteering. Examples would be serving as a volunteer reader in a school or working in a charity shop.

Those volunteer roles that draw on your accountancy skills that are supported by your employer or accountancy practice are likely to be conducted, where approved, under the terms of your employment and related professional indemnity cover but this is important to confirm before accepting the role. If not, then if such roles do not fall within ACCA's definition of honorary work separate registration as a member in practice is likely to be necessary before accepting the role.

In respect of members who are auditors, consideration should also be given to whether accepting the volunteer role is compatible with the requirements of audit ethics and maintaining auditor independence that might involve either a conflict of loyalty or conflict of interest. Care must be taken in avoiding reviewing your own work but some assistance to the client charity may be permissible where acting as an independent examiner but consult the applicable Directions and/or charity regulator's guidance. For example, the Charity Commission for England and Wales in making its Directions for the conduct of an independent examination permits the independent examiner to format the client's accounts provided they have had no other involvement (see Direction 2).

## Retired members

Retired members are not full ACCA members and can only accept those volunteer roles that do not count as public practice and fall within the definition of honorary work where the role involves the use of their accountancy skills.

Not all assignments and activities count as public practice. In these instances as an ACCA retired member you can serve in any volunteer role which is not involving your accountancy skills. Examples would be serving as a volunteer reader in a school or working in a charity shop. Similarly, you can serve as a trustee of a charity.

In instances where your role involves your accountancy skills such as acting as an independent examiner or as a book-keeper or as a charity treasurer (or similar role) then it is important to comply with the guidance on honorary work.

In volunteer roles which would draw on your accountancy training, for example preparing charity accounts or providing accountancy services, then the income of the charity must be below the limit set, currently £250,000, no fee is to be charged and you must not hold yourself out to be in public practice. If you wish to assist a charity above the threshold you should seek and receive the necessary authorisations from ACCA first before accepting that role.

## Annex 1 – Sources of advice cited in the Factsheet

Volunteers and employment rights: <https://www.gov.uk/volunteering/pay-and-expenses>

NCVO guidance on volunteers and employment status: <https://www.ncvo.org.uk/help-and-guidance/involving-volunteers/volunteers-and-the-law/employment-status/>

Disclosure and Barring Service (DBS):  
<https://www.gov.uk/government/organisations/disclosure-and-barring-service/about>

DBS service for volunteers: <https://www.gov.uk/government/publications/disclosure-application-process-for-volunteers/disclosure-application-process-for-volunteers>

NCVO advice on volunteer training: <https://www.ncvo.org.uk/help-and-guidance/involving-volunteers/valuing-and-developing-volunteers/training-volunteers/>

Charity Commission England and Wales guidance on recruiting trustees:  
<https://www.gov.uk/government/publications/finding-new-trustees-cc30/finding-new-trustees>

Office of the Scottish Charity Regulator guidance on trustee recruitment:  
<https://www.oscr.org.uk/managing-a-charity/managing-charity-trustees/recruiting-charity-trustees/>

Charity Excellence resources hub: <https://www.charityexcellence.co.uk/free-charity-resources-templates-and-checklists/>

Investing in Volunteers: <https://investinginvolunteers.co.uk/>

NICVA: <https://www.nicva.org/topics/training>

WCVA: <https://wcva.cymru/volunteering/>

Volunteer Scotland: <https://www.volunteerscotland.net/volunteer-practice/training-and-workshops>

## **Annex 2 – Resources for volunteering by ACCA members**

ACCA guidance for volunteering: <https://www.accaglobal.com/gb/en/study-with-acca/blog/its-not-just-superheroes-who.html> including Guidance Factsheet ‘Honorary Work’: <https://www.accaglobal.com/uk/en/member/regulation/factsheets.html>

Accounting for international development opportunities (AfID): <https://jobs.accaglobal.com/article/how-to-use-your-skills-for-doing-good>

Lifetime opportunities for ACCA members: <https://jobs.accaglobal.com/landingpage/7182868/lifetime-membership/>

Obligations to report certain matters if they arise to the charity regulator when a volunteer: <https://www.accaglobal.com/uk/en/technical-activities/uk-tech/in-practice/2021/may/accountants-volunteers-auditing-charity-accounts--face-sanctions-report-obligations.htmlv>

Members in Practice guidelines including the ‘Am I In Public Practice?’ guide: <https://www.accaglobal.com/gb/en/member/practising-certificates-and-licences/do-i-need-a-practising-certificate-.html>

Retired members: <https://www.accaglobal.com/uk/en/member/membership/lifetime-membership-retirement/expertise.html>

### **About the author**

The author of this factsheet, Nigel Davies FCCA DChA, is a director of the Association of Church Accountants and Treasurers (ACAT) and a member of the INPRF (formerly IFR4NPO) Practitioners’ Advisory Group. He is regular speaker on financial reporting and regulation and was until January 2022 joint chair of the Charities SORP Committee and of the SORP-making body responsible for the development of the Charities SORP. Prior to being joint chair, he provided the SORP secretariat and was co-author of the 2014 Charities Statement of Recommended Practice (FRS 102). He was also the principal author of the 2015 ACCA Companion Guide for Not-for-profits to the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), which was the forerunner initiative to INPAS and gave advice to non-profits on how to report under IFRS for SMEs.

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