FUNDRAISING REGULATOR

Annual report and financial statements

1 September 2018 to 31 August 2019

Contents

Lord Toby Harris, Chair, Fundraising Regulator

"I am pleased to be reporting for the first time on the continued progress of the Fundraising Regulator. Since becoming Chair in January 2019 I have been impressed with the professionalism of the regulator which was only set up in 2016.

It is more than four years since the cross-party review of fundraising self-regulation that resulted from widespread concern about how charities interact with donors and potential supporters, which led to our establishment. We now have an effective way of dealing with complaints and encouraging learning; there is a mechanism in place for the public to opt out of receiving unwanted communications; the fundraising standards are being systematically updated; we are able to offer specific, tailored advice and guidance to the public and charities; and we have a fair means in place for funding our regulatory effort.

At the end of August 2019, 3,597 fundraising organisations had registered with us by paying the levy or registration fee. We are confident that our self-regulatory model is working well and the value we deliver is supported by the sector, which is evidenced by a 96% payment of the levy this year – the highest rate since the regulator was established.

Looking ahead, we will broaden our focus to engage more with donors and the general public after gaining a good understanding of the work that needs to be done through the public research we published in July. This research found that there is a need for the sector to work together to build trust in fundraising organisations, and we are now very well placed to push forward our agenda to support the sector to build a culture of ethical fundraising. In the coming months we plan to build on this research through a sector survey, which will give the organisations we regulate an opportunity to tell us about the usefulness of our work and share their experience of using our services.

As part of our drive to increase our public-facing work, we will undertake a review of the Fundraising Preference Service to ensure it has met its original aims and is delivering the most value. We will also enhance the information we give the public on our website to help individuals know what standards they can expect from fundraisers. We will then turn our attention to promoting our Fundraising Badge, so that the public can easily recognise those organisations who have committed to the standards which underpin good fundraising.

Through our work with the sector and the public we will continue to meet the principles that underpin regulation: accountability, transparency, agility, proportionality, consistency and targeted. I would like to thank the sector and our regulatory counterparts for their support in the past year, as well as my fellow Board and committee members and staff team for their dedication and skill in ensuring that fundraising is being properly regulated."

Gerald Oppenheim, Chief Executive, Fundraising Regulator

It has been an exceptionally busy year for us all at the Fundraising Regulator, as we've implemented key initiatives across the organisation in our aim to deliver an effective, proportionate and risk-based system of voluntary regulation of charitable fundraising.

Since starting to implement our three-year strategy in 2018, which enhances and builds on the achievements of our first two years, I am pleased to report that we have established the groundwork to meet our strategic objectives. We are no longer a start-up, and we are building on solid foundations.

This year has seen us focus on working with the sector to improve fundraising standards. We overhauled the Code of Fundraising Practice, which sets out the standards for charity fundraising, to make it easier to understand and implement. This was the most comprehensive review in more than a decade. We have also taken significant steps to ensure that the major online fundraising platforms are complying with the code – this is an area that was largely unregulated until we introduced changes to the code in 2018. We are well on the way to achieving full compliance from these organisations, but there is still some work to do as new platforms emerge and fundraising becomes more digital. This year we also made some revisions to the levy and collected in-depth data through the Annual Complaints Return, which was published in our Annual Complaints Report.

We have seen growing public awareness of our Fundraising Badge as the sign of commitment to ethical fundraising and we have found more organisations willingly coming to us in order to register. In particular, we have made progress with increasing registrations of small charities, but there is more to be done to raise awareness among the public about our work and to extend our reach in the fundraising sector.

As a result of the progress we have made, the Government and sector umbrella bodies – whose support was so vital in our inception – can be satisfied that the fundraising sector is being regulated more effectively than it was three years ago and that we are spending the voluntary contributions made by the sector wisely. In the year ahead, we will continue to evolve the work we do in response to the changing needs of the sector.

I look forward to continuing to engage with those organisations who work with us to ensure our success and I thank them for their vital contribution to our work – the Charity Commissions for England and Wales and for Northern Ireland, NCVO, WCVA, NICVA, CO3, ACEVO, NAVCA, the Institute of Fundraising, the Information Commissioner, the Office for Civil Society at DCMS, OSCR and the Scottish Fundraising Standards Panel, and many charitable organisations.

I would like to pay tribute to Sir Stuart Etherington who stepped down as Chief Executive of NCVO this year. His vision and skilful direction of the cross-party review of fundraising in 2015, plus his subsequent support for the Fundraising Regulator, contributed enormously to the improvements we are currently seeing in fundraising.

Timeline 2018/19

Sep 2018 – We consulted on improvements to the Code of Fundraising Practice

Oct 2018 – We took the decision to name the organisations we investigate

Jan 2019 – Lord Toby Harris appointed as Chair

Mar 2019 – We published our Annual Complaints Report

Mar 2019 – We made changes to the levy, effective from Sep 2019

Jun 2019 – We published the improved Code of Fundraising Practice

Jul 2019 – We published research on public awareness and trust

Background

The Fundraising Regulator was formally launched on 7 July 2016, following a cross-party review of fundraising chaired by Sir Stuart Etherington in 2015, which resulted from widespread concern about how charities interact with donors and potential donors. The review proposed the creation of a new, voluntary regulator for all forms of charitable fundraising.

We are funded through an annual voluntary levy on charities reporting spending of £100,000 or more on fundraising and registration fees for charities below that threshold.

Regulatory scope

We regulate all forms of charitable fundraising, whether or not individual charities have paid the levy or registered with us. We also regulate other philanthropic and benevolent organisations that carry out fundraising. Our remit covers England, Wales and Northern Ireland.

Charity regulation is a devolved matter in Scotland. Scottish charities registered with the Office of the Scottish Charity Regulator (OSCR) are regulated by the Scottish Fundraising Standards Panel.

Charities that fundraise in Scotland, but are based and registered primarily in England, Wales or Northern Ireland, are regulated by the Fundraising Regulator. Therefore, members of the public in Scotland need to interact with two regulators and two complaints processes.

The Code of Fundraising Practice, which sets out the standards for charity fundraising, applies to all organisations across the UK. The Scottish Fundraising Standards Panel considers complaints against the Code of Fundraising Practice in Scotland.

Vision, mission and values

Our vision is a society in which fundraising is ethical and giving is sustainable; where donors and fundraisers have respect for each other.

Our mission is to regulate in a way that:
• promotes and supports a culture of ethical fundraising, protecting the public, donors and potential donors, not least those who may be vulnerable, and creating a positive donor experience;
• provides redress for donors when things go wrong;
• enhances and sustains public confidence in charitable fundraising and charities; and
• ensures the highest fundraising standards across the UK.

Our values are:
• that we are independent, transparent, fair and proportionate;
• that we ensure the public has a voice;
• that we give appropriate weight to regulatory action and support/guidance for the sector and for the public;
• that we work with other regulators and representative bodies in the charitable and fundraising sectors to achieve our mission; and
• that we provide value for money in all our operations.

Key highlights for 2018/19

Standards
• We published the revised Code of Fundraising Practice which brings together the code, rulebooks and legal appendices to make it easier for organisations to implement and navigate.
• We have taken steps to bring online fundraising platforms into our regulation.

Casework
• We have continued to manage a large volume of complaints – 737 were received and 757 were closed – 89% were closed within four weeks of receipt.
• We completed 82 investigations and 73% were closed within our target of 13 weeks.
• We aggregated detailed data sets from the sector and our own casework on complaints which formed the basis of our Annual Complaints Report 2017/18.

Research
• We published our first piece of research into trust in fundraisers, awareness of the Fundraising Regulator, and the impact that knowledge of us has on trust.

Resources
• We registered a total of 670 more organisations in 2018/19, increasing the total number of charities and other organisations registered and publicly committed to the code to 3,597, up from 3,000.
• We revised the levy to make it fairer for charities by introducing extra bandings for smaller charities and using more up-to-date figures. However, we did not increase the fees in the existing bands. We plan to maintain this approach for the next year of the levy but we will undertake a more fundamental review of the levy for 2021.

Fundraising Preference Service
• In the past year, 2,820 members of the public made 8,719 suppression requests against 846 charities. Since launch, 1,729 charities have received at least one suppression request.
• We published the names of 72 charities that had breached the Code of Fundraising Practice in relation to the FPS.

Communications
• We handled 1,173 fundraising enquiries and provided information in 95% of cases within seven days. In addition we had 345,545 visitors to our website.
• We sent a monthly regulatory update to more than 5,000 subscribers.

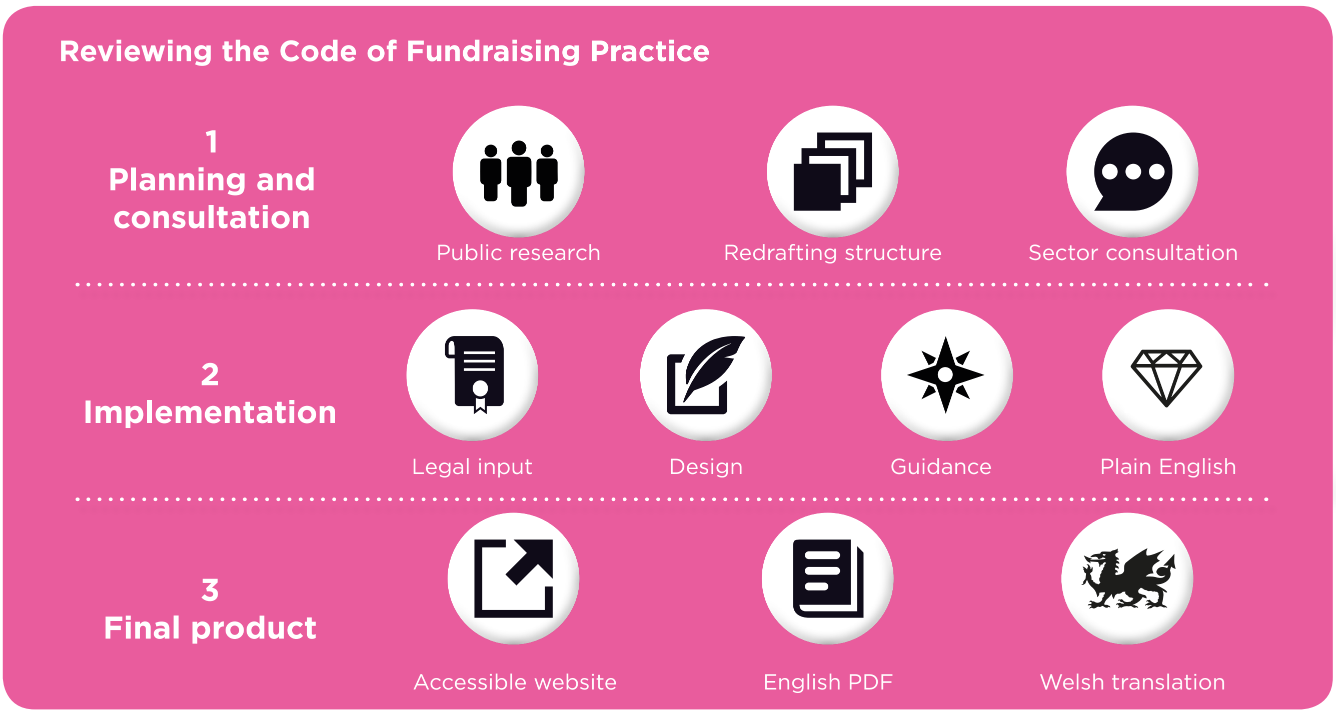
Standards

Code accessibility review

We believe the Code of Fundraising Practice should be easy to understand and navigate so that those we regulate know what standards they are expected to meet. Between September 2018 and November 2018 we consultated on improving the accessibility of the code.

We held 16 consultation events and webinars across England and Wales, Scotland and Northern Ireland and received 116 formal responses. We were impressed with the level of engagement; the strength of the response demonstrates how important the code is to fundraisers. Although there were differences in the detail of views expressed, the results indicated that most respondents supported the principle of what we sought to do and broadly agreed that the changes we suggested were the right ones. Alongside the revised code, we also published a summary of the responses we received and what decision we made as a result of the feedback.

Our changes to the code included:
• incorporating the rulebooks and legal appendices into the code, so that all standards can be found in one place;
• a new three-part structure for better navigation, making it easy to know which standards apply depending on the type of fundraising;
• addition of a glossary to explain key terms and an introduction to set out how the code should be used;
• a full review with lawyers in England and Wales, Scotland and Northern Ireland to ensure the code is legally up-to-date;
• clarifying who each section of the code applies to and where there are differences in law in England and Wales, Northern Ireland and Scotland;
• removing, merging or rewording standards where there was repetition, inaccuracy or ambiguity;
• rewriting the standards in transparent, jargon-free language – the Plain English campaign gave the code a Crystal Mark standard; and
• developing the new code on our website to improve online navigation and implementation.



Revisions of code sections

As part of the code review, we updated the standards in relation to health and safety and safeguarding people in vulnerable circumstances. We identified that health and safety in particular would benefit from a focus on guidance rather than more standards to fill in the gaps when applying the code. These standards have been condensed and we have referred to guidance from the lead regulator, the Health and Safety Executive.

For people in vulnerable circumstances, we have updated the standards but have not made significant changes. We are currently working with key stakeholders and experts so that we can continue to develop appropriate standards and guidance to support the sector in this area.

Charities Act 2016

We conducted a spot check of charities' compliance with the fundraising reporting requirements in the Charities (Protection and Social Investment) Act 2016, which applied to annual reports for the first time in 2018, by looking at a sample of just over 100 annual reports. The reporting requirements are designed to ensure that charities are clear about how they are accountable for their fundraising. We expect to publish the learning from this review towards the end of 2019 or in early 2020.

Digital fundraising platforms

We are committed to proportionate regulation which does not stifle responsible innovation. As part of this, we work with organisations that are relatively new to the fundraising landscape to achieve compliance with the code. Throughout the year we have been working with digital fundraising platforms to secure their commitment to the code. There are now 16 platforms registered with us and signed up to the standards in the code. We are confident this number will grow over the next year.

Casework

Our complaints work

An important part of our work is to consider complaints about fundraising from the public and others against the standards set out in the Code of Fundraising Practice. In 2018/19, we received 737 complaints and closed 757 (the closure figure includes some cases from the previous financial year). This represents a 33% drop in incoming complaints from the previous 12-month period.

The fall in complaints was in part due to the changes we made last year to our online complaints form to clearly explain what we can and cannot investigate. Although we continue to receive a significant number of complaints that are out of our remit, the majority of these are received via our complaints telephone line, rather than our online form.

Although complaints have fallen by a third, the number of investigations closed increased by 52% (82 in 2018/19 compared to 55 in

2017/18). The increase in the number of investigations is due to the maturing of our complaints function. This has seen us open more investigations where we see learning potential for the organisation concerned and the wider sector. A formal investigation allows us to better communicate our reasoning and the learning in these cases to both the sector and complainants. We continue to investigate cases where we do not find a breach of the code, but where there may still be recommendations for the charity or learning for the sector that we want to share.

This year we published our second Annual Complaints Report. For the first time, we published learning from our own complaints and investigations, alongside data collected from the 58 charities who spend the most on fundraising. We intend to seek the sector's views on the format and content of the Annual Complaints Return next year.

In line with the code, we expect all charities to have a clear and publicly available complaints process. Our complaints handling guidance states that this should clearly signpost individuals to the Fundraising Regulator or the Scottish Fundraising Standards Panel in the event that the charity is not able to resolve their complaint. Where we have investigated charities or fundraising organisations and found them to have breached the code by not having a clear and publicly available complaints process, we have made a recommendation to put this in place.

We continue to work with other regulators, such as the Charity Commission, the Advertising Standards Authority and the Information Commissioner's Office, in instances where we have casework in common.

Our complaints process

We improved our published complaints process in response to stakeholder feedback, to ensure it is clear and transparent. We also amended our external review process to remove the obligation on complainants to send their requests by post, to make this easier for individuals and organisations to access.

36% more complaints under investigation

89% of complaints closed within 4 weeks

59% of investigations identified at least one breach of the code

41% of complaints received were out of our remit

External review

The first external review into our casework was completed in 2018/19. This was requested by a charity following our investigation into a complaint against it, which we upheld. The final report, prepared by our External Reviewer Jon Wigmore, was issued in August 2019 and partially upheld the concerns expressed.

'I was appointed External Reviewer for the Fundraising Regulator in April 2017. I completed my first review in this reporting period, issuing my final report in August 2019. I partially upheld the complaint and made recommendations to both the charity concerned and the Regulator. The Regulator accepted my findings and agreed to implement my recommendations in full, which will include them reviewing the way in which they obtain and consider evidence.' - Jon Wigmore, External Reviewer

After three years of operation, we value the opportunity to have our casework scrutinised and believe that the review highlights some important learning for us. We will implement the report's recommendations in full.

Investigations

We closed 82 investigations in 2018/19 and upheld 59% of these, making recommendations for improvement and learning. For the most part, organisations responded positively to this and complied with our recommendations in full. In a very small number of cases where a charity has not complied, we have referred them to the Charity Commission, as the statutory regulator.

Our Board took the decision to name all the organisations we investigate for complaints received after 1 March 2019. Organisations are named in individual investigation summaries published on our website once a case has closed. We believe this is the right approach in order to be open and transparent in our casework, and promote a culture of ethical fundraising. Work was completed in 2018/19 to prepare the first batch of summaries naming the organisations investigated for publication in September 2019.

Whistleblowing

In 2018/19 we received three complaints from whistleblowers, which we considered in line with our complaints process. We recognise the valuable role intelligence from whistleblowing disclosures can play and our process sets out how individuals working in fundraising organisations can raise concerns.

Support and research

Enquiries

We received 1,173 enquiries in 2018/19. Two thirds of these came from charities and fundraising organisations, and nearly a third of enquiries came from members of the public, either looking to do their own fundraising or checking what the standards are for fundraisers they came into contact with.

1,173
enquiries received

95% of people received a reply to their enquiry within 7 days

Our enquiries came from:

Individual from a charity	46%
Member of the public	31%
Commercial company/supplier	8%
Independent fundraiser	6%
Consultant/advisory professional	2%
Statutory body	1%
Other	6%

2 in 3
enquiries came from charities and fundraising organisations

1 in 3
enquiries came from the public

The majority of enquiries came from charities and fundraisers. Although questions related to many sections of the code, the most common of these related to the sections on general behaviour, key principles and data protection, which we expected after the introduction of the General Data Protection Regulation (GDPR) in May 2018. A significant number of enquiries came from the public (31%), again across a range of topics, but most frequently on if and how they can fundraise legally for a charity or for a personal cause.

Part of our work for the coming year will be to focus on improving the data we capture from our enquiries, so that we get a better understanding of where support is most needed. We do not intend to record personal data as part of this work.

Public research

Between November 2018 and January 2019 we commissioned research to assess public understanding and awareness of our work. This included our impact on public trust in fundraisers and the views of the public on the code. Since launch, our commitment to independence has included giving the public a greater voice in fundraising regulation. So the purpose of this research was to make sure we took into account the views of the public in our accessibility review of the code.

The research produced a number of valuable findings, notably that 6 in 10 people reported higher trust in fundraisers once they knew about the Fundraising Regulator and the code. Two years on from the introduction of the Fundraising Preference Service (FPS), which allows people to control the nature and frequency of direct marketing communications that they receive from charities, there was a useful reminder of how important this service is to the public. 84% consider the FPS to be 'very' or 'fairly important' once they were made aware of it. The results also challenged us to increase public awareness of our work, which is an area we plan to focus on in 2019/20.

Fundraising Preference Service

The Fundraising Preference Service (FPS) was established in July 2017 to provide the public with the means to manage their communications with charities, either online or via the telephone. Members of the public who wish to manage their contact with charities registered in England, Wales or Northern Ireland, can use the service to opt out of further direct marketing contact from named charities.

In 2018/19, 2,820 members of the public made 8,719 suppression requests against 846 charities. The number of suppression requests is down by 4,618 on the figure reported last

FUNDRAISING PREFERENCE SERVICE

2,820 people used the service in the last year

21,215 suppressions made since FPS launched

82% of people request to stop **all** types of communications

72 charities named as breaching the code in relation to FPS since March 2019

9,080 suppressions made on behalf of others since FPS launched year. A total of 1,729 charities have received at least one suppression request since the service was established and 1,948 charities (97% of those required to) have now on-boarded to the service.

Nearly 30% of users make suppression requests on behalf of others, which means the service is helping vulnerable people, who might otherwise be left overwhelmed by direct marketing. Throughout the year, we sought to raise awareness of the FPS among to these individuals through targeted marketing campaigns and the press (national newspapers and television).

Since March 2019, every month we have published a list of charities on our website that have failed to access and action an FPS request to put a stop to communication. As of the end of this period, 37 charities had failed to access 89 requests.

Following an evaluation of the FPS call centre operation in January, we found that this was not delivering value for money based on the level of calls we were receiving. From 2019/20 financial year, the FPS call centre will be managed entirely in-house by the Fundraising Regulator. This action has realised a saving of £17,000 per year.

When the FPS was set up in 2017, we took the decision to review the entire FPS service provision after it had been up and running for some time. This review will begin in January 2020. We will consult on the outcome of this review to establish whether the present system should continue beyond 2021.

Resources

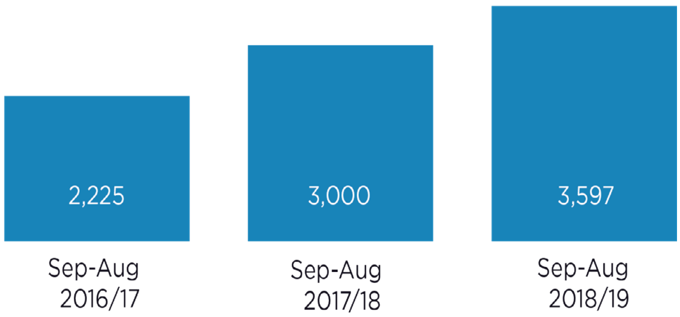
Registration

By registering with the Fundraising Regulator, organisations demonstrate that they are committed to the standards set out in the Code of Fundraising Practice.

A total of 3,597 organisations are now registered with us. Of these, 1,813 organisations have a fundraising spend of more than £100,000 and have paid the fundraising levy. 1,668 smaller charities and 116 commercial organisations paid our registration fee. There are over 100 registered organisations in Northern Ireland and 87 in Wales, the rest are in England.

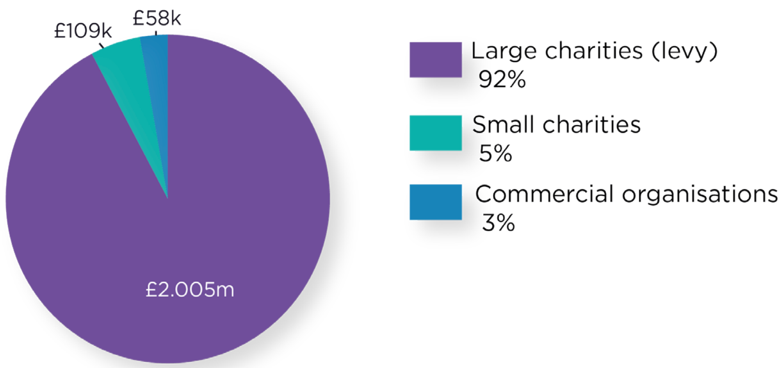
We are pleased to see substantial year-on-year growth of small charity registrations, up 20% from 1,000 to 1,668 organisations. However, the number of smaller charity registrants fell 13% below our target of 2,000.

Growth in the number of registered organisations over three years



The fundraising levy

In 2018/19 the levy and registration fees raised £2.172m, just short of the £2.2m running costs set out in the three-year strategy we published in 2018 (the cross-party review of fundraising recommended a budget of between £2m and £2.5m).



Although this fell short of our levy income target, we're very pleased to report that our income from the fundraising levy has stabilised, with a 94-95% payment rate in the past two years.

When we introduced the levy bands based on fundraising spend in September 2016 we agreed to make no changes to them for three years. These are challenging financial times for all organisations, so we want to keep the costs of regulation at the lowest amount we need to be effective.

From September 2016, we used the data from the 2014-15 annual return to the Charity Commission to decide which charities would be asked to pay the fundraising levy. At the time, this was the most recent full set of data available to us. However, in March 2019, we reviewed the levy framework and made the decision that from 2019/20, the levy would be based on the most recent financial information provided by charities to the Charity Commission. This provides a fairer picture of current fundraising activity.

For the fourth year of the levy beginning 1 September 2019, we added two extra bands near the bottom of the levy scale, so that smaller fundraising charities in the levy move up the scale more gradually. This was in response to feedback from smaller charities who found the previous steps too steep. These changes mean that some organisations will pay more and others will pay less.

2019/20 levy bands

Amount of money spent on fundraising		Levy amount
£100,000	£149,999	£150
£150,000	£199,999	£300
£200,000	£349,999	£500
£350,000	£499,999	£800
£500,000	£749,999	£1,000
£750,000	£999,999	£1,500
£1 million	£1,999,999	£2,500
£2 million	£4,999,999	£4,000
£5 million	£9,999,999	£6,000
£10 million	£19,999,999	£8,000
£20 million	£49,999,999	£12,000
£50 million +		£15,000

2018/19 levy bands

Amount of money spent on fundraising		Levy amount
£100,000	£149,999	£150
£150,000	£199,999	£300
£200,000	£499,999	£800
£500,000	£999,999	£1,500
£1 million	£1,999,999	£2,500
£2 million	£4,999,999	£4,000
£5 million	£9,999,999	£6,000
£10 million	£19,999,999	£8,000
£20 million	£49,999,999	£12,000
£50 million +		£15,000

Work in the devolved countries

The Fundraising Regulator regulates all charitable fundraising in England, Wales and Northern Ireland, and the Code of Fundraising Practice sets fundraising standards UK-wide. Charity regulation is a devolved matter in Scotland and here the Scottish Fundraising Standards Panel considers complaints against the code, rather than the Fundraising Regulator. In all our work we take into account the different legislatures that exist within our remit so that we can regulate in the most appropriate way.

Throughout 2018/19 we continued our

programme of ongoing engagement with the devolved countries. In Scotland, Wales and Northern Ireland we attended meetings with regulators and stakeholders, and regularly delivered speeches and workshops at conferences to inform audiences about the new and improved code, changes to the levy and our complaints process. In Northern Ireland we also appointed a freelance consultant to further develop our work here.

Communications

Since set up, our communications function has matured significantly. This year we have recruited an in-house Communications Manager to work alongside a Communications Officer, who delivered a programme of regular communications activity to continue our engagement with the sector and the public.

Throughout the year we communicated extensively via the website, a monthly newsletter, which included important regulatory updates, webinars and press releases, to alert the sector to significant new developments. We also attended 155 speaking engagements and stakeholder meetings in the past year in which we promoted our role and benefits of our regulation to fundraising organisations and the public in England, Wales and Northern Ireland. We produced 12 blogs from key members of staff and four thought leadership articles for publication externally. Through our proactive engagement with the media, we secured a further 421 mentions in the sector and national press.

Transparency is a key principle that underpins the way we work and in addition to these regular communications, we published our 2019-20 business plan, budget and key performance indicators (KPIs) on the website. We also kept the sector informed of the proposed changes to the levy and registration, and changes to the Code of Fundraising Practice so that adjustments could be made in good time.

Finance and risk

Financial review

Our income for this accounting period is £2.17m, which includes income from the levy of £2m (92% of total income) and £167k from the registration of smaller charities and commercial organisations engaged in fundraising. A small proportion of this income (£4k) is levy income from registration deferred from the earlier accounting period, in line with accounting rules or late payment of income from earlier levy cycles.

Expenses of £1.97m were incurred and we achieved a surplus of £200k which has been taken to reserves in line with our policy. As a result, reserves have improved to approximately £693k (£493k in 2018) which is around 70% of our planned reserves level.

Our income remains below the top end of the £2m to £2.5m that the cross-party review of fundraising recommended in 2015 that we need to undertake our tasks effectively. This limits our ability to undertake more proactive activity.

At the end of 2018/19, 1,813 charities had paid the levy, contributing 96% of the overall total payments we set out to collect. However, we still spend a disproportionate amount of our resources on chasing levy payments from late payers and it is disappointing that around 20 charities each year decide not to pay the levy; a further 100 charities do not respond to repeated contact requests at all. However, we are seeing the number of non-contributing charities reduce as they recognise the positive impact we are having on raising standards across the sector and increasing public confidence in fundraising.

Year-on-year comparison

To regularise our accounting period with the levy period we produced two sets of accounts last year (for full year ending 31 March 2018 and for five months ending 31 August 2018). We have restated expenditure for the comparable 12 months in Table 1 to provide a better comparator for the reader than the published accounts show. The accounts are obliged to show the comparative against the short accounts published in 2018, which is of limited value to the reader.

Performance against budget

Our planned budget for the year of £2.05m was underspent by £77k (4%). This was largely caused by higher than anticipated staff turnover that restricted our capacity to complete all the tasks in our business plan.

Around five (12%) of the tasks in our business plan were not completed by the year end and this activity will be carried over into the next year. Some reductions to costs were also achieved on contracts like the FPS service and these savings were realised after the budget was set.

Risk management

We identify and monitor significant risks regularly. We apply mitigation to reduce the likelihood of any risk crystallising and its impact being realised.

We report risks in a register, which is regularly monitored and reviewed by our Senior Management Team and the Finance Audit and Risk Committee. The Board also discusses the risk register at least twice a year.

Our biggest long-term risk is funding. Despite an increase in the number of charities paying the levy and registering over three years, the voluntary nature of the levy means we cannot predict accurately how many will pay each year and the speed at which this happens.

Reserves

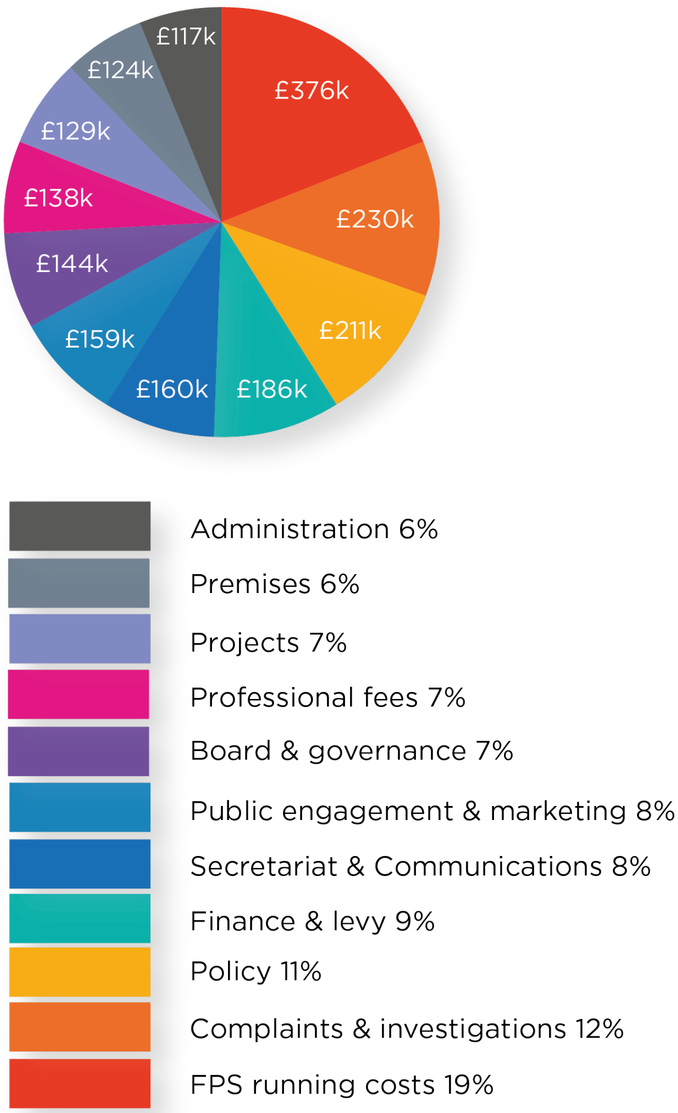
The Board agreed a reserves policy in September 2016 and the Finance, Audit and Risk Committee formally reviews this on an annual basis. Our reserves policy ensures that we have adequate funds at any time to deal with a drop in our funding; to meet exceptional costs that may arise from challenge to our decisions; and to cover the costs of an orderly winding up, so that our legacy can be passed on to any successor body and liabilities can be met before closure. Given the difficulty for a self-regulatory body to insure against legal risks, a proportion of the reserve is also earmarked to cover costs of any legal challenges to the decisions we make

Operating reserves will be maintained

Table 1: Income, expenditure and fund balances	**12 months ending 31 August 2019 (£)**	**12 months ending 31 August 2018 (£)**
Income from regulatory activities	2,172,085	2,140,620
Income from Investments	1,560	360
Total Income	**2,173,645**	**2,140,980**
Expenditure on regulatory activities	1,973,513	1,911,768
Net income for the year	200,132	229,601
Added to fund balances	493,338	201,247
Fund balances	**693,470**	**493,338**

at the upper end of three to six months of core expenditure, between £500k to £1m to ensure all contractual liabilities – for staff, suppliers and contractors – can be met. Reserves at this level will ensure that, in the event of a significant drop in funding, we will be able to continue our current activities while consideration is given to ways in which additional funds may be raised. We intend to increase our reserves levels to the six-month target set by the Board over time and to make better arrangements for its investment.

Expenditure 2018/19



Governance and management

The Board

The Fundraising Regulator is a company limited by guarantee with a Board of Directors. The Chair of the Board is supported by the Vice-Chair and up to ten other members. In addition to the Board there are three sub-committees: the Standards Committee; the Complaints and Investigations Committee; and the Finance Audit and Risk Committee, which make decisions delegated by the Board. The Board is supported by an executive function, led by the Chief Executive. A list of Board and committee members can be found on pages 20 to 22 of this report.

The Board currently has 11 members, who bring a range of skills and experience, including charitable activity, fundraising, law, communications, financial, digital and regulation. We recruit members by open competition to ensure we bring the right mix of skills and diversity to the Board. Our initial Board members were appointed in 2016 for two-year terms. The Board agreed to stagger second terms for the initial members to ensure that continuity and experience were retained while also attracting new expertise.

Key management pay

The pay of key management personnel is set by the Board on the recommendation of the Chief Executive after the posts have been benchmarked against similar posts in comparable organisations.

Board and committee meetings

The Board and Committee Terms of Reference are available on the website, together with summaries of the discussions at Board meetings.

The Board

The Board met formally on four occasions during the period of this report. The focus of the Board over this period included the review of the levy; casework performance; naming charities in investigations; fundraising platforms; the FPS; governance; and the code.

Standards Committee

The role of the committee is to:
• Exercise oversight of the Code of Fundraising Practice.
• Respond to issues of public concern and future changes in fundraising practice, including those resulting from new legislation.
• Take a proactive approach to issues, both to reduce the likelihood of complaints and to respond effectively when they arise.
• Access consumer opinion, for example through workshops with members of the public, ensuring that the needs and voices of donors and the public interest are at the centre of discussions about fundraising standards.
• Determine guidance and advise on the Code of Fundraising Practice, fundraising standards and practice generally and any other matter that the Board may wish the committee to address.

The Standards Committee includes two members of the Board, three external members and two observers. The committee met on three occasions during the period and discussed: the Code of Fundraising Practice and the Rulebooks, the accessibility consultation; communications and stakeholder engagement; fundraising platforms; and supporting people in vulnerable circumstances.

Complaints and Investigations Committee (formerly Adjudications Committee)

The role of the committee is to:
• Hold the executive to account for the overall casework performance.
• Reassure the Board that the casework function is fit for purpose.
• Determine the outcome of some individual cases where the issues are particularly complex.
• Reconsider any cases that have been remitted to the external reviewer.
• Undertake thematic reviews of casework in order to identify wider lessons or areas of the code that the Standards Committee may wish to review.

The Complaints and Investigations Committee includes four members of the Board, two external members and an observer. The committee met four times during the period and discussed: updates on current complaints and investigations; casework performance; Annual Complaints Return review; and complaints trend analysis.

Finance Audit and Risk Committee

The role of the committee is to:
• Review our financial forecast and budgets.
• Consider our risk register and discuss the risks we face.
• Review our levy policy and forecasts for the levy.
• Consider strategic HR and reward issues for the executive.
• Review policies on corporate governance e.g. fraud, data management, whistleblowing.

The Finance and Risk Committee includes four Board members and one external member. The committee met four times during the period and discussed: reviewing options for the levy; financial performance and budget; audit preparation and planning;

financial report and accounts; reserves policy and investment policy for the reserves; and outcomes of the 2019 staff survey.

Conflicts of interest

Board and committee members hold a range of executive and non-executive roles outside the Fundraising Regulator. A Register of Interests is held centrally by the executive team and is regularly updated. Any actual or perceived conflicts are raised either in advance of or at the start of each Board and committee meeting and are noted in the minutes.

If a member's other interests cause or are perceived to cause a conflict of interest with our regulatory functions, our procedures require the member concerned to declare the interest and withdraw from discussion and decision making.

Executive team

The Board and committees are supported by an executive team of just under 20 staff. The Senior Management Team is made up of the Chief Executive (Gerald Oppenheim) and the Head of Finance and Procurement (Nick Allaway), Head of Policy (Priya Warner), Head of Secretariat and Corporate Services (Daisy Houghton) and Head of Casework (Catherine Orr).

Staff development

One of our greatest assets is the intellectual capacity of our staff. We are committed to developing the potential of our staff, recognising that we are a small employer with limited opportunities for career development. For the first time this year we completed a staff survey. This indicated levels of staff engagement are high. Some issues were highlighted for further consideration including pay, learning and development, and terms and conditions.

To ensure our staff are well equipped to serve our evolving needs, we have offered a programme of learning and development. The nature of the training was identified through the annual appraisal process. In addition to developing technical skills with programmes such as Google Analytics and Salesforce, staff were also encouraged to develop skills in areas such as line management. In addition, staff attended training aimed at fundraisers to better understand particular aspects of fundraising practice.

Board and committee members

Board and committee members 2018/19				
Name	**Board**	**Standards**	**Complaints**	**Finance**
Lord Grade*	Chair until 31/12/18			
Lord Harris*	Chair from 01/01/19			
Margaret Moore*	Vice Chair			Chair
Suzanne McCarthy*	Member	Chair		
Michael Smyth*	Member		Chair	
David Cunningham*	Member	Member		
Jenny Williams*	Member		Member	
Sacha Deshmukh*	Member			Member
Jill Thompson*	Member			Member
Kieron James*	Member			Member
Richard Newton*	Member for Wales		Member	
Walter Rader*	Member for N.Ireland		Member	
External members				
Liz Barclay		Ext member		
Catherine Cottrell			Ext member	
Nick Jones		Ext member		
Sharon Martin				Ext member
Andrew Nebel			Ext member	
Guy Parker		Ext member		
Observers				
Annemarie Devlin (Scotland)		Observer		
Ceri Edwards (IoF)			Observer	
Daniel Fluskey (IoF)		Observer		
Val Surgenor (Scotland)	Observer			

***These are the directors who were registered at Companies House during the year**

Board and committee attendance

Board attendance 2018/19				
Name	**25/10/2018**	**05/02/2019**	**01/05/2019**	**30/07/2019**
Lord Grade	Y	-	-	-
Lord Harris	-	Y	Y	Y
Margaret Moore	Y	Y	Y	Y
Suzanne McCarthy	Y	Y	Y	Y
Michael Smyth	Y	Y	Y	N
David Cunningham	Y	Y	Y	N
Jenny Williams	Y	Y	Y	Y
Sacha Deshmukh	Y	Y	Y	Y
Jill Thompson	Y	N	Y	Y
Kieron James	Y	Y	Y	N
Richard Newton	Y	Y	N	Y
Walter Rader	Y	N	Y	Y
Scotland Observer	N	N	N	Y
Attendance (average over the year 82%)	**92%**	**75%**	**84%**	**75%**

Standards Committee attendance 2018/19			
Name	**10/01/2019**	**11/04/2019**	**22/07/2019**
Suzanne McCarthy, Chair	Y	Y	Y
Liz Barclay	Y	Y	Y
David Cunningham	Y	Y	N
Nick Jones	Y	Y	Y
Guy Parker	Y	Y	N
Lori Houlihan*	Y	N	-
IoF observer	Y	Y	Y
Scotland observer	Y	Y	N
Attendance (average over the year 82%)	**100%**	**88%**	**57%**

***Lori Houlihan stood down in May 2019**

Board and committee attendance

Complaints and Investigations Committee attendance 2018/19				
Name	**16/10/2018**	**16/01/2019**	**17/04/2019**	**17/07/2019**
Michael Smyth, Chair	Y	Y	Y	Y
Catherine Cottrell	N	Y	N	Y
Andrew Nebel	Y	Y	Y	Y
Richard Newton	Y	Y	Y	Y
Walter Rader	Y	Y	Y	Y
Jenny Williams	Y	Y	Y	Y
IoF observer	Y	Y	Y	N
Attendance (average over the year 90%)	**86%**	**100%**	**86%**	**86%**

Finance and Risk Committee attendance 2018/19				
Name	**11/10/2018**	**24/01/2019**	**18/04/2019**	**18/07/2019**
Margaret Moore (Chair)	Y	Y	Y	Y
Sacha Deshmukh	N	Y	Y	N
Kieron James	N	Y	Y	Y
Jill Thompson	Y	Y	N	Y
Sharon Martin	Y	Y	Y	Y
Attendance (average over the year 80%)	**60%**	**100%**	**80%**	**80%**

Legal and administrative information

Chief Executive	Gerald Oppenheim
Company Secretary	Nick Allaway
Company number	10016446

Registered office	Auditor	Bankers
2nd Floor CAN Mezzanine 49-51 East Road London N1 6AH	HW Fisher & Company Acre House 11-15 William Road London United Kingdom NW1 3ER	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ

The directors present their report and accounts for the period ended 31 August 2019. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Fundraising Regulator's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The directors who served during the year are noted on page 20.

Auditor

The auditor, HW Fisher & Company, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Objectives

The object for which the company is established is to promote and carry out the regulation of fundraising carried out by charities and not-for-profit organisations.

There has been no change in this during the period.

Disclosure of information to auditor

Each of the directors and senior managers has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information. This report has been prepared in accordance with the provisions applicable to companies entitled to small companies' exemption. The report was approved by the Board of the Fundraising Regulator on 15 November 2019.

Lord Toby Harris, Chair

15 November 2019

Statement of directors' responsibilities

The directors are responsible for preparing the report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the statement of financial activities including income and expenditure account of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of Fundraising Regulator (the 'company') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www frc org uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sailesh Mehta (Senior Statutory Auditor)
for and on behalf of HW Fisher

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road London
NW1 3ER
United Kingdom

Income from:	Notes	Unrestricted funds year ended 31 August 2019 (12 months) (£)	Unrestricted funds period ended 31 August 2018 (5 months) (£)
Regulatory activities	3	2,172,085	922,820
Investments	4	1,560	116
Total income		**2,173,645**	**922,936**
Expenditure on:			
Regulatory activities	5	1,973,513	876,987
Net income for the year/ Net movement in funds		**200,132**	**45,949**
Fund balances at 1 September 2018		493,338	447,389
Fund balances at 31 August 2019		**693,470**	**493,338**

The statement of financial activities includes all gains and losses recognised in the year.

Please note that the reported figure in the left-hand column in these accounts is for the 12 month accounting period August 2018 to September 2019. The comparative figure for 2018 in the right-hand column is for the five-month accounting period April 2018 to August 2018. The five-month period has been inserted because it is a reporting requirement. The disparity between the reporting periods results from harmonisation of the levy and accounting years for the Regulator.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

	Notes	As at 31 August 2019 (£)	As at 31 August 2018 (£)
Current assets			
Debtors	8	195,514	201,439
Cash at bank and in hand		868,790	483,741
Creditors: amounts falling due within one year	9	1,064,304 (370,834)	685,180 (191,842)
Net current assets		693,470	493,338
Income funds			
Unrestricted funds		693,470	493,338

The financial statements were approved and signed by the directors on behalf of the Board on 15 November 2019.

Lord Toby Harris
Director

Company registration number: 10016446

	Notes	As at 31 August 2019 (12 months) (£)	As at 31 August 2018 (5 months) (£)
Cash flows from operating activity			
Cash generated from/ (absorbed by) operations	12	383,489	666,926
Investing activities			
Interest received		1,560	116
Net cash generated from investigating activities		1,560	116
Net cash used in financing activites			
Net increase/(decrease) in cash and cash equivalents		385,049	(666,810)
Cash and cash equivalents at beginning of year		483,741	1,150,551
Cash and cash equivalents at end of year		868,790	483,741

Please note: The reported figure in the right-hand column in these accounts is for the five-month accounting period April 2018 to August 2018. The comparative figure for 2019 in the left-hand column is for the full 12-month accounting period 1 September 2018 to 31 August 2019. This has been inserted because it is a reporting requirement and it should be noted that owing to the disparity in the accounting periods the two figures are not directly comparable. We have included on page 17 a comparison on a 12-month basis for the key income and expenditure figures.

1. Accounting policies

Company information: Fundraising Regulator is a private company limited by guarantee incorporated on 19 February 2016 in England and Wales. The registered office is 2nd Floor, CAN Mezzanine, 49-51 East Road, London, N1 6AH.

1.1. Accounting convention

The company is not registered as a charity but the accounts have been prepared in accordance with the company's Memorandum of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") to reflect the not-for-profit nature.

The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest Pound (£).

The accounts have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2. Frequency of reporting

The accounting period for the comparative is five months, which runs from 1 April 2018 to 31 August 2018. Therefore, the comparative amounts presented in the financial statements are not entirely comparable.

1.3. Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4. Fund accounting

Unrestricted funds are available for use at the discretion of the directors in furtherance of their objectives unless the funds have been designated for other purposes.

1.5. Income

Demands for voluntary annual levy income are issued in advance covering the period from September 2018 to August 2019. Such income is recognised on receipt. At the year end, there is deferred income for the period from September 2019 to August 2020 which was received in advance.

Registration income is also voluntary and relates to the annual period beginning from the month that the cash is received. At the year end, all registration income relating to post year end is deferred.

Cash donations are recognised on receipt. Other donations are recognised once the company has been notified of the donation, unless performance conditions require deferral of the amount.

1.6. Expenditure

Liabilities are recognised as expenditure once there is a legal or constructive obligation committing the company to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated to the one activity in the statement of financial activities.

Governance costs comprise all costs

involving the public accountability of the company and its compliance with regulation and good practice.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

1.7. Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8. Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9. Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.10. Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2. Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not believe there to be judgements or estimates that would be considered critical to the financial statements.

3. Regulatory activities

	Income year ended 31 August 2019 (12 months) (£)	**Income Period ended 31 August 2018 (5 months) (£)**
2016/17 levy income		7,000
2017/18 levy income	4,250	856,890
2018/19 levy income	2,000,893	
Registration income	166,942	58,930
Total	**2,172,085**	**922,820**

4. Investments

	Income year ended 31 August 2019 (12 months) (£)	**Income Period ended 31 August 2018 (5 months) (£)**
Interest receivable	1,560	116

5. Regulatory activities

	Income year ended 31 August 2019 (12 months) (£)	**Income Period ended 31 August 2018 (5 months) (£)**
Staff costs	905,747	344,592
Recruitment	58,082	16,500
Consultants	179,961	54,000
Office supplies	14,190	8,080
Events and conferences	25,313	44,089
Premises, utilities and rates	131,547	44,883
Research	39,830	1,629
Travel and subsistence	14,503	4,364
Legal and professional fees	123,466	21,135
IT and web project development	390,866	316,330
Board remuneration	35,080	14,185
Total	1,918,585	869,787
Audit and accountancy	54,928	7,200
Total	**1,973,513**	**876,987**

Audit and accountancy fees include payments to auditors for £10,200 (August 2018: £6,000) of audit fees and £44,728 (August 2018: £1,200) for other accountancy services provided by the auditors.

6. Employees

The average number of employees during the year was:

	Income year ended 31 August 2019 (12 months) (£)	Income Period ended 31 August 2018 (5 months) (£)
Casework and adjudications	5	5
Secretariat	4	3
Board and governance	1	1
Finance and levy	4	4
Policy and communications	4	5
FPS	1	1
Total	**19**	**19**

Employment costs

	Income year ended 31 August 2019 (12 months) (£)	Income Period ended 31 August 2018 (5 months) (£)
Wages and salaries	773,466	297,821
Social security costs	82,607	28,279
Other pension costs	49,674	18,492
Total	**905,747**	**344,592**

The emolument bands for the prior period were calculated on an apportionment basis. All senior management salaries were grossed up to 12 months to give a fair comparison with the prior period.

The number of employees whose annual remuneration was £60,000 or more were:

	Income year ended 31 August 2019 (12 months) (number)	Income Period ended 31 August 2018 (5 months) (number)
£60,000 - £70,000	-	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

7. Financial instuments

Carrying amount of financial liabilities	Income year ended 31 August 2019 (12 months) (£)	Income Period ended 31 August 2018 (5 months) (£)
Measured at amortised cost	348,017	170,993

8. Debtors

Amounts falling due within one year	Income year ended 31 August 2019 (12 months) (£)	Income Period ended 31 August 2018 (5 months) (£)
Prepayments and accrued income	195,514	201,439

9. Creditors: amounts falling due within one year

	Income year ended 31 August 2019 (12 months) (£)	Income Period ended 31 August 2018 (5 months) (£)
Other taxation and social security	22,817	20,849
Trade creditors	33,713	33,194
Other creditors	7,271	6,430
Accruals and deferred income	307,033	131,369
Total	**370,834**	**191,842**

Deferred income is relating to levy income and registration income, whereby subscribers pay a yearly one-off fee.

Included in accruals and deferred income is an amount of £112,969 brought forward from August 2018 which was released in 2019. The amount of income received in the year was £2,173,645 of which £266,904 is deferred income carried forward.

10. Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Income year ended 31 August 2019 (12 months) (£)	Income Period ended 31 August 2018 (5 months) (£)
Within one year	57,422	57,782
Between two and three years	4,056	4,989
Total	**61,478**	**62,771**

11. Related party transactions

Board and committee members can claim a daily amount for attendance at meetings and undertaking other work on behalf of the Fundraising Regulator.

Board members are directors of the company and committee members are co-opted for their expertise or understanding of fundraising in other countries. This allowance is in line with sums common in other public regulators. The chair can claim £500 per day, committee chairs £350 per day and Board and committee £300 per day. Reasonable expenses are also paid for travel and subsistence costs.

During the year, 14 (August 2018: 12) Board and committee members were paid £35,080 (August 2018: £20,791) in total for attendance and six (August 2018: five) members were paid £4,985 {August 2018: £196) for reimbursed travel and subsistence.

12. Cash generated from operations

	Income year ended 31 August 2019 (12 months) (£)	Income Period ended 31 August 2018 (5 months) (£)
Surplus for the year	200,132	45,949
Adjustments for:		
investment income recognised in statement of financial activities	(1,560)	(116)
Movements in working capital:		
Decrease/ (increase) in debtors	5,925	(19,640)
Increase/ (decrease) in creditors	178,992	(693,119)
Cash generated from/(absorbed by) operations	**383,489**	**(666,926)**