

The voice of the Voluntary Arts

Annual Reports

Do you simply think of your annual report as a way of accounting for your spending? It actually presents your organisation with a far greater opportunity. It's a chance to show your best work to the world, to communicate your key messages, thank your supporters, acknowledge the hard work of your volunteers and staff, present your future plans and win over the hearts and minds of your readers – who could be your future members or funders. It's your once a year chance to dress up your shop window with the best of your work.

Depending on where you are based and how you are constituted, you may have to meet a number of straightforward statutory obligations, but the rest is entirely up to you.

What is an annual report?

An annual report – in its most simple form – is an account of your past year's activities and finances. It is your organisation's way of reporting back to everyone with an interest in you, your activities, your fundraising and your spending. An annual report shows you are accountable for the money entrusted to you, that you are doing the things you are supposed to be doing and that you are working within the scope of your stated aims and objectives.

A. What must we put into our annual report?

This depends on your legal and charitable status and where your organisation is registered. To simplify things, this briefing will consider what you *should* include in your annual report, whatever kind of organisation you are and wherever you are based, as a matter of best practice. If you follow this best-

practice guidance you will have satisfied most, if not all, of what's required of you by the relevant regulatory bodies and funders, and in the majority of cases you will have gone far beyond what is required. For further details of the requirements specific to your organisation, the *Further Resources* section contains contact details for each of the regulatory bodies in the UK and the Republic of Ireland.

Annual report essentials

- Your organisation's name, legal status, aims and objectives.
- Your organisation's address, telephone, email and web address.
- Your charity registration number, company registration number, VAT number and registered office address, if these apply to you.
- The names of your committee members or trustees, and any specific roles they serve, e.g. Treasurer, Chair.
- The number of staff you have, and the names of principal staff members.
- An account of your activities over the year. Pay especial attention to your achievements and their impact. Explain any variation in your planned activities for the year and what you actually did.
- Your accounts – summary accounts showing income, expenditure, reserves and any deficits, with notes to explain any unusual activity or items. Include the accounting period, the name and address of your accountant if you have one, or any external auditors or independent examiners. The regulatory bodies detailed in the *Further Resources* section provide further guidance on how to present your accounts, with regard to how you are set up and where you are based.
- An account of your activities anticipated or planned for the year ahead.
- Acknowledgements to funders, including their logos if part of your funding agreement (check where these should



appear – funders may specify their logo being on the front or back cover).

- Any thanks (sponsors, volunteers and other supporters).

In addition to including this information in your report, you also need to be able to give a copy of your annual report to anyone who asks for it, so make sure you keep the original file, or put a pdf of the report on your website, or print more copies than you think you need.

B. The big opportunity!

Now you know what you *have* to put into your report, but there are no rules on presentation or content. So you have plenty of scope to explore the potential of your annual report in promoting your organisation to the world – if you *have* to produce it, why not get the maximum value from your work? It's not a chore, it's an opportunity!

Your annual report can be made to work really hard for you, if you give it some extra thought, time and resources.

Your report can be used:

- to promote your organisation to potential members;
- to show potential funders what you do and why they should fund you;
- to reinforce the value of your work to your committee members, trustees, advisors and supporters;
- to show potential sponsors that you can produce great publicity materials that they could benefit from;
- to show volunteers the value of their contribution to your work;
- to raise the profile of your art or craft form and encourage greater participation.

Your readers

Just think – you will have an opportunity to speak directly to these people through the pages of your annual report – so what is it that you want to say to them? This is your golden opportunity to win them over, thank them for their support and participation in the past and affirm your relationship with them as you go forwards into the future.

You will know who is your most important reader when you clarify your key messages and if you can visualise who this person is, write the report for them. Be aware, you only have a few moments to grab your readers' attention. Uninspiring annual reports have a habit of ending up in the wastepaper basket.

Think about it – who is going to read your report?

- Members
- Funders
- Supporters
- Regulators and umbrella bodies

- Your advisors – your bank manager, accountant
- Volunteers
- Trustees
- Sponsors

And don't forget, all your *potential* members, volunteers, funders, advisors, trustees, and sponsors.

Keep the future in mind as you write about the past!

Your report will describe what you have done over the past year, but to make the most of the opportunity, you need to think about what you want to do in the coming year and where your organisation is heading in the long term.

Perhaps you already have a forward plan for the coming year, but if not, try and get agreement for at least a rough plan before you start writing your annual report. Why? Because if you work out where you want to go, you can use what you've done already to help get you there. If you look back at the year just gone, then use examples of what you've already done to show your reader why they should support you doing more, or different, it will help win their support over the coming year.

What are your priorities?

- Increasing membership?
- Winning the support of sponsors?
- Bringing new funding sources on board?
- Using your work in a new way or reaching a different audience?
- Investing in growth?
- Finding partners to help realise your aims and objectives?
- Something else?

Develop a clear message

Once you have clarity on what you want to do in the coming year, take time to work out what your messages for the report might be. If your priority is to increase membership, your report's key message will be on the many benefits of membership (and you will want to be sure to include all the details of how to become a member). Or, if your priority is to engage more of your membership in your events, training or performances, your message could convey the benefits and enjoyment of participation.

Think about:

- Why should anyone join? What are the benefits of membership – look beyond the newsletter and membership card to the human story!
- Why should anyone fund you? What difference will funding your organisation make to the wider community? To our culture?



- Why would anyone give up their evenings or weekends to volunteer?
- What can your members gain from coming to your events or training or performances?
- How would a trustee or committee member be supporting their community or culture by giving their time to help your organisation?

Review the year just gone

Now is the time to start putting your ideas down on paper. In reviewing your activities over the past year, you need to consider what you said you were going to do and what you actually did. You may have been given funding to deliver a project, or for your running costs. Be sure to speak directly about any funded projects or what funding has made possible. Think of the impact of your work on the communities you work with, whether local or national. Have you made a difference to anyone's life? Have you added to the cultural life of your community? Have you supported diversity? Have you facilitated enjoyment of an art or craft form that people may not have been aware of without you?

Think about:

- What are you most proud of?
- What didn't go so well? Why not?
- What services have you provided? What problems have you solved?
- How have you helped make the world a better place?

Be creative

You are an arts organisation and your report has only a few moments to make an impression and get your reader involved, so make it interesting and be creative!

Think of a theme to tie the report together – for example:

- Sustainability (when things are ticking over nicely)
- The year of living dangerously (new projects?)
- All change (new direction in your work?)
- Renewal (membership?)
- Celebration (great for anniversaries).

Use case studies to illustrate the value of your work:

- A day in the life of a volunteer
- Our newest/oldest/youngest member tells us why they enjoy being part of...
- My craft/artform/participation has taught me new skills...

Get clever with words:

- Pepper your text with short quotes from your volunteers, members, supporters

- Pull quotes – these repeat a small part of your text outside of the main body of the text
- Use photo captions to deliver your key messages – people skim text, but always read captions.

Use pictures, photographs, illustrations.

Keep the text short and concise.

Writing the report – nuts and bolts

You have to make a few decisions before you start writing.

- Who is going to lead the report – are they going to write the whole thing, or are they going to compile contributions? Make sure people know what they are writing, how many words you want them to write and when they need to give you their contribution.
- Who will edit to make sure the report is consistent?
- How much money are you going to spend producing it – can you stretch to the services of a graphic designer and printer?
- If you are producing the report in-house, who will lay out the report and how will you produce it?
- Are you going to put the report on your website? Will it be downloadable as a pdf or word file? Or can you use the work you put into report on your website as content for your web pages?
- How long do you have to produce the report? Work out how much time you have for writing, layout or design, and print, by working back from the date you need to have the finished report in your hand. Include for contingencies – you never know when your printer will give up the ghost, or your project lead will catch the flu.
- How many copies of the annual report do you need to produce? When you calculate your budget for the report don't forget to factor in the cost of photocopies and the time spent making those copies if you are going to produce it in-house.

Writing a winning annual report – things to remember

- Know who your *readers* are.
- Know what your *key messages* are (three would be plenty).
- Be *creative* – think of a theme to tie the report together, or a story you want to tell – something that will help make your report stand out and engage your reader.
- Beg, steal or borrow some *budget* to produce an attractive report – if you look at your annual report as your number one publicity and marketing tool, then even a small investment will pay you back over the entire year.



- **Sponsors and funders** – are you obliged to acknowledge them and include their logos on your cover? Would it be a good idea to include their logos even if you don't have to? Make sure you use them correctly – most organisations produce guidance on how to reproduce their logo.
- Give one person overall responsibility for *project management* of the report and make sure you work to a plan, with tasks and timelines agreed and understood by everyone involved, including designers and printers if you are using their services.

Further Resources

- **Companies House** – the Registrar of Companies in England, Wales and Scotland. As the Company's Act 2006 has not yet been fully implemented, things may change in the coming 12 months. For the latest details, check the Companies House website regularly – www.companieshouse.gov.uk
- **Companies Registration Office, Ireland** – www.cro.ie
- **The Charity Commission for England and Wales** – website includes help with preparing charity accounts and reports as well as guidelines for annual reports, including accounts or audit/independent examination – www.charitycommission.gov.uk
- **The Office of the Scottish Charity Regulator (OSCR)** – www.oscr.org.uk
- **National Council for Voluntary Organisations** for England – www.ncvo-vol.org.uk
- **Scottish Council for Voluntary Organisations** – the SCVO website includes information on company law, annual reports and charity accounts and financial reporting for voluntary organisations – www.scvo.org.uk
- **Wales Council for Voluntary Action** – the WCVA website includes useful information on making your annual report work for you – www.wcva.org.uk
- **Northern Ireland Council for Voluntary Organisations** – see their Advice Note 8: Accounting for Northern Ireland charities (March 2007) – www.nicva.org/index.cfm
- **The Wheel** – www.wheel.ie/user
- **Solid Foundations** – a publication for anyone working in community/voluntary/charitable organisations in the Republic of Ireland that very simply explains what you must do by law, what you ought to do and what you could aspire to do, in terms of good practice. Available from The Wheel, ISFC, 10 Grattan Crescent, Inchicore, Dublin 8. Cost: €20 + €1.50 postage.
- **Getting your message across** – how the growing emphasis on accountability and proposed changes to SORP are changing the format of annual reports – essential reading for anyone writing their annual report in England, by Radhika Holmstrom, *VS magazine* – www.ncvo-vol.org.uk/vsmagazine/features/?id=1919
- **Nottinghamshire County Council** – useful resource for accounts and for the whole report – www.nottinghamshire.gov.uk/annualreportguidelines.doc
- **Charities' Online Accounts Awards** – reward charities that are showing their commitment to transparency by publishing their financial information online. You may not be a contender, but there's lots to learn from the award winners – www.cafonline.org

Information contained here may go out of date and you are therefore advised to check its currency. Updated information may be available on the VAN website: www.voluntaryarts.org

Disclaimer: Reasonable precautions have been taken to ensure the information in this document is accurate. However, it is not intended to be legally comprehensive; it is designed to provide guidance in good faith at the stated date but without accepting liability. We therefore recommend you take appropriate professional advice before taking action on any of the matters covered herein.

Do you need this publication in an alternative format? Contact T: 029 20 395 395 E: info@voluntaryarts.org

VOLUNTARY ARTS NETWORK



The Voluntary Arts Network, PO Box 200, Cardiff CF5 1YH

T: 029 20 395 395 F: 029 20 397 397 E: info@voluntaryarts.org W: www.voluntaryarts.org

The Voluntary Arts Network is registered in Scotland as Company No. 139147 and Charity No. SC 020345.
VAN acknowledges funding from the Arts Councils of England, Northern Ireland, Scotland and Wales.