

Charity Insight

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Simon Bladen Partner



Introduction

As we head into the final quarter of 2025 financial pressures remain a significant concern for many in the charity sector. The lasting effects of the Spring Budget continue to be felt, particularly around the increased costs faced by the sector. Higher National Insurance rates and the rise in the National Minimum Wage in particular have added strain at a time when demand for services is climbing.

In this edition of the newsletter we discuss:

- Gift Aid: Are you claiming everything you're entitled to?
- Charity Finance Group supports simplifying VAT rules on business donations to charity
- Diversifying income streams
- Over 35 charities filed overdue accounts after being part of regulators' enquiry last year

As always, we hope you enjoy the contents of this newsletter, please do not hesitate to contact us if you have any questions about the articles in this edition.

Simon Bladen
Partner



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Gift Aid: Are you claiming everything you're entitled to?

Gift Aid is one of the most straightforward ways to increase your charity's income, but it's surprising how often it's overlooked. For every £1 donated by a UK taxpayer, you could be potentially claiming an extra 25p as tax relief from HMRC.

Whether you're responsible for finance, fundraising or administration, it's worth asking: are you making the most of the Gift Aid scheme?

Hawsons Partner, Simon Bladen comments: 'Many charities are unintentionally underclaiming on Gift Aid, and it's often down to small details that are easy to miss. This guide will hopefully help you review your processes, spot missed opportunities and tighten up compliance.'

Why Gift Aid matters to you

Gift Aid allows you to reclaim the basic rate of tax on donations made by UK taxpayers. It's a simple concept, and one of the few ways you can increase income without asking donors to give more.

For example, let's say someone donates £100 and ticks the Gift Aid box. You can make a Gift Aid claim for an extra £25 to be recovered from HMRC. When you scale this up across hundreds of donations, the potential income for charities is not insignificant.

But here's the issue, many charities don't claim everything they're entitled to. It might be because of missing declarations, outdated records or a lack of awareness around what qualifies. Whatever the reason, it means that funding for charitable purposes is being missed.

Are you missing out?

Even if your systems are well organised, there are a few common areas where Gift Aid is often missed:

1. Small donations that could fall under GASDS

The Gift Aid Small Donations Scheme (GASDS) allows you to claim on cash or contactless donations of £30 or less, even without a declaration. It's perfect for things like bucket collections or contactless card donations at events. If you're not already claiming under GASDS, you might be missing out on a steady stream of top-ups.

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Gift Aid: Are you claiming everything you're entitled to? (continued)

2. Event sponsorship, memberships and fundraising donations

It's easy to assume that Gift Aid only applies to straightforward donations, but some event income, sponsorship and even membership fees can qualify. It is worth checking the details on this as there might be more scope to claim than you realise.

3. Missing or incomplete declarations

No declaration means no claim. If someone gave generously but didn't complete the form correctly, or if the declaration has gone missing, you can't reclaim the tax. Reviewing your records can often help resolve this.

4. Past donations within the four-year limit

You're allowed to claim Gift Aid on eligible donations made up to four years ago. That means there could be money waiting in historic records, ready to be claimed before the deadline passes. Reviewing past donations by tax year can help identify missed opportunities.

Staying compliant with HMRC

To claim Gift Aid properly, you need to meet HMRC's conditions. That includes having a clear, valid declaration and ensuring the donor is a UK taxpayer who's paid enough income tax to cover the amount

you're reclaiming.

If a mistake is made, HMRC may reject your claim. In more serious cases, they may apply penalties. That's why it's important to stay on top of the details, keep accurate records and use up-to-date declaration templates.

Having a clear audit trail and a robust system can help you stay compliant and avoid any surprises down the road.

How to maximise what you claim?

- Go through your donor database and check for eligible, unclaimed Gift Aid donations.
- Train your staff and volunteers so they understand what qualifies, when to ask for declarations and how to spot missed opportunities.
- Use your CRM system to track declarations, flag eligible donations and reduce the risk of manual error.
- Review your processes regularly; a short internal audit once a year could potentially unlock thousands in unclaimed income.

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Gift Aid: Are you claiming everything you're entitled to? (continued)

Practical steps you can take now

Gift Aid works best when it's part of your everyday donation journey. These steps can help you build it into everything you do:

- Ask for a Gift Aid declaration wherever possible – claim Gift Aid online, on paper and in person.
- Include Gift Aid prompts in your donation forms, confirmation emails and event materials.
- Reconfirm declarations every few years to make sure your records are current and correct.
- Educate your donors on Gift Aid: Make them aware that ticking the box boosts their donation by 25%, at no extra cost to them. Most, if not all will be happy to support you in this way. But they must ensure they are eligible to do so.

Don't let Gift Aid go unclaimed

Gift Aid is one of the most generous forms of support available to UK charities, but it only works if you claim it.

If you're not completely sure you're claiming everything you're entitled to, now is the perfect time to take a look. A quick review could bring in extra income and strengthen compliance at the same time.

Remember: you can also claim Gift Aid online through HMRC's portal, making the process quicker and easier.



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Hawsons Forms Strategic Alliance with Bruce & Butler to Strengthen Cyber and Data Protection Services

Hawsons Chartered Accountants has announced a significant investment in Bruce & Butler, a leading data protection and cybersecurity firm. This strategic alliance combines Hawsons' financial expertise with Bruce & Butler's specialised services in data protection and cybersecurity, offering businesses a comprehensive, integrated solution to protect both their financial and digital assets.

With offices in Sheffield, Doncaster, and Northampton, Hawsons provides a wide range of accounting, tax, audit, corporate finance, and business advisory services across the UK. Bruce & Butler brings deep expertise in GDPR compliance, data protection, cyber security, penetration testing, and AI, ensuring businesses meet evolving legal requirements while safeguarding sensitive information.

This collaboration allows both firms to deliver seamless support across financial management and data compliance, offering businesses a full spectrum of services. Whether it's financial strategy, growth planning, data security, or privacy law adherence, the partnership ensures businesses are protected and compliant in today's fast-moving regulatory environment.

Pete Wilmer, Managing Partner at Hawsons, said:

"Partnering with Bruce & Butler enables us to provide a complete solution for businesses, covering both their financial needs and data security requirements. This collaboration strengthens our ability to support clients as they navigate the challenges of the future."

Matt Bruce, Managing Director at Bruce & Butler, added:

"We are pleased to partner with Hawsons, enabling us to offer practical, expert services that help businesses stay secure, compliant, and ahead of the curve. This partnership is built on trust, shared expertise, and a commitment to adding value."

This alliance allows businesses to stay secure, agile, and prepared for the future. Together, Hawsons and Bruce & Butler offer the expert support and integrated solutions that companies need to thrive safely.



Charity Finance Group supports simplifying VAT Rules on business donations to charity

Plans to simplify how VAT is applied to business donations to charity have been welcomed by Charity Finance Group (CFG), who say the proposals could remove unnecessary barriers and unlock more support for the sector.

What's being proposed?

Currently, when a business donates goods or services to a charity, they may be faced with a VAT charge. Therefore, in some cases it is more cost-effective simply to destroy unsold goods or avoid giving at all.

HMRC's current consultation is exploring whether VAT rules could be changed to allow certain charitable donations to be treated more fairly, particularly in cases where the donation has no commercial benefit to the donor. This would bring the treatment of donations more in line with public expectations and potentially encourage more businesses to support charities.

In short, it could mean fewer (VAT) obstacles for businesses who want to help, and more vital goods and services reaching the charities that need them.

CFG's response: supportive, with clear calls for change

In their response to HMRC's consultation, CFG welcomes the proposals but urges the government to go further.

They make it clear that simplifying VAT rules on charity donations would not only benefit charities but also align better with the public interest. CFG points out that businesses are often discouraged from giving unsold or surplus items to charity simply because of the VAT implications, which shouldn't be the case.

Their submission also raises practical concerns about implementation, encouraging HMRC to offer clear guidance to businesses so that the changes, if introduced, don't create additional confusion or complexity.

A step in the right direction, says Hawsons' Simon Bladen

Simon Bladen, partner at Hawsons, shared his views for the proposals.

"We have seen with our clients how VAT can act as a barrier for business donations to charity. These proposed changes are a welcome step, and if handled properly, could make a real difference. More clarity and fewer hurdles mean more charities can benefit from the goodwill of businesses."



Check out these pictures from our recent charity days and events!

Over the past couple of months, Hawsons Chartered Accountants have hosted a number of charity days and events as part of our commitment to Corporate Social Responsibility.

Read more about each of the events below, and check out some of our best photos from each event above!

Volunteering days

In June, staff volunteered at Thornberry Animal Sanctuary, getting involved with tasks such as dog walking, cleaning kennels, horse and donkey grooming, and even cleaning out stables! Thornberry Animal Sanctuary is a rescue centre based in South Yorkshire which is home to a variety of animals such as dogs, cats, rabbits, horses and donkeys!

In July our staff attended Paces School to help paint the fence in their playground! Paces School for Conductive Education specialises in supporting children with Cerebral Palsy and other neurological disorders.

Master Cutler's Challenge

On Friday 11th July, Hawsons hosted a charity football tournament as part of our Master Cutler's Challenge attempts, raising money for Sheffield Hospital's Charity Dementia appeal. 10 teams battled it out in the 30-degree heat, and it was CMS UK who came out on top!

Over £1,600 was raised for Sheffield Hospitals Charity, which will help them improve hospital spaces and activities, provide specialist training for NHS staff, volunteers and family carers, and help people with dementia to live independently!

HLB Communities Day

Throughout the months of June and July, staff at Hawsons Chartered Accountants have been collecting donations for the S6 Foodbank (Sheffield), Trussell Trust (Doncaster), and RSPCA Northamptonshire Branch (Northampton). This has all been part of HLB Communities Day 2025, where HLB member firms come together to give back to our local communities!



Diversifying income streams

Why diversifying income is vital for charities today

The charity funding environment is ever changing. Trusts and foundations are offering fewer grants, the cost-of-living crisis has affected both donors and operating costs, resulting in fiercer competition for funding.

Gone are the days when one major grant or a few loyal donors could keep a charity running. Successful charities have diversified to create multiple income streams. Relying on just one or two sources is a fragile strategy which risks your charity's future stability and leaves you more susceptible to economic shocks.

Diversifying your charity income doesn't mean trying all new income streams at once. It means finding a healthy mix of income sources that fit your charitable purpose and strengthens your long-term resilience. The most robust charities work towards building multiple revenue streams, rather than relying too heavily on any one of them.

Why single-source income streams are risky

Many charities still depend on generating income from grant funding or large one-off donations. While both are important, they're also often unpredictable. You may have already experienced the stress of reapplying for the same grant, only to find it's no longer available, or discovering a major donor is no longer able to give

either at all or at previous levels.

When you are in this situation, you are only one change away from a financial gap that is difficult to fill. Diversifying your income spreads the risk, giving you greater stability and control. Robust charities plan for long-term financial resilience, and that starts with a clear charity fundraising strategy that embraces income diversification.

Charity income streams to consider

Not every option will suit every organisation. But here are some income streams that may be worth considering, depending on your structure, financial assets, and perhaps most importantly resources.

Asset income

Do you have a building, land, or other asset that isn't currently in full use? Hiring out unused space, offering storage, or rental property income can bring in steady earned income with relatively little effort. It's worth reviewing what you own or lease and thinking creatively about what value it may be able to unlock.

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Diversifying income streams (continued)

Corporate partnerships

Many businesses are more focused on corporate social responsibility than ever before. A partnership can not only bring more funding but also long-term engagement, skilled volunteers, marketing, and new networks. Researching local businesses with shared values can be a great place to find a potential corporate partnership and add another reliable income stream to your strategy.

Grant funding

Although trust and foundation funding has tightened in recent years, it still plays a key role in many charities' income strategies. A targeted, well-prepared application can still bring in core or project funding. Just be mindful not to build your whole budget around this alone, as part of diversifying income streams is recognising the risks of overdependence.

Gift Aid

This is often underused but can significantly boost your donations. Every eligible donation made by a UK taxpayer can be increased by 25 percent without costing the donor anything extra. If you're not already maximising this, you could be missing out on thousands each year. You can find more advice in our guide to maximising Gift Aid.

Legacy giving

If you have a loyal base of regular donors, encouraging them to leave a gift in their will is a natural next step. Legacy donations are also exempt from inheritance tax, so they can be a valuable way for supporters to reduce their tax bill while continuing to support your cause into the future. They also create a passive income stream that can support long-term sustainability. This income stream should never be relied upon, but it can give a welcome boost as legacies can often be significant.

Fundraising and events

Whether it's a local fun run, an online campaign, or a gala dinner, community fundraising ideas don't just bring in funds. They also raise awareness and build relationships. If you can link your events to a wider story about your charity's impact, you're more likely to see long-term benefits beyond the initial fundraising total.

Investment income

If your charity holds reserves or financial assets, responsible investment can create a long-term passive income stream. This won't be the right fit for every organisation, but for those in a position to invest, it can become a stable part of your income model.

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Diversifying income streams (Continued)

One size doesn't fit all

Every charity has its own structure, capacity, and objectives. What works for one charity may not work for another. Think about your charitable purpose, your staffing, and the type of audience you serve. Income diversification only works if it's realistic, manageable, and aligned to your goals. The aim isn't to stretch your resources thin, but to gradually build multiple streams of income that support your work.

Keep reviewing your diversified income strategy
Once you've started to diversify your charity income, don't file the strategy away and forget about it. Regular review is essential.

Ask yourself:

- What income streams are we currently using?
- How much have we received from each over the past year?
- What are the costs involved in maintaining each one?
- What is the risk of each income stream drying up?
- What would the impact be if one or more of them stopped?

This ongoing assessment will help you understand where your strengths lie and where you may need to act to reduce your risk. This is a continuous project that protects your charity over the long term.

Final thought

Resilient charities plan ahead. By building a mix of income streams tailored to your capacity and mission, you'll be in a far stronger position to weather future challenges. Whether you're just starting to diversify income or reviewing your current charity fundraising strategy, small steps now can make a big difference to your future security.

You must always keep your charity's primary purpose objects in mind as well. Remember that often many non-primary purpose income may be taxable. There are options available to help with this however, but take advice before the event.



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Over 35 charities filed overdue accounts after being part of regulators' enquiry last year

A startling figure has emerged from last year's Charity Commission investigations: more than 35 charities were found to have filed their accounts late, despite being under regulatory scrutiny for their previous reporting lapses. As part of the so-called "double defaulters", these charities failed to submit their annual documents for at least two of the past five years. While some eventually caught up by filing the overdue accounts, others triggered deeper probes into their governance and operations.

Why filing accounts on time matters—and what happens when you don't

1. Legal penalties and official warnings: Missing deadlines isn't just a paperwork issue, it can amount to legal mismanagement. The Charity Commission treats repeated late filings as misconduct and may issue formal warnings. Persistent failures can escalate into statutory enquiries, examining trustees' governance and compliance obligations.

2. Financial penalties (and public marks of default):

Currently, unlike Companies House which imposes fines for late corporate filings, the Charity Commission doesn't levy monetary penalties for late accounts. Instead, such lateness is recorded publicly on the charity's register page. That said, repeated

non-compliance often brings deeper trouble: enquiries, potential regulatory action, or even prosecution.

3. Loss in funding: Funders routinely conduct background checks, and a history of late filings raises red flags. It signals disorganisation or perhaps poor governance oversight. Particularly in today's competitive grant-making environment, charities often require up-to-date accounts to even apply.

4. Decrease in trust and reputational damage:

Transparency builds credibility. Donors, partners, and the public expect trustees to meet statutory deadlines. Lateness can spread suspicion that your finances are not being managed properly. Officials at the Charity Commission emphasise that accurate, timely reporting helps reassure stakeholders and strengthens trust.

Keep your charity on track

Timely accounts filing isn't merely bureaucratic box-ticking. It reflects responsible stewardship, safeguards your charity's reputation, and keeps doors open for funding and tax relief. For trustees, a proactive approach, staying organised, setting internal reminders, and seeking professional support when needed can make all the difference. It's not just about meeting a deadline; it's about showing that your organisation is reliable, responsible, and ready to deliver on its promises.



Kirstie Wilson appointed as new Partner of Hawsons Chartered Accountants

Hawsons Chartered Accountants are delighted to announce the appointment of Kirstie Wilson as our newest Partner.

Kirstie is a highly experienced auditor and chartered accountant, and has worked with a wide range of clients of varying sizes and industries throughout her career so far. This appointment brings a wealth of experience in both audit and accounting services to the Hawsons team. Kirstie holds a Diploma in Charity Accounting awarded by the ICAEW, and also holds RI status, so acts for a number of audit clients.

Kirstie will be based out of our Doncaster office alongside Partners, Paul Wormald and Dan Wood. The addition of Kirstie to our Partner team will enable us to strengthen our service offering out of our Doncaster Office, continuing a period of sustained growth. Kirstie's knowledge and expertise will provide new ideas and perspectives on client advisory, audit quality, and sector-specific expertise, particularly in the charity sector.

Pete Wilmer, Senior Partner at Hawsons, stated:

"Absolutely thrilled for Kirstie to be joining as our latest partner addition, fresh perspectives are always welcome and delighted that you've chosen Hawsons for the next phase of your career. Already looking forward to what the future holds".

Kirstie Wilson commented:

"I'm delighted to be joining Hawsons at such an exciting time for the firm. I'm looking forward to contributing to the continued growth of our Doncaster, as well as further developing our work within the charity sector. Hawsons has always valued the strength of long-term client relationships which is something I pride myself on, so I'm excited to build on this tradition while also helping to drive innovation and strengthen our advisory offering"

You can contact Kirstie at kmw@hawsons.co.uk, or on 01302 367 262

Get in touch



Our charity experts

At Hawsons our accountants recognise that not-for-profit organisations have very different requirements from other businesses and are currently exposed to a challenging economic climate.

Our dedicated team of charity accountants fully understands the complex, ever-changing regulatory requirements of the charity and not-for-profit sector. Irrespective of your size we wish to support you to maximise the benefits you could achieve through our specialist professional advice.

Charities & not-for-profit organisations are currently facing extensive changes in their regulatory and legal framework. Given the additional pressures on fundraising, complex tax regimes, internal risk exposure, and stakeholder demands, it has never been more important to obtain specialist professional advice.



Simon Bladen
Partner
0114 266 7141
slb@hawsons.co.uk

Sheffield Office
Pegasus House
463A Glossop Road
Sheffield, S10 2QD



David Owens
Partner
01604 645 600
davidowens@hawsons.co.uk

Northampton Office
Jubilee House
32 Duncan Close, Moulton Park
Northampton, NN3 6WL



Paul Wormald
Partner
01302 367 262
pw@hawsons.co.uk

Doncaster Office
5 Sidings Court
White Rose Way
Doncaster, DN4 5NU



HLB UK is a member of HLB International. A world-wide network of independent accounting firms and business advisers.



Sheffield: Pegasus House | 463a Glossop Road | S10 2QD

Doncaster: 5 Sidings Court | White Rose Way | DN4 5NU

Northampton: Jubilee House | 32 Duncan Close | Moulton Park | NN36WL

www.hawsons.co.uk