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# The 2026 charity threshold changes, in plain English

The financial thresholds that decide how your charity reports, and how its accounts are externally scrutinised, are rising for the first time in over a decade. For most charities this is good news: lighter requirements, lower costs, and less administration. This guide explains exactly what is changing, whether it affects you, and what to do about it — without a single footnote.

## What is changing, and when?

The changes apply to financial years ending on or after **30 September 2026**. Alongside them, a new three-tier Charities SORP (the accounting rules charities follow) comes into effect, so accounts formats are being refreshed at the same time. The headline moves:

| REQUIREMENT | UNTIL NOW | FROM 30 SEPT 2026 |
|---|---|---|
| **Statutory audit — income threshold** | Income over £1 million | **Income over £1.5 million** |
| **Statutory audit — assets threshold** | Assets over £3.26m and income over £250,000 | **Assets over £5m and income over £500,000** |
| **Independent examination starts at** | Income over £25,000 | **Income over £40,000** |
| **Qualified examiner needed above** | Income over £250,000 | **Income over £500,000** |
| **Receipts & payments accounts up to** | Income of £250,000 | **Income of £500,000** |

Thresholds apply to charities in England and Wales registered with the Charity Commission. An audit can still be required regardless of income where your governing document or a principal funder says so. Charitable companies must always prepare accruals accounts, whatever their size.

## What it means for your charity

### Income under £40,000

You may no longer need an independent examination at all (unless your governing document or a funder requires one). A lighter year-end, and one less cost to budget for.

### £40,000 to £500,000

Many more of you can now use the simpler receipts and payments format, and independent examination stays with a suitably experienced examiner rather than a qualified one until £500,000.

### £500,000 to £1.5m

If a full audit loomed, it may now be an independent examination instead — with a professionally qualified examiner. Same assurance for funders, a fraction of the burden.

## Five things to do now

01 **Check your year-end date.** The new rules bite for years ending on or after 30 September 2026 — a December 2026 year-end is in scope; a March 2026 one is not.

02 **Check your governing document and grant agreements.** If either mandates an audit, the new thresholds do not override that — you may want to renegotiate or amend.

03 **Re-run your budget.** If examination or audit fees were significant, the savings are real money that can be redirected to the mission — or to strengthening your finance function.

04 **Do not drop scrutiny you find valuable.** Some boards keep an examination voluntarily because funders like it. Lighter rules are a choice, not an instruction.

05 **Brief your trustees.** Forward this guide, or ask your accountant to walk the board through what changes for your specific circumstances.

## A word of caution

Lighter external scrutiny makes good internal records more important, not less. Trustees remain legally responsible for keeping proper accounting records and safeguarding the charity's money — and funders will still ask searching questions. Clear management accounts, sensible reserves and disciplined fund tracking are what keep a charity safe between one year-end and the next.

### Not sure which regime applies to you?

NFP In Focus works exclusively with charities and not-for-profits. We will confirm exactly what the 2026 changes mean for your organisation — in plain English, at a free, no-obligation consultation. Based in Chichester, working across Sussex, Surrey, Hampshire and London, and remotely beyond.

**www.nfpinfocus.co.uk/contact** · we respond within one working day