Think Ahead ACCA

Technical factsheet

Going concern and the alternative basis of accounts preparation for charities reporting under UK-Ireland Generally Accepted Accounting Practice (GAAP)

Aimed at trustees and treasurers of smaller charities and independent examiners, this Factsheet explores how and when to prepare charity accounts on an alternative basis to going concern.

Context

The global Covid-19 pandemic of 2019 and the subsequent cost-of-living crisis from 2022 have exposed smaller charities to considerable financial pressure. For some smaller charities this financial stress might give rise to concern about their on-going financial stability and whether they remain a 'going concern'.

Accounts preparation under GAAP is based on the premise that the reporting entity is a going concern. The applicable standard: The Financial Reporting Standard applicable in the UK and Ireland (FRS 102) explicitly requires that the going concern basis is demonstrated (see section 3 paragraph 3.8), otherwise an alternate basis of accounts preparation is required (see paragraph 3.9).

Charities in the UK report under Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities and prepare their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS 102). Charities in the Republic of Ireland may choose to report using the SORP. The SORP assumes that the charity is a going concern (see section 3 paragraph 3.14). What do you do if this is not the case for your charity or charity client? This factsheet offers suggestions on how to prepare your charity's accounts if this happens.

This factsheet looks at five aspects:

- assessing going concern – some suggestions on what to consider
- scenarios where a going concern basis may be doubtful – exploring how context, past experience and future prospects are taken together to form a view
- the implications for accounts preparation – exploring for a number of scenarios the basis for alternate accounting policies and accounts preparation and how context influences the judgments made and the effect the alternate basis has on accounting for income, expenditure, assets and liabilities
- the perspective of the independent examiner – the extent to which going concern is an aspect of an examination and the implications for the independent examiner's report to the trustees, and whether they also need to report to the charity regulator

- further sources of help for trustees and independent examiners on the issues discussed.

The trustees of those charities subject to audit are recommended to have a conversation with their auditor about these issues. Although this factsheet might offer helpful suggestions, auditors will often bring a perspective from their work in applying international standards of auditing when giving their opinion on the accounts.

Before looking at the issue of going concern, though, consideration is given as to the requirements of FRS102 and the SORP. Although there is often a close association between closure and not being a going concern, closure might not always follow. Also, financial challenges and material uncertainty as to going concern may not always lead to having to prepare accounts on an alternate basis. This factsheet assumes a level of familiarity with accounting concepts and the SORP, so trustees may find it helpful to discuss their charity's situation and this factsheet with their accountant, independent examiner or the charity's treasurer.

Context on FRS102 and the SORP

FRS102, in common with all accounting standards, is written with a presumption that the entity is a going concern. This judgment ultimately lies with the trustees. Although they may take advice, it is the trustee body that approves the accounts and signs them off and, where required, files them with the registrar(s).

In the UK the registrars of charities are the Charity Commission for England and Wales (CCEW), the Charity Commission for Northern Ireland (CCNI) and the Office of the Scottish Charity Regulator (OSCR), and, where the charity is formed as a company, Companies House. In the Republic of Ireland filing is with the Charities Regulator (CR) or, where the charity is formed as a company, the Companies Registration Office (CRO).

Put simply, going concern is the capability of the charity to pay its bills and meet its liabilities as they fall due. Two perspectives on going concern are:

- Balance sheet test. Has the charity a balance sheet which has positive net assets, ie does the value of the assets held exceed the value of its liabilities?
- Cash flow test. Has the charity access to sufficient cash on a timely basis to settle bills and meet liabilities as they fall due?

These judgments are affected by the economic context of the charity and neither test on its own is conclusive; rather, each is a starting point for further considering the financial circumstances of the charity. For example, the assets in a balance sheet (also known as the statement of financial position) may be valued differently. Properties retained for the charity's own use may be historical cost, whereas investment properties are at fair value. Also, the balance sheet only gives a limited insight into the timing of liabilities falling due and offers no insight as to the timing and patterns of income and expenditure in the coming reporting period.

The cash flow test may indicate that year-end holdings of cash will run low or be fully depleted based on the initial budget for the coming year but the trustees may be able to arrange, or rely, on lines of credit or obtain funding. The availability of credit needs to be factored into this initial assessment. There may also be a degree of uncertainty around the timing or amount of both income and expenditure that will affect the cash balances held. The cash flows do not offer immediate insight into the degree of control trustees can exercise over scaling back expenditure or liabilities should the need arise and thereby change the cash flow situation. Similarly, the trustees may have assets they can sell that will improve cash flow.

The SORP requires that trustees make an assessment of going concern at the time the accounts are signed off (paragraph 3.14). That assessment should look ahead at least 12 months from the date the accounts are approved, which will be at a date subsequent to the balance sheet date. In the notes to the accounts trustees must confirm either:

a) the charity is a going concern and there are no material uncertainties as to going concern (paragraph 3.39), or, where there are material uncertainties as to going concern, provide further details (paragraph 3.38), or

b) if the charity is not a going concern, the trustees disclose the basis on which the accounts were prepared and the reason why the charity is not considered a going concern (paragraph 3.38).

Assessing going concern: perspective of independent examination

In considering going concern, trustees might usefully look at the directions the CCEW gives to independent examiners, and in particular Direction 9. This guidance expects independent examiners to consider the following information about the charity when considering going concern:

- reserves and the reserves policy
- forward look of at least 12 months
- cash flow forecast
- budget and budget deviations
- trustees' discussion of financial risks and/or reserves.

It is for the trustees to decide the basis on which the accounts are prepared and form a judgment on whether their charity is a going concern. By looking at each piece of information that the examiner will expect the trustees to have available for review, we can explore how this information helps inform this judgment:

Reserves and the reserves policy – the SORP requires trustees to have a policy or state if they do not have one (paragraph 1.22), and to state the amount of reserves held and why they are held (paragraph 1.22). The SORP offers an approach to calculating reserves that excludes restricted funds, designated unrestricted funds and funds that can only be realised by disposing of tangible fixed assets and programme related investments (paragraph 1.48). This approach is adopted for each scenario.

Forward look – the SORP requires that the trustees look ahead a minimum of 12 months from the date the accounts are approved (paragraph 3.14). The context of the charity's financial situation and prospects should inform this forward look. In the case of planned closure more than 12 months away, is it still so distant that the decision does not affect going concern status? In the case of other scenarios, what are the timings and consequences of the anticipated financial events, given the available reserves, trends in operating surpluses (or deficits), available credit and timing of cash flows? Would 12 months be sufficient to capture this context in informing the trustees' judgment about going concern?

Cash flow forecast is a tool to consider the anticipated flows of money into and out of the charity. At its most simple, a cash flow forecast for a charity that has no staff or contractual commitments might look at the pattern of income and spend in the past for each month of the past year and predict the likely income and spend for the next 12 months, and note the effect this has on the balance at bank. Charities with greater scale – employing staff, having contractual commitments, rent or lease payments, and invoicing for goods and services – could be predicting income and spend on a weekly, if not a daily, basis for the 12 months ahead. This involves combining knowledge of due dates, payment runs, settlement dates, payroll runs, and the history of aged debtors. Charities facing a material uncertainty as to going concern might be expected to be forecasting at least weekly. However frequently undertaken, the initial forecast income and spend should correlate with the expectations in the budget plan. As the year unfolds, material unforeseen flows of cash (favourable or adverse) will need to be reflected in the trustees' thinking and used to revisit the forecast for the months ahead.

Budget and budget deviations is a planning and organising tool that helps trustees consider the foreseeable financial demands and commitments to expenditure with the likely available income. The budget process identifies any planned shortfall in funds that needs to be drawn from reserves or financed by borrowing or additional income-generating activities such as a fundraising appeal. Deviations from budget help identify unforeseen developments and prompt questions as to how these came about, the impact (beneficial or adverse) and any action that needs to be taken. In the context of going concern, the scenario facing the trustees will affect the nature of the budget plans for the year following on from the completed financial period, and thereby help identify how sustainable the charity's financial position is and the size of any funding gap and whether it can be bridged.

Trustees' discussion of financial risks and/or reserves is ideally continuing throughout the year so that financial challenges and opportunities and their implications for the reserves, operational activities of the charity and its future plans can be considered. As noted above, cash flow is dynamic and will need to be reviewed throughout the year in the light of new information about timing and trends in income and expenditure. In the context of going concern, the scenario facing the trustees will affect the nature of these discussions and the judgment that they make at the time of preparing and signing the accounts.

The judgment made by the trustees at the time that the accounts are signed, that the charity should not prepare financial statements on a going concern basis, may not always mean that the charity's closure is imminent. Indeed, future circumstances may change such that the charity is restored to being a going concern for subsequent reporting periods. Rather, the judgment made is that preparation on a going concern basis with a disclosure of a material uncertainty as to going concern (SORP paragraph 3.38) would not give a true and fair view of the charity's financial circumstances at the time the accounts are signed/to be signed, and so the alternative basis is used instead. This judgment may be finely balanced.

Going concern-related scenarios
Four scenarios are offered with the details of each set out in Annex I. The scenarios attempt to illustrate a range of situations in order to demonstrate the degree of adaptation that may be required. Each scenario considers how an adaptive approach can be used to prepare the financial statements on an alternative basis:

- *Planned orderly winding down*. In this example, because the trustees have discretion and control over the process and timing of closure when preparing the financial statements using an alternative approach, few changes are required to the SORP framework in preparing the financial statements. The main change is the additional aspect to the impairment review and provision of extra information.
- *Structural financial issues*. Due to retained funds being a combination of restricted endowment funds comprising illiquid assets, the charity is unable to meet unforeseen costs that fall outside the scope of those restricted funds. The alternative approach taken is to revisit deferred income, increase the allowance for bad debts, and include contingent liabilities for redundancy costs, impairment of stock and the treatment of an operating lease as an onerous contract.
- *Sudden loss of income*. The loss or non-renewal of a material grant or material contract in the run up to the financial year end puts into doubt the plans already in hand for a merger with another charity. The alternative approach taken is to increase the allowance for bad debts, and include contingent liabilities for redundancy costs, impairment of stock and the treatment of contracts with third parties as onerous contracts.
- *Cumulative impact of ongoing deficits*. Simply having a deficit at the year-end would not give rise to a going concern issue, but successive deficits have exhausted the reserves of the charity and although various options have been explored there is now no alternative available but closure. Unlike the other scenarios, where closure might potentially still be averted, in this case closure is definite and imminent. The alternative approach therefore requires very significant departures from the SORP involving a break-up approach. The scenario assumes that there will be an orderly but prompt sale of assets with the process of closure achieved relatively quickly. The adaptation required involves a different approach to measuring the value of assets, impairment, the inclusion of contingent liabilities and the reclassification of fixed assets.

The details in each scenario are illustrative and not exhaustive. Each charity’s circumstances will be unique and trustees will need to tailor their own approach to their charity’s particular circumstances.

The alternative basis of accounts preparation
The suggested approach is one of adaptation rather than reinvention by adhering to GAAP and the SORP as far as possible, and only deviating where it is necessary to show a true and fair view. The extent of the adaptation required is influenced by the context and financial circumstances of the charity at the time that the trustees approve and sign off the accounts.

The four example scenarios show how important context is in preparing the accounts. In the main, unless closure is known and imminent, the main impacts are to do with the impairment of assets, including contingent liabilities associated with the risk of closure and post balance sheet events and related disclosures. Where closure is known and imminent, the effect is more pervasive, involving additional changes to asset classification, the approach to measurement and judgments about estimates affected by the proximity of closure.

The implications for independent examination
The legal requirements governing the report made by the independent examiner (the examiner) and the conduct of the independent examination differ between jurisdictions but what all have in common is that the examiner does not give an opinion on the financial statements. The examiner is not required to confirm that the financial statements (the accounts) are 'true and fair', and this is important because they do not need to agree or disagree with the trustees about whether it is right to prepare the accounts on a going concern or alternative basis. At the time of publication, the requirements for the Republic of Ireland were still awaited as the necessary regulations had not been made.

In addition to the report addressed to the trustees, each of the UK jurisdictions places a legal duty on the examiner to report directly to the regulator any matter(s) of 'material significance'. The examiner also has the discretion to report 'relevant matters' to the charity regulator.

Annex II considers for each jurisdiction how the decision to prepare the accounts on an alternative basis may affect their report. It is very likely that in most instances the examiner in each UK jurisdiction will need to make a report direct to the charity regulator but not necessarily for the same reasons. All the UK charity regulators came together to agree guidance on the reporting of matters of material significance and also to offer advice on the reporting of relevant matters; links to that information can be found in Annex III.

The role of the trustees
Trustees are the ones who must prepare the charity's financial statements on a true and fair basis, and so ultimately have to decide how this is done. Trustees should consider their own charity's situation and reach their own conclusions as to whether the financial circumstances of the charity necessitate preparing the accounts on an alternative basis, and, if so, to what extent this dictates departures from the SORP in respect of accounting treatments and policies. Trustees may wish to have a conversation with their independent examiner and/or take professional advice where necessary. Those charities having an audit should talk with their auditor, since they will be giving an opinion on the accounts and the alternative approach is so fundamental that it is advisable to have their input.

Trustees may also have an obligation to make a report to their charity regulator if their charity is in financial difficulty. Each regulator has its own list of matters that trustees are expected to report and these are often updated. At the time of publication, the requirements for the Republic of Ireland were still awaited as the necessary legislative amendments to the Charities Act 2009, which enable the regulator to introduce this requirement, had not been made.

Further sources of help
Annex III lists a number of free resources that trustees facing the risk of having to close their charity and their independent examiners might find useful. These resources cover the following topics for each charity law jurisdiction:

- assessment of going concern
- handling financial difficulty and potential insolvency
- spending endowment
- independent examination
- independent examiner's duty and discretion to report to the charity regulator
- trustees' obligation to report to the charity regulator.

About the author
The author of this factsheet, Nigel Davies FCCA, is a member of the ACCA UK Charity Trustees' Panel, a member of the IFR4NPO Practitioners' Advisory Group, and a speaker on financial reporting and regulation. He was until January 2022 joint chair of the Charities SORP Committee and of the SORP-making body responsible for the development of the Charities SORP. Prior to being joint chair, he provided the SORP secretariat and was co-author of the *Charities Statement of Recommended Practice* (FRS 102), which is the authoritative interpretation of UK-Ireland generally accepted accounting practice for charity financial reporting. He was also the principal author of the 2015 *ACCA Companion Guide for Not-for-profits to the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)*, which provides advice to non-profits on how to report under IFRS for SMEs.

Annex I

Four scenarios illustrating the alternative approach to the preparation of financial statements

A. Planned orderly winding down

Under this scenario, the trustees have control over both the pace and timing of the closure of the charity. The absence of an external driver providing an imperative to closure and the trustees having discretion as to the timing of closure are the major factors influencing the approach taken in accounts preparation. In this case, the charity is a performing arts charity with a mainly volunteer company of players, with a planned closure date that is more than one complete reporting period away.

Basis for alternate accounting policies. In this instance, the charity is continuing to budget to operate normally, with a schedule of performances until the planned closure draws near. The cash flow projections include income from ticket sales, programmes and refreshments and the costs of holding performances. The reserves policy provides for reserves to cover the costs of a whole year's programme as many costs – for example, stage design and props – are required prior to holding performances. Prior to compiling the financial statements, the reserves as at the year-end exceeded the required level with 14 months cover. A full year of normal operations is planned and, since closure is more than a reporting period in the future, few closure-related items arise in the year reported.

The consequences of this are twofold: the accounting policies still adhere to accounting standards and the SORP, and most effects of the planned closure are handled by designating a portion of unrestricted funds. The charity has a small core staff alongside its volunteers and leases a leased building for storage, rehearsal and as a performance space. The lease has the option of a break clause every five years and the next available break option can be exercised in 16 months' time. The trustees intend to exercise this option as part of the closure process. Since the closure date is more than one further full reporting period away, the effect of winding down activities and identifying closure-related liabilities and the effect of the carrying value of assets is not affecting the period reported.

Departure from GAAP and SORP. As noted previously, the going concern basis is presumed in the accounting standard and SORP, and so the notes to the accounts under accounting policies (paragraph 3.37) must disclose the departure from the going concern basis of preparing the financial statements, and advise the basis on which the accounts are prepared and why this approach has been taken (paragraph 3.38). For any departure from both SORP and accounting standards, disclosure is required (paragraphs 3.41 to 3.42).

This note is still necessary because the trustees have decided to close the charity. Going concern presumes continuing operations into the future, but this is not the case if the decision to close has been made. Had the closure been two or more complete reporting years into the future, arguably preparation on a going concern basis would be defensible but this is not the case in this scenario.

This note might state:
'Financial statements not prepared on a going concern basis – the trustees made the decision on [date] to wind down and close the [trust/company/charity/charitable incorporated organisation/community benefit society] because we are finding it difficult to get new volunteer players for our company and our artistic director has advised that they no longer wish to continue beyond the next full programme of performances. It is with sadness that the trustees have concluded that, after 30 years of public performance, we should close on a voluntary basis [set out reason(s) for decision]. Although the planned date of closure is still

16 months away, the trustees consider it no longer appropriate to prepare the financial statements on a going concern basis, given that this decision has been made. The trustees consider it appropriate to keep our stakeholders informed about the planned closure, and the financial statements depart from accounting standards and the Charities SORP (FRS102) and [company law citations if a company eg Companies Act 2006 or Companies Act 2014, if an Irish company] to the extent necessary to give a true and fair view.

In summary, the main changes and material items relating to the planned closure included within the financial statements are: in respect of the valuation of the stocks of stage equipment and props for which an impairment charge for those items unlikely to now be used in staging performances and to include a designation of unrestricted funds relating to the trustees' initial estimate of the likely future costs arising from closure. The details of each matter, including a description of the departure from accounting standards and/or the SORP, its nature and why it was considered necessary are given as part of the relevant accounting policy or disclosure note.'

Post balance sheet events. Although the trustees have made the decision to close, there are unlikely to be any adjusting events in this reporting period because statutory redundancy is initiated at 12 weeks (or less) notice for paid staff in the UK or 30 days before the minimum of two weeks' notice is given in the Republic of Ireland, and notification to the lessor of exercising the break clause requires only six months' written notice under the terms of the charity's lease. Both fall well after the date the trustees sign the financial statements. The trustees, though, might choose to offer more information on the approach being taken to closure and the progress made (SORP paragraph 13.7).

How context influences the judgments made. The two factors that limit the immediate impact on the financial statements are that the trustees have control over the pace and time of closure and the time still to elapse before the intended closure takes place. The trustees could still change their minds and thereby restore going concern status by continuing the charity if volunteers were to come forward in response to the news of closure and a new artistic director comes forward.

The effect of the alternate basis on the accounting for income, expenditure, assets and liabilities. For the period being reported, this is minimal. In respect of income, this is obtained in advance or on the door for each performance and a full year's artistic programme is anticipated, so there is no need to depart from the SORP's approach (paragraph 5.8). In regard to expenditure, there is an impairment charge for props and stage equipment that might not now be used (SORP paragraphs 10.16, 12.4 and 12.15) and this will reduce the carrying value of that class of assets. In respect of liabilities, none arise in the year reported (see remarks above about context), but the trustees choose to designate a portion of unrestricted funds for closure-related costs over which the charity has control, and this reduces the reported level of reserves (SORP paragraph 1.48). Also, in view of closure, some longer term creditors may seek early settlement, and so the trustees might note that the analysis of creditors is based on contractual terms but in view of possible requests to pay earlier, and so creditors under one year may be understated (SORP paragraph 10.82).

SORP requirements in respect of the trustees' annual report and the scope for additional discretionary reporting. In a large charity (see SORP glossary), the trustees would comment on the decision to close and provide information about the way closure is being progressed as part of the section on plans for future periods (paragraph 1.49), but this is only encouraged for smaller charities (paragraph 1.10). Explaining the implications for going concern is advised (paragraph 1.23) and this would be useful context since all charities must explain their reserves policy (paragraph 1.22), including the amount held, with a more detailed explanation advised for larger charities (paragraph 1.48). Stakeholders will be very interested in why the decision was made and how the charity is proposing to operate until closure takes place, and the annual report is an opportunity for the trustees to explain this (paragraph 1.2).

B. Structural financial issues
In this scenario, an arts venue charity has an art collection that is in permanent endowment. It also has items on loan, and it operates an events and exhibition space for local artists and visiting exhibitions. It operates from a building leased from the local council, and the terms of the lease require that day-to-day maintenance and all operational costs relating to the building are met by the charity as lessee.

Due to an uncontained water leak in the kitchens, the building suffered extensive flood damage at the end of the financial year, meaning it had to close for expensive repair work. These are material costs which it cannot recover from insurance because flood risk due to broken pipes was excluded from the policy cover. The charity has only six months of reserves and a reserves target of 12 months, and it has significant endowment represented by works of art. It also has modest restricted income funds that can only be used to meet the costs of hosting visiting exhibitions. The charity has a bank overdraft facility but is not overdrawn at the year-end. In respect of income, this is obtained through charging fees to view some of the exhibitions, from sales of refreshments and souvenirs and from letting rooms. The charity has no income in the period after the year-end due to the closure, and this is reflected in the cash-flow planning but it still incurs costs.

In some jurisdictions, by application to the charity regulator the trustees can obtain consent to spend permanent endowment.

- In England and Wales the Charities Act 2022 (see section 12) allows borrowing from endowment subject to certain limits, provided the funds are later restored, otherwise the Charities Act 2011 (see section 282 or 289) requires that the consent of the regulator is required if endowment involving larger sums is to be spent, which is the case in this scenario.
- The Charities Trustees and Investment (Scotland) Act 2005 does not give OSCR the power to approve or consent to such an application from a charity. The trustees may wish to take legal advice to see whether the terms of the endowment had some very specific clauses that allowed the charity to make use of it in extreme financial circumstances; otherwise, the charity might have to enter into insolvency or bankruptcy arrangements before those funds could be released to meet its debts.
- In respect of unincorporated charities, section 128 of the Charities Act (Northern Ireland) 2008 (as amended) included provisions to spend permanent endowment subject to certain limits, and the regulator can approve the spending of larger sums. Trustees of charitable companies may need to take legal advice.
- The Charities Act 2009 in the Republic of Ireland makes no specific provision for spending permanent endowment. However, the author understands that it is possible for the regulator to consent to the sale of an asset where the trustees have no power to effect that sale. But this is a complex area of law, and trustees considering such a course of action would need to take their own legal advice first.

For the purpose of this scenario, the charity is assumed to be registered and operating solely in England and Wales.

Basis for alternate accounting policies. In this instance, the trustees have notified the charity's regulator of their intention to spend the permanent endowment to meet the unforeseen costs due to the water damage, and to cover the loss of income due to the closure of the arts venue during the remedial works. The trustees decide to prepare the accounts on an alternative basis because they cannot presume that the regulator will concur and give its approval. The trustees consider that their stakeholders, the local community and the charity regulator all need to be clearly in the picture as to how serious an issue the charity is facing. (Had the trustees had previous success in seeking approval for spending restricted funds for another purpose then the trustees might have simply noted a material uncertainty as to going concern instead and prepared the financial statements on a going concern basis.)

Departure from GAAP and SORP. As noted previously, the going concern basis is presumed and so in this case the notes to the accounts under accounting policies (paragraph 3.37) must disclose the departure from the going concern basis of preparing the financial statements and advise the basis on which the accounts are prepared and why this approach has been taken (paragraph 3.38). For any departure from both SORP and accounting standards, disclosure is required (paragraphs 3.41 to 3.42).

This note might state:
'The financial statements are not prepared on a going concern basis because water-related damage to the building on [date] was so extensive that the remedial works can only be funded by selling part of the endowed art collection. The trustees passed a resolution [on date] to spend the proceeds from selling the landscape entitled 'In Hope' by Good Pryce but can only proceed with the sale if the regulator does not object. At the time of signing the financial statements, the decision as to whether or not the regulator would concur and agree to the sale was awaited. The charity has had to close due to the water damage, and so all exhibitions are cancelled and the popular coffee and events spaces are closed.

The financial statements depart from accounting standards and the Charities SORP (FRS102) and [company law citations if a UK company, eg Companies Act 2006] to the extent necessary to give a true and fair view. In summary, the main changes involve the additional disclosures made in respect of the valuation of assets, provisions and contingent liabilities in the event of unplanned closure. Material items relating to the impact of the closure are in respect of increased allowance for doubtful debts, return of fees paid in advance for visitors to the cancelled exhibitions, contingent costs involving winding up, impairment of stock and equipment, and the treatment of the operating lease as an onerous contract. The details of each matter, including a description of the departure from accounting standards and/or the SORP, its nature, and why it was considered necessary, are given as part of the relevant accounting policy or disclosure note.'

Post balance sheet events. Although the water leak happened at the very end of the financial year, the decision to close and the passing of a resolution to spend permanent endowment by selling a work of art both came after the financial year-end. This was due to the extent of the damage only being realised after the year-end but before the financial statements were signed. The adjusting events relate to the financial consequences of potential closure (SORP paragraphs 13.4 and 13.5). Non-adjusting events (SORP paragraph 13.6) relate to the notification to the regulator of the intention to sell a picture and spend the endowment; the instructing of an auction house to make preparations for the sale of the picture, should the regulator not contest the sale; discussions with creditors, including the lessor, about the charity's situation; and the accessing of the overdraft to provide financial cover to continue to trade should the painting be released for sale.

How context influences the judgments made. The judgment that it is best not to presume approval to spend endowment is the key driver because if the sale is not permitted then the charity will not continue to operate. The SORP requires going concern to be supportable as a judgment for a minimum of 12 months post the signature of the financial statements (paragraph 3.14), but the trustees cannot give that assurance because they need the charity regulator to concur with the sale. Therefore, the trustees have judged that it is not simply a material uncertainty that would allow the going concern basis of accounts preparation with the disclosure of the material uncertainty that makes going concern doubtful (paragraph 3.38). In this case, a favourable outcome with the sale of part of the endowment will restore going concern status by allowing the charity to effect the repairs required and so continue to trade.

The effect of the alternate basis on the accounting for income, expenditure, assets and liabilities. In respect of income on closure, any prepayments will need to be refunded and this is reflected in a post balance sheet adjustment to reclassify deferred income (SORP paragraphs 5.46 and 5.59) as a distinct part of creditor balances. There will be an allowance for bad debts that will prove uncollectable should the charity close (SORP paragraphs 10.65 and 11.20); this impairment reduces the value of debtors (FRS102 paragraphs 11.10, 11.21 and 11.22). The trustees have previously exercised the option to not value heritage assets (which is represented by endowment), and so there is no adjustment for the art no longer being available for public view (SORP paragraphs 18.17 and 18.19). In respect of expenditure, there will be an impairment adjustment for the stock of catering and shop items and equipment that might not be used (SORP paragraphs 10.16, 12.4 and 12.15), and this will reduce the carrying value of each class of assets. Also, the charity is liable for the balance to the term of the lease plus dilapidations, and will make provision for these costs (SORP paragraphs 7.30 and 7.35) in respect of contingent liabilities (SORP paragraphs 10.77, 10.86 and 10.88). Other contingent liabilities would include redundancy, and taking down and safe storage of the art pending winding up and return of any items on loan. There may be a contingent asset in respect of any proceeds from sale of items of office, shop or catering equipment (SORP paragraph 10.86).

SORP requirements in respect of the trustees' annual report. The trustees may choose to provide more information about the water damage, the required repairs and the risk of closure that has resulted from this event. The trustees may choose to discuss how long the reserves can last, how costs are being contained, the decision to look to sell the art and the process required to effect that sale, and what is likely to happen should this not be permitted. The trustees may have had to put the staff on notice of redundancy due to the risk of closure, and be in discussion with creditors, including the lessor for the building, over how the sale of the art will avert closure and allow the charity to continue (SORP paragraph 1.49).

C. The unexpected loss of a material source of income
As the year-end approaches, the loss of a contract poses an immediate financial challenge and comes just as the trustees were in discussion about merging with another charity with similar charitable objects. Had the loss been expected, the trustees would have had time to plan and budget accordingly, but in this scenario the notification was not expected.

The combination of a material adverse financial impact coupled with it being unforeseen caused the merger discussions to be disrupted at the time the financial statements were being signed, and these discussions have not concluded. The trustees of the other charity have decided to pause the discussions in order to consider the impact of the contract loss on the merger proposal. They have undertaken to respond with a final decision within the next six weeks. Even if agreed, there will be a further delay while the new charity is registered and the transfer of undertakings is completed. Should the merger not proceed, the reporting charity will be unable to continue operating. The merger is not wholly in the trustees' gift and so the trustees decide to prepare the accounts on an alternative basis.

In this example, the reporting charity operates overseas providing education and training programmes for communities by contracting with local colleges to run approved courses. The colleges collect tuition fees as agents for the charity, with the remainder of the cost met from a UK government agency that awards contracts for development work. In the UK, the charity operates on a virtual basis from trustees' homes and for team events it has occasional office rentals.

Basis for alternate accounting policies. In this instance, the charity is continuing to budget to operate normally and operate its facilities and services anticipating that the merger will proceed as planned. The cash flow projections are only for the part-year to the anticipated merger date, and are based on the assumption that it will take no more than nine months from the year-end to conclude the merger. The reserves policy provides for reserves to cover six months of normal operating costs and at the year-end the reserves were at the target level.

Since the merger has not been called off the trustees anticipate that the charity will continue to operate until the merger happens. The consequences of this are that, due to the assumption of normal operations, few departures are needed from the accounting policies that adhere to accounting standards, but there are a number of provisions, contingent items and additional explanations in respect of the potential closure were the merger not to happen.

Departure from GAAP and SORP. As noted previously, the going concern basis is presumed and so in this case the notes to the accounts under accounting policies (paragraph 3.37) must disclose the departure from the going concern basis of preparing the financial statements, and advise the basis on which the accounts are prepared and why this approach has been taken (paragraph 3.38). For any departure from both SORP and accounting standards, disclosure is required (paragraphs 3.41 to 3.42).

This note might state:
'Financial statements are not prepared on a going concern basis because the trustees have identified that the shortfall income for the coming year materially jeopardises the ongoing operations of the charity and may disrupt the planned merger with [named charity]. The board approved the merger on [date] but the board of [named charity] remain in discussion about proceeding with the merger. The charity is continuing to operate normally and the trustees will keep our funders, client colleges and students, and our staff informed about progress with the merger. The financial statements depart from accounting standards and the Charities SORP (FRS102) and [company law citations if a company eg Companies Act 2006 or Companies Act 2014, if an Irish company] to the extent necessary to give a true and fair view.

In summary, the main changes involve the additional disclosures made in respect of the provisions and contingent liabilities relating to the anticipated merger were it not to proceed, and the consequential closure of the charity. The details of each matter, including a description of the departure from accounting standards and/or the SORP, its nature, and why it was considered necessary are given as part of the relevant accounting policy or disclosure note'.

Post balance sheet events. At the year-end the future of the charity is in doubt and the adjusting events relate to the financial consequences of potential closure (SORP paragraphs 13.4 and 13.5). Non-adjusting events (SORP paragraph 13.6) relate to the state of the merger discussions and the impact that the uncertainty is having on the charity's operations.

How context influences the judgments made. The judgment that is best is not to presume the merger will proceed and to allow for the outcome that the charity will not continue to operate. The SORP requires going concern to be supportable as a judgment for a minimum 12 months post the signature of the financial statements (paragraph 3.14), but the trustees cannot give that assurance; therefore, they have judged that it is not simply a material uncertainty that would allow the going concern basis with disclosure of the material uncertainty that makes going concern doubtful (paragraph 3.38). Although a favourable outcome with the merger proceeding would mean that the merged entity would be a going concern, unless the charity merges it cannot continue.

The effect of the alternate basis taken in respect of accounting for income, expenditure, assets and liabilities. In respect of income with the closure, any prepayments will need to be refunded. This will be reflected in a post balance sheet adjustment to reclassify deferred income (SORP paragraphs 5.46 and 5.59) as part of creditor balances, and there will be an allowance for bad debts that will prove uncollectable should the charity close (SORP paragraphs 10.65 and 11.20). This impairment reduces the value of debtors (FRS102 paragraphs 11.10, 11.21 and 11.22). In respect of expenditure, there will be an impairment adjustment for the stock of educational materials that might not be used (SORP paragraphs 10.16, 12.4 and 12.15) and office equipment that will be scrapped, and this will reduce the carrying value of each class of assets. Also, the charity is liable for the balance of any contractual payments to overseas college suppliers of courses that are now onerous because the charity cannot guarantee to fulfil its part in accrediting the awards (SORP paragraph 7.35), and so the charity will make provision for these costs (SORP paragraphs 7.30 and 7.35). In respect of contingent liabilities (SORP paragraphs 10.77, 10.86 and 10.88), this includes provision for the redundancy of UK-based staff.

SORP requirements in respect of the trustees' annual report and scope for additional discretionary reporting. The trustees may choose to provide more information about the stage the merger discussions have reached (SORP paragraph 1.49), the impact of losing the UK contract income, and the steps in train to manage the situation until the outcome of merger discussions are known. The trustees may choose to comment on their discussions with overseas colleges providing tuition and the impact on students currently on courses. Also, the trustees may refer to having to put the UK staff on notice of redundancy due to the risk of closure. The trustees may wish to set out the prospects for the future should the merger proceed as intended (SORP paragraph 1.50).

D. The cumulative impact of ongoing deficits

In this case, a further year-end deficit adds to an accumulation of previous deficits so that the cumulative effect, when taken with poor future trading prospects, means that the charity's business model is no longer sustainable and closure is inevitable.

The charity began with a large house and grounds being gifted to it by a founder trustee. The gift was freehold but not endowment. Over time, the charity's business model changed from a volunteer-led provider of respite care to a charity that employed staff to deliver daycare for the elderly and at-home care services. The trustees have been maintaining the existing level of activity despite a persistent shortfall in income. The pattern of deficits, taken together with the current parlous state of reserves and the prospect of continuing deficits, caused the trustees to decide to close.

In the year reported, the trustees had pursued merger discussions with another charity, which came to nothing, and had approached another charity to be taken over but again were unsuccessful. After the year-end the trustees instructed agents to value the property and seek a buyer, and the agent has advised that effecting a sale in nine months would be very difficult. There is, however, strong interest in this kind of property at auction, and similar properties have successfully been sold recently at auction at or above their reserve price.

Having decided to close, the trustees have retained an insolvency practitioner and have started the process of placing their elderly clients with other providers. The trustees have given notice to the local council and other client funders of their intention to close. These decisions came after the year-end but prior to the financial statements being signed. The budget and cash-flow projections both assume an orderly closure within nine months of the financial year-end.

Basis for alternate accounting policies. In this example, the charity is only looking to continue operating for a few months while the closure process is undertaken. The cash-flow projections are only for the part-year to the date of the planned closure, based on the assumption that it will take no more than nine months from the year-end to conclude. The reserves policy provides for reserves to cover six months of normal operating costs and at the year-end the reserves were well below that target level.

The consequences of this are that the closure is to be achieved at pace. This has implications for the value of assets; also, assets held for operational purposes are now held for sale. The placing of clients will reduce income and the trustees must give due notice of redundancy to their staff. The retention of professional advisers will incur additional cost. Although not yet a distress sale of assets, the requirement to proceed at pace will affect the potential value to be realised on the sale of assets because it is unlikely that a reserve price can be set; this situation may be anticipated by potential bidders.

Departure from GAAP and SORP. As noted previously, the going concern basis is presumed, and so, in this case, the notes to the accounts under accounting policies (paragraph 3.37) must disclose the departure from the going concern basis of preparing the financial statements and advise the basis on which the accounts are prepared and why this approach has been taken (paragraph 3.38). For any departure from both SORP and accounting standards, disclosure is required (paragraphs 3.41 to 3.42). Also, where accounting policies now deviate from the SORP, an explanation must be given (SORP paragraph 3.44).

This note might state:
'The financial statements are not prepared on a going concern basis because the charity can no longer continue to operate. The trustees have been unable to secure the necessary additional funding to support the clients in our care and so regrettably the trustees resolved on [date] that the charity must close. The financial statements depart from accounting standards and the Charities SORP (FRS102) and [company law citations if appropriate] to the extent necessary to give a true and fair view.

In summary, the main changes involve preparing the financial statements on a breakup basis with a view to liquidation of assets to meet liabilities. Material items relating to the impact of the closure are in respect of: the reclassification of fixed assets as current assets for sale; an increased allowance for doubtful debts; the return of fees paid in advance for clients; a provision for redundancy and severance-related employee costs; adviser and legal fees relating to the closure process; and the impairment of stock and equipment. The details of each matter, including a description of the departure from accounting standards and/or the SORP, its nature, and why it was considered necessary, are given as part of the relevant accounting policy or disclosure note'.

Post balance sheet events. At the year-end the future of the charity was in doubt and, subsequent to the year-end, the trustees decided to close. The condition at the balance sheet date is that the charity is not a going concern and so the adjusting events relate to the financial consequences of its closure (SORP paragraphs 13.4 and 13.5). Non-adjusting events (SORP paragraph 13.6) relate to the state of play of the closure process and the winding down of the charity's activities.

How context influences the judgments made. The decision to close in the near future has a pervasive effect. The SORP requires going concern to be supportable as a judgment for a minimum 12 months post the signature of the financial statements (paragraph 3.14), and so the alternative basis reflects the context of closure at pace (paragraph 3.38).

The speed of closure is important as this requires assets be reclassified as current assets held for sale and the price they will realise is likely to be affected. When selling an asset, the price realised is affected by the sale process; for example, a vehicle will fetch a very different price if part-exchanged, sold to the motor trade for cash, sold by advert, or sold at auction. Similarly, a building will achieve a different price if there is less scope for holding out for a better price and bargaining. A quick sale of an asset increases the bargaining power of the buyer and reduces that of the seller.

The trustees in this case choose to value on the basis of prices achieved at auction or cash sale (for smaller items) and not fair value because fair value is defined in accounting standards as what 'the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations' (FRS 102 appendix I glossary and the appendix to section 2 paragraphs 2A.1 and 2A.3). Also, all liabilities fall to be current as they must be settled as part of the closure process. Staff will be entitled to redundancy pay, and the trustees, in appointing professional advisers to assist them, will incur fees and related disbursement costs.

The effect of the alternate basis taken in respect of accounting for income, expenditure, assets and liabilities. In respect of income, with the closure, any prepayment of client fees will need to be refunded and reflected in a post balance sheet adjustment to reclassify deferred income (SORP paragraphs 5.46 and 5.59) as part of creditor balances; there will be an allowance for bad debts that may prove uncollectable due to closure (SORP paragraphs 10.65 and 11.20). This impairment reduces the value of debtors (FRS102 paragraphs 11.10, 11.21 and 11.22). In respect of expenditure, there will be an impairment adjustment for the stock of daycare-related equipment and materials that might not be used (SORP paragraphs 10.16, 12.4 and 12.15) and office equipment, and this will reduce the carrying value of each class of assets where the realisable value, based on sale at auction or in a similar manner, is lower.

The property that has been previously treated at historical cost will be reclassified as a current asset held for sale (current investment), and the difference between the carrying value, which is very small (when compared to its open market value), and the likely value at auction, treated as a contingent asset (SORP paragraph 10.86). This is because the charity will be a forced seller and so the approach is that of paragraph 2A.6 of the appendix to section 2 of FRS102. The reclassification of fixed assets must be disclosed (FRS 102 paragraphs 16.10 and 17.31). The operating leases for office equipment such as photocopiers are now onerous because the charity will have to close out the contract as it will not operate for the full term of the lease (SORP paragraph 7.35 and FRS102 paragraph 21.11A), and so it will make provision for these costs (SORP paragraphs 7.30 and 7.35). In respect of provisions, this will cover those commitments made concerning the decisions made prior to the trustees approving the financial statements that relate to the charity no longer being a going concern (SORP paragraphs 10.77, 10.86 and 10.88); this will include redundancy-related costs and the fees of the professional advisers retained prior to approving the financial statements (analogous to FRS 102 paragraph 21.11D).

SORP requirements in respect of the trustees' annual report and scope for additional discretionary reporting. The trustees in their review of the year may wish to recap on the financial position, the steps the trustees took to try and continue, and the decisions taken after the financial year-end (SORP paragraphs 1.40 and 1.45). The trustees may choose to comment on their discussions with professional advisers, the steps being taken to safeguard their clients, and work with their funders and creditors, and the situation of the staff and the steps ahead in the closure process (SORP paragraph 1.50).

Annex II

Perspective of the independent examiner

The requirements and guidance for independent examination differ between the UK and Ireland, reflecting differences in the legal frameworks. What the UK frameworks have in common is a duty to report matters of material significance to the charity regulator, and the examiner having discretion to report relevant matters to the charity regulator.

England and Wales
Section 145 of the Charities Act 2011 permits the trustees of eligible charities to opt for independent examination and for the charity regulator to issue guidance and directions about how that examination is done. Section 154 provides for the Minister to make regulations as to the report made by the examiner. Section 145 permits the charity regulator to make directions as to how an examination is done. The regulator's guidance (CC32) includes an extract of the relevant regulations.

Commenting on going concern is not a specific matter upon which the examiner is required to report. However, the directions made by the regulator do refer to it, in particular direction 9. Direction 9 requires that the examiner checks that the trustees have made an assessment of going concern where accruals accounts are prepared, and this includes whether that assessment is reasonable. If the charity is in financial difficulty, the guidance requires the examiner to consider this when making their report (direction 13). Direction 13 provides that a matter on which comment must be made is whether the methods and principles of the SORP were followed. (Reference is made in this regard to the regulations for non-company charities and the Companies Act for charitable companies.) By definition, preparing the financial statements on an alternative basis will in most instances involve significant departures from the SORP's methods and principles since the SORP assumes going concern.

If the examiner judges that the charity has departed from the SORP and that the accounts do not therefore adhere to methods and principles of the SORP, this counts as what the direction terms a 'qualified report'. The giving of a 'qualified report' in turn triggers the separate requirement to report directly to the regulator a matter of material significance (see section 5 of the CC32 guidance).

The UK charity regulators include within the guidance on matters of material significance a list of matters that they expect to have reported (see section 5 of CC32). In the context of an audit, any issue about going concern identified by an auditor as part of giving their opinion is reportable. A fair conclusion is that even if the examiner considers that the methods and principles of the SORP have been adhered to, given the requirement of direction 9 and the expressed interest in going concern, then financial difficulty is still a matter of concern worthy both of inclusion in the examiner's report and reporting as a matter of material significance. However, if on balance the examiner does not judge that a report of a matter of material significance would be appropriate, they may still choose to report it as a relevant matter. Support for this view is that section 6 of CC32, when discussing the discretion to report relevant matters directly to the regulator, refers to circumstances where a matter of concern in the examiner's report is noted and one of the examples by the UK charity regulators of a relevant matter is an uncertainty relating to going concern.

Northern Ireland
Section 65 of the Charities Act (Northern Ireland) 2008 permits the trustees of eligible charities to opt for independent examination, and for the charity regulator to issue guidance and directions about how that examination is done. Section 66 provides for the Department

to make regulations as to the report made by the examiner. Section 65 permits the charity regulator to make directions as to how an examination is done.

Commenting on going concern is not a specific matter upon which the examiner is required to report. However, the directions made by the regulator do refer to it, in particular direction 10. Direction 10 requires that the examiner considers the basis on which accounts prepared on an alternative basis ensure adequate disclosure of this fact. In common with the requirements in England and Wales, direction 12 provides that a matter on which comment must be made is whether the methods and principles of the SORP were followed. (Reference is made in this regard to the regulations for non-company charities and the Companies Act for charitable companies.) By definition, preparing the financial statements on an alternative basis will in most instances involve significant departures from the SORP's methods and principles since the SORP assumes going concern. If the examiner judges that this is the case, and that the accounts do not therefore adhere to methods and principles of the SORP, then this could be considered to be a 'qualified report'. The giving of a 'qualified report' in turn triggers the separate requirement to report directly to the regulator a matter of material significance (see section 6 and appendix 4 of the guidance).

Even if the alternative approach to accounts preparation departs little, if at all, from the SORP, and the examiner considers that the methods and principles have been followed, financial difficulty may still be a matter of concern worthy of inclusion in the examiner's report. Also, examiners can exercise their judgment as to whether to report a going concern issue as a matter of material significance to the regulator; support for this view can be drawn from the UK charity regulators citing in the list of matters the requirement for auditors to report issues around going concern. If the examiner decides that this might not be required, section 6 refers to the discretion to report relevant matters directly to the regulator, and one of the examples given of a relevant matter is an uncertainty relating to going concern in example 3.

Scotland
Section 44 of the Charities and Trustee Investment (Scotland) Act 2005 permits the trustees of eligible charities to opt for independent examination, and provides for the Minister to make regulations in matters relating to the accounts. These regulations include what is required in the report made by the examiner. The regulator has issued a best practice guide to assist independent examiners in fulfilling the requirements of the regulations. These are not directions but advice on how best to conduct the examination.

Step 5 of the guide refers to the 2006 regulations, and step 6 in discussing the examiner's report cites the regulations providing for the examiner to note those matters to which attention should be drawn. Schedule 1 to the 2006 Regulations, in connection with accruals accounts, requires that: 'the statement of account be prepared in accordance with the methods and principles set out in the SORP'. By definition, preparing the financial statements on an alternative basis may often require significant departures from following the SORP's methods and principles since the SORP assumes going concern. The examiner needs to consider whether the accounts do not therefore adhere to methods and principles of the SORP.

Section 7 refers to whistleblowing and matters of material significance that must be reported, and the discretion to report relevant matters, but none of the specific examples given refer to issues around going concern. Arguably, this leaves greater scope for the examiner to exercise their discretion as compared to the jurisdiction of England and Wales, where a direction covers this matter.

The guide gives examples of 'qualified reports'; section 7 advises that if a qualified report is given then this is a matter of material significance and a qualified report is one where attention is drawn by the examiner to a matter of concern. The definition of a ‘qualified report’ is widely drawn and so arguably (see the checklist), in mentioning any matter of concern in the examiner’s report to the trustees, including going concern, this constitutes a qualified report, giving rise to a duty to report to the charity regulator.

Section 7 refers to the UK charity regulators’ guidance on matters of material significance, which includes a requirement for auditors to report issues around going concern (see appendix 4), and, by inference, arguably the examiner might well note the emphasis given to going concern and so similarly report. If the examiner decides that making a report of a matter of material significance might not be required, then section 7 does also refer to the discretion to report relevant matters directly to the regulator; one of the examples given of a relevant matter given by the UK charity regulators is an uncertainty relating to going concern in example 3.

Republic of Ireland
Section 50 of the Charities Act 2009 permits the trustees of eligible charities to opt for independent examination and for the charity regulator to issue guidance and directions about how that examination is done. Section 51 provides for the Minister to make regulations as to the report made by the examiner. At the time of writing, these regulations and directions have not been made and so the independent examination regime is not yet in effect.

Annex III

Further sources of help
On occasion, website pages may be updated and so web links change. If after publication of this factsheet a link is not working, then search for the document via the homepage of the relevant organisation.

Assessment of going concern
The Financial Reporting Council (FRC) looks at going concern from a UK Companies Act perspective when reporting under UK-Irish GAAP and has issued a report offering insights from the accounting standard setter:

FRC: Thematic review (2021): Viability and Going Concern
FRC: Guidance on the going concern basis of accounting and reporting on solvency and liquidity risk

Handling financial difficulty and potential insolvency
A number of regulatory bodies provide guidance or advice that can offer helpful insights for trustees:
CCEW: Managing financial difficulties in your charity arising from cost of living pressures
CCEW: Managing a charity's finances: planning, managing difficulties and insolvency
CCEW: Dealing with financial difficulties (blog)
OSCR: How to manage your charity during tough times
Charities Regulator: Crisis management for charities

Spending endowment
CCEW: Spending permanent endowment
CCNI: New powers for unincorporated charities

Independent examination
CCEW: Independent examination of charity accounts: examiners
OSCR: Independent examination: a guide for independent examiners
CCNI: Independent examination of charity accounts: examiner's guide

Duty and discretion to report direct to the charity regulator
The legal duty on the independent examiner to report 'matters of material significance' to the regulator applies in all UK jurisdictions. The guidance is common to all but each regulator hosts the guidance on their website:

CCEW: Matters of material significance and reporting by auditors and independent examiners to the charity regulator
OSCR: Matters of Material Significance guidance updated
CCNI: Matters of material significance: a guide for auditors and independent examiners
ACCA technical factsheet: matters of material significance reportable to the charity regulators

The independent examiner has a discretionary power to report 'relevant matters' to the charity regulator. The UK charity regulators issued advice on what might be a 'relevant matter'; this is common to all but each regulator hosts the guidance on their website:

CCEW: Reporting relevant matters of interest to UK charity regulators

OSCR: Reporting of relevant matters of interest to UK charity regulators
CCNI: Reporting of relevant matters of interest to UK charity regulators: a guide for auditors and independent examiners

Reporting by trustees to the charity regulator
Each UK charity regulator has particular matters it requires trustees to report, often as soon as possible after the event has occurred. This guidance is frequently updated and so it is best to check against the current guidance on the charity regulator's website:

CCEW: How to report a serious incident in your charity
OSCR: Notifiable Events
CCNI: Serious incident reporting: a guide for charity trustees

In respect of the Republic of Ireland, the Charities (Amendment) Bill 2022 includes provisions that would require trustees to disclose information to the Charities Regulator relating to significant issues, which could ultimately damage or threaten the viability of the charitable organisation. Trustees may wish to refer to the Charities Regulator's website for an update on the progress of the bill and any subsequent enactment.

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