



# The Irish Accounting & Tax Summit 2020

## Session 15

### Charity Financial Reporting & Audits under Covid-19



### Presenter:

Colm Owens & Mike O'Halloran - OmniPro

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**OmniPro Education & Training**  
Main Street, Ferns, Enniscorthy, Co. Wexford  
053 9100000  
[www.omnipro.ie](http://www.omnipro.ie) [info@omnipro.ie](mailto:info@omnipro.ie)



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## Charity Financial Reporting & Audits under Covid-19

- Welcome to Your Webevent
- Introducing the Webevent Team
- Your Downloads and Material
- Your Questions
  - During the session
  - At the end of the session

## Charity Financial Reporting & Audits under Covid-19

- Webevent Timing - 11:00 – 12:00
- Teaching Space – 50 Minutes
- Questions and Answers – 10 Minutes

## **Charity Financial Reporting & Audits under Covid-19**

- Topic 1 – Financial Reporting issues impacting Charities;
- Topic 2 – Audit issues impacting Charities;
- Topic 3 – Regulatory issues impacting Charities;
- Topic 4 - Covid-19 considerations for Charity audits;
- Topic 5 - Monitoring visits – common issues;

# **Charity Financial Reporting & Audits under Covid-19**

## **Financial Reporting issues impacting Charities**



# Charity Financial Reporting & Audits under Covid-19

## Common Financial Reporting Issues

- No accounting policy for concessionary loans or not considering such loans from an FRS 102 perspective;
- Not disclosing the fact that it is a public benefit entity;
- Stating accounts are prepared in accordance with SORP but not prepared;
- Not applying the 'assets held for service potential' and instead booking an impairment based on value in use;
- Incorrectly using accruals concept for grants when saying SORP is being applied;



# Charity Financial Reporting & Audits under Covid-19

## Common Financial Reporting Issues

- Not amortising premium/discounts on bonds over life of the bond;
- Not disclosing unrecognised volunteers services PBE34B.12 & PBE 34.74(c);
- Not identifying certain bonds as complex instruments (e.g. with profit bonds);
- Not recognising the value of donated services and goods as income and an expense;

## **Charity Financial Reporting & Audits under Covid-19**

### **Accounting Issues for Charities**

- SORP FRS 102
  - Is this required?
  - When is it mandatory from and for who??
- FRS 102 Section 1A for charities
  - NB remember other grant provider disclosure requirements (Pobal/HSE Circular 13/2014 or AFMR)
  - Is it permitted?

## **Charity Financial Reporting & Audits under Covid-19**

### **Accounting Issues for Charities**

- Differences on transition from FRS 102 to SORP FRS 102:
  - Grants – performance model mandated by SORP
    - Adjustment if accruals model utilised under FRS 102
  - Investment property – must be at fair value
    - No undue cost or effort get out as include in FRS 102 – N/A for p/b 1 Jan 2019
  - Investment property – property not complete cannot be classed as IP under SORP

# Charity Financial Reporting & Audits under Covid-19

## Accounting Issues for Charities

- Differences on transition from FRS 102 to SORP FRS 102:
  - Investments in associates/JV's/subs cannot be carried at FV through OCI must go to SOFA
  - PPE revaluation policy
    - Revaluation only required on a rolling basis over 5 years
      - FRS 102 non SORP – to reflect fair value at each reporting date

# **Charity Financial Reporting & Audits under Covid-19**

## **Audit issues impacting Charities**

## **Charity Financial Reporting & Audits under Covid-19**

### **Key ISA's and key audit issues;**

- ISA 315 – Understanding of the entity, accounting system and internal controls;
- ISA 240 – Fraud;
- ISA 230 & ISA 500;
  - Completeness of Income;
  - Audit of Expenditure;



## **Charity Financial Reporting & Audits under Covid-19**

### **ISA 315;**

- The auditor should obtain an understanding of;
  - the entity; and
  - its environment;
  - including its internal controls
- sufficient to identify and assess the risks of material misstatement
  - of the financial statements whether due to fraud or error
  - at financial statement and assertion level
  - and sufficient to design and perform further audit procedures



## **Charity Financial Reporting & Audits under Covid-19**

### **ISA 315 – Practical Risk Assessment**

- Where do we need to focus our attention?
- What are the issues that we will need to consider in forming our final opinion?
- Where do we need to deviate from the standard audit testing?
- Where do we need to do more testing and take bigger sample sizes?

# Documenting Systems and Internal Controls for Charities

- The Process
- Documentation involved – physical paperwork & transactions
- People involved – internally and externally
- Recording
- Validity Checks
- Authorisation
- Segregation of Duties
- Checks and controls
- Linked documentation
- Diagrammatic representation
- Walk through tests performed
- CRA 2017 Guidance
- App 6 PN 11 2008

# Documenting Systems and Internal Controls for Charities

- Income
- Expenditure
- Purchases
- Grants
- Donations
- Fundraising
- Sales
- Stock
- Cash
- Payments
- Debtors
- Creditors
- Lodgements
- Wages & Expenses
- Reconciliations
- Petty Cash
- Routine and Non Routine
- Recording and reporting

## **Charity Financial Reporting & Audits under Covid-19**

### **ISA 240 - Fraud**

- Auditors Objectives;
  - Identify and assess the risks of material misstatement due to fraud;
  - Obtain sufficient appropriate audit evidence by designing and implementing appropriate responses;
  - Respond to suspected fraud identified;
- Fraud risks;
  - Revenue recognition ;
  - Management over-ride;
  - Others?

## **Charity Financial Reporting & Audits under Covid-19**

### **Fraud Risk Factors for Charities**

- Misapplication of restricted funds;
- Lack of control over expenses;
- Cash donations and cash expenses;
- Goodwill income;
- Lack of control over income;
- Board V owner managed business;
- Volunteerism;
- Political nature of governance and management.

## **Charity Financial Reporting & Audits under Covid-19**

### **Commonly Overlooked Fraud Indicators**

- Discrepancies in accounting records;
- Missing documents;
- Inconsistent or vague management and/or employee responses;
- Denial of access to records and information on a timely basis;
- Transactions not recorded on a timely basis;
- Unwillingness to address system weaknesses;



## **Charity Financial Reporting & Audits under Covid-19**

### **ISA 230- Documentation & ISA 500 - Audit Execution**

- **Completeness of Income**

- Conclusion on all testing performed and results of that testing in conjunction with any points brought forward from previous year;
- Accounting systems & internal controls documented - specific focus on;
  - Donations;
  - Income; and
  - fundraising aspects.
- Cradle-to-grave testing for all material income streams.



## **Charity Financial Reporting & Audits under Covid-19**

### **ISA 230- Documentation & ISA 500 - Audit Execution**

- **Completeness of Income**

- Walk-through testing to be performed on all elements of the income system to prove that system operates as documented.
- Key controls to be tested on an appropriate sampling basis.
- Detailed initial analytical review to be performed.

## **Charity Financial Reporting & Audits under Covid-19**

### **ISA 230- Documentation & ISA 500 - Audit Execution**

- **Completeness of Income**

- Sample / transaction testing in relation to individual donations, fundraisers, cash reconciliations and any other test deemed appropriate;
- All transaction and substantive testing being performed throughout the audit to assess the possibility of management override and staff theft or fraud;
- Detailed final analytical review;

## **Charity Financial Reporting & Audits under Covid-19**

### **ISA 230- Documentation & ISA 500 - Audit Execution**

- **Audit of Expenditure;**
  - Analytical Review – reasons for major variances noted;
  - Sample / transaction testing;
  - Validity of expenditure;
  - Testing for ‘proper authorisation’;
  - Testing for expenditure in line with activities & funding agreements;
  - Wages & Salaries testing – in-line with contracts/pay scales / funding agreements

# **Charity Financial Reporting & Audits under Covid-19**

## **Regulatory issues impacting Charities**

## **Charity Financial Reporting & Audits under Covid-19**

### **Influence of Charities Regulatory Authority (CRA)**

- Sanctioned Charity for non compliance – January 2017
- Successful conviction and imprisonment – February 2017
- Internal Financial Controls for Charities – June 2017
- Guidance for Charity Trustees – June 2017
- July 2017 First Inspectors Report – Ataxia Ireland CLG
- Guidelines for Charitable Organisations Fundraising from the Public – September 2017
- Report on Unregistered Charity Shops – September 2017

## **Charity Financial Reporting & Audits under Covid-19**

### **Influence of Charities Regulatory Authority (CRA)**

- Governance Consultation – October 2017
- [www.trusteelearning.ie](http://www.trusteelearning.ie) - November 2017
- Update on House to House Clothing Collections - December 2017
- What is a Charity Guidance – January 2018
- Guidance on Charities and the Promotion of Political Causes – February 2018
- Inspectors report GLEN – April 2018
- Managing Conflicts of Interest Guidance – May 2018



# **Charity Financial Reporting & Audits under Covid-19**

## **Influence of Charities Regulatory Authority (CRA)**

- May 2018 S.66 Inspectors Report – Solas Galway Picture Palace CLG;
- Consultative Panel on the Governance of Charitable Organisations;
- 7/11/18 Charities Governance Code Launched;
- 2019 Learning - 2020 Compliance - 2021 Reporting;



## **Charity Financial Reporting & Audits under Covid-19**

### **Influence of Charities Regulatory Authority (CRA)**

- Consultation on development of Charities SORP – Oct 2019;
- Inspectors Report of Galway University Foundation – Dec 2019;
- Publish Safeguarding Guidance for Charities – Feb 2020;
- Appoint inspectors to Cabhru Housing Association - April 2020;
- Appoint inspectors to ChildFund Ireland – May 2020;
- Covid-19 guidance issued – May 2020.

# **Charity Financial Reporting & Audits under Covid-19**

## **Influence of Charities Regulatory Authority (CRA)**

- 561 Concerns received in 2017 in relation to 351 organisations
- 66% Increase from 2016 to 2017
- 319 Concerns received in 2016 in relation to 222 organisations

## Concerns Received by CRA

Category	%
Financial Control and Transparency	29%
Legitimacy of Charity	23%
Good Governance	23%
Political Campaigning	9%
*Charities Regulator not the primary regulator of charity	7%
Private Benefit	5%
Harm to Beneficiaries	4%

# Charity Financial Reporting & Audits under Covid-19

## Government Agency Requirements;

- Review funding agreements:
  - May stipulate specific type of financial reporting framework, SORP or FRS 102 (funding party may not allow S1A of FRS 102 or FRS 105)
  - Entity may numerically be audit exempt but funding party requires audit

• Name of Grantor - specifying the exact title of the Grantor	• The Accounting of Grants	• The terms of Grant Restrictions
• Name of Grant -The actual name of the grant programme e.g. Rural Water Development Programme.	• Capital Grants - The amount of money provided and the conditions/milestones associated	• If tax clearance has been obtained
• Purpose of Grant - the purpose for which the funds are applied	• No of Employees in each category of wage band	

# **Charity Financial Reporting & Audits under Covid-19**

## **Government Agency Requirements**

- **Grants and Grant Expenditure**
  - Tailored Testing;
  - Service Level Agreement review;
  - Grant Contract review (conditions of expenditure / drawdown etc.);
  - Specific transaction and substantive testing;
  - Classification;
  - Nature of expenditure / properly expended;

# **Charity Financial Reporting & Audits under Covid-19**

## **Covid-19 Considerations for Charity Audits**



## Charity Financial Reporting & Audits under Covid-19

### Covid-19 considerations & impact on work;

- Use of Covid-19 Supplementary Procedures Checklist;
  - Evidence of firms awareness of Covid-19 & impact on work;
- Planning issues;
  - APM updated for Covid-19 issues?;
  - Consideration of audit risks –
    - Covid-19 risks (incl. fraud)?
  - Updated understanding of the entity & business risks;
  - Meetings with audit team & management;



# Charity Financial Reporting & Audits under Covid-19

## Covid-19 considerations & impact on work;

- Completion issues;
  - Letter of Representation;
    - Tailored for Covid-19
  - Going concern issues;
    - Funding issues (fundraising / state funding support)
    - Is the going concern basis appropriate;
  - Post balance sheet events;
  - Reporting requirements / obligations?

## **Charity Financial Reporting & Audits under Covid-19**

### **Covid-19 considerations & impact on work;**

- Financial Statement areas;
  - Consider the correct accounting treatment;
  - Requirement to carry out / consider impairment review;
    - Assets held for service potential (alternative basis – depreciated replacement cost)
  - Walk-through / systems tests
- Do the financial statements show a true & fair view?
  - Do the financial statements require additional disclosures?

# Charity Financial Reporting & Audits under Covid-19

## Monitoring visits – common issues

# Charity Financial Reporting & Audits under Covid-19

## Monitoring visits – common issues;

- Financial Reporting issues;
  - Application of SORP?
  - FRS 102 v's FRS 102 S1a v's FRS 105;
  - Use of specific disclosure checklist;

# Charity Financial Reporting & Audits under Covid-19

## Monitoring visits – common issues;

- Use of tailored audit programme / tailoring of audit documents;
  - Tailoring APM for ‘specialist nature’ of the client / audit;
    - Registration with CRA & tax-exempt status;
    - Reporting responsibilities (s59 Charities Act, 2009 & To CRA);
    - Other laws and regulations etc;
  - Inadequate documentation of accounting systems & internal controls (& walk-through tests);
    - Too brief;
    - Not covering all aspects of charity ( activities & income streams);

# Charity Financial Reporting & Audits under Covid-19

## Monitoring visits – common issues;

- Completeness of income testing;
  - Not covering all material income streams;
  - ‘Cradle-to-grave’ testing?
  - No conclusion on overall completeness testing;
- Expenditure testing;
  - Not testing for ‘proper authorisation’;
  - Not testing for ‘valid expense within organisation’;
  - Not testing for ‘proper purpose’ (i.e. in line with funding agreements etc.);



# Charity Financial Reporting & Audits under Covid-19

## Monitoring visits – common issues;

- Wages & salaries testing;
  - Testing for agreement with contracts;
  - Testing for compliance with funding agreements;
- Fraud (revenue recognition & mgmt' over-ride);
- Going concern;
  - Reliance on funders?
  - Agreement to funding agreements;
  - Future funding - 12 months from approval of accounts – into 2021?

# Charity Financial Reporting & Audits under Covid-19

## Monitoring visits – common issues;

- Restricted / unrestricted income;
  - Underlying agreements / conditions;
  - Testing etc;

## Wrap Up

- IATS Webinar Series Continues
- CPDStore.com
- OmniPro Practice Support Team
- OmniPro Team
- Thank You

## Why OmniPro

**Our Why** - Our core belief is simply this : Accountants can and do change lives. So we get up every morning to bring them the tools, advice and training so that they can create great businesses for themselves and their clients too. In this way we change lives, communities and our world. We would love to do that together with you.

## Why OmniPro

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- We find the best solution for accountants in any given situation

## Why OmniPro

### What We Do -

We provide accountants with information products, consulting and training in the areas of;

- practice management, business development & marketing;
- company secretarial & taxation;
- audit & financial reporting;
- professional regulation and disciplinary defence.



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## Supporting Irish Accountants

Main Street,  
Ferns,  
Enniscorthy,  
Co. Wexford.  
053 9100000

**Compliant Company**  
**Year end**

**Covid-19**

**Covid-19 wage subsidy scheme audit tests**

	Initials	Date
Prepared by:	Aud Snr	1-Jan-18
Reviewed by:	Aud Ptnr	1-Jan-18

	Audit Programme	Yes / No / N/A	ARC reference	Covid-19 Guidance reference	Senior Initials	Partner Initials
	<b>OVERALL COMPLETION</b>					
	<b>Audit Completion - File Completion / Audit Partner Completion</b>		A3/A4/A5			
1	Audit Partner to ensure Covid-19 Checklist is completed, reflecting the work carried out, including having sufficient audit evidence supporting the audit opinion.					
	Additional completion considerations as a result of Covid-19;					
2	ISA 330 - Did the auditor document the work carried out on the clients financial statement closing process (in particular journal entries and other adjustments made)?					
3	ISA 330 - Did the auditor document the work carried out to evaluate the overall presentation of the financial statements, including consideration of whether adequate disclosures have been made for matters impacted by Covid-19? Is there evidence on file of a Covid-19 disclosure checklist being used?					
4	ISA 330 - Did the auditor document their conclusion on whether sufficient appropriate audit evidence has been obtained (in light of Covid-19)?					
5	ISA 450 - Did the auditor document their conclusion whether uncorrected misstatements are material individually or collectively keeping in mind materiality considerations arising from Covid-19 (see above) and fact of possible more misstatements due to Covid-19 factors.					
6	ISA 720 - Did the auditor document their assessment any inconsistencies between the information provided by the client's annual report (if any) and in the financial statements about the impact of Covid-19?					
	<b>Covid-19 Financial Statement Disclosures</b>		A1.1			
7	Has the auditor applied the COVID 19 Financial Statement Supplementary Disclosures Checklist. Ref					
8	Did the auditor refer to the Sample Covid-19 disclosures where necessary?					
	<b>Letter of Representation (ISA 580)</b>		A2			
9	Has the auditor obtained a signed letter of representation?					
10	Has the letter of representation been tailored to reflect the impact of Covid-19 on the audit and financial statements?					
11	Has the auditor considered the impact of Covid-19 on the required representations in relation to; ISA 240 - Fraud; ISA 250 - Consideration of laws and regulations; ISA 450 - Evaluation of misstatements; ISA 500 / 501 - Specific areas requiring written representation; ISA 540 - Accounting estimates; ISA 550 - Related parties; ISA 560 - Subsequent events; ISA 570 - Going concern; ISA 701 - Comparative information; ISA 720 - Auditors responsibilities to other information					
	<b>Analytical Review (ISA 520)</b>		A6			
12	Has Final Analytical Review been documented and corroborative evidence obtained?					
13	Has auditor considered effect of Covid-19 on the financial statements and the ratios underpinning the business performance and results?					
14	Has the final analytical review commentary, including the reasons for any material variances noted been tailored to reflect the impact of Covid-19 (if any)?					
	<b>Going concern (ISA 570)</b>		A9			
15	Has the auditor considered the appropriateness of the use of the going concern basis for the preparation of the financial statements?					
16	Is the Going Concern basis still appropriate (if not, have the financial statements been prepared on a basis other than on going concern (i.e. break-up basis))?					
17	Has the auditor considered the impact of Covid-19 on the entity & whether it has materially impacted or is it expected to materially impact on the auditor's evaluation of management's assessment of going concern.					
18	Has the auditor assessed going concern for a period of at least 12 months from date of approval of financial statements?					
19	Have appropriate Going Concern disclosures been made in the financial statements?					
20	Has the auditor considered the impact of Covid-19 on the audit opinion?					
21	Did the auditor complete the detailed Covid-19 Going Concern checklist?					
	<b>Post balance sheet events (ISA 560)</b>		A10			
22	Has the auditor assessed subsequent events for the period from date of financial statements to proposed date of auditors report?					
23	Has the auditor identified material subsequent events related to Covid-19?					
24	If so, has the auditor assessed whether these have been appropriately addressed or disclosed in the financial statements in accordance with the financial reporting framework.					

25	Has the auditor considered what evidence they will require in support of the disclosure of such events and any adjustments made as a result of Covid-19?					
26	Has the auditor considered their responsibilities where;  Facts become known after date of auditors report but before date accounts are issued; and Facts become known after accounts are issued?					
27	Did the auditor complete the detailed Covid-19 Events After the Balance Sheet date checklist?					
	<b>Audit Conclusion Meeting with Those Charged with Governance (ISA 260)</b>		A11			
28	Where restriction on travel has resulted having physical meetings with audit client has the auditor considered alternate methods to communicate with the audit client?					
29	Has minutes of completion / final meeting with audit client recorded specific issues relating to Covid-19 (subsequent events, going concern, additional risk areas & additional considerations in relation to risk of fraud)?					
30	Where the auditor intends to modify their opinion, have they discussed / explained to management the nature of the modification and whether it can be removed by allowing the auditor additional time to undertake their work and obtain the evidence required?					
	<b>Audit Findings Letter (ISA 260 / ISA 265)</b>		A12			
31	Has the auditor considered whether they have a requirement to communicate / report to management issues arising from the audit resulting from Covid-19, such as; Deficiencies in internal controls as a result of Covid-19; Deficiencies in accounting practices and financial reporting as a result of Covid-19; Significant audit risks that had an impact on the audit and audit report as a result of Covid-19; Any breaches of laws and regulations as a result of Covid-19; Any instances of / possible instances of fraud as a result of Covid-19; Significant difficulties encountered during the audit as a result of Covid-19; Impact of Covid-19 on the clients' going concern assessment.					
	<b>Risk of Fraud (ISA 240)</b>		A15			
32	Has the auditor assessed the potential increased risk of fraud resulting from Covid-19?					
33	Has the auditor documented the additional fraud considerations (including responses to additional risks) resulting from Covid-19 (including, fraudulent financial reporting arising from closure of premises, restrictions on travel & access to books and records and client staff)?					
34	Auditor's consideration and responses to possible fraud including fraudulent financial reporting arising from closure of premises, restrictions on travel & access to books and records and client staff.					
35	Has the auditor clearly demonstrated and recorded an appropriate level of professional scepticism to reflect that the audit may be delivered in a different way (i.e. remotely with limited physical interaction with audit client)?					
36	Has the auditor documented the work carried out to appropriately challenge judgements, assumptions (incl; going concern) & estimates made by management?					
	<b>Audit Opinion Letter (ISA 260 / ISA 705)</b>		A15			
37	Where the auditor has modified their opinion in relation to matters relating to Covid-19, have they communicated in writing to the client, the reason for their modified opinion?					
38	Has the auditor requested a response from the client detailing how they intend to address the issues that gave rise to the modification?					
39	The auditor should refer to the detailed Covid-19 Going Concern checklist regarding their responsibilities to communicate with the client where there is a Material Uncertainty Related to Going Concern requiring disclosure in the auditors' report.					
	<b>AUDIT PLANNING</b>					
	<b>Audit planning checklist</b>					
40	Has the auditor documented their consideration of possible Covid-19 matters?					
	Covid-19 additional audit considerations;					
41	ISA 300 / ISA 315 - the impact on the planned audit approach of new or revised risks due to Covid-19;					
42	ISA 300 / ISA 315 - possible revision of risk assessments already made at planning due to Covid-19 issues;					
43	ISA 300 / ISA 315 - the impact of changes on the understanding of internal controls and subsequent difficulties in the auditor evaluating the design & implementation of internal controls;					
44	ISA 300 / ISA 315 - difficulties in carrying out walk-through testing due to Covid-19 (access to books and records & client premises);					
45	ISA 330 - possible changes required to planned responses to assessed risks arising from the impact of Covid-19 on the ability to obtain sufficient appropriate audit evidence (e.g., lack of audit staff, access to books and records, access issues or attendance at a stock counts);					
46	ISA 330 - consideration at planning stage of alternative audit procedures (if required due to above);					

47	ISA 540 - has the auditor documented the impact on judgement and estimates used by management of; -Changes to regulatory factors that may affect accounting estimates (e.g., government supports / initiatives provided during period); -Whether assumptions are appropriate in the circumstances and in the context of the applicable financial reporting framework (e.g., cash flow forecasts, discount rates, etc.); -Whether data being used by the entity is relevant and reliable; and -The effect of changing inherent risk factors, in particular uncertainty.					
48	ISA 540 - has the auditor identified the specific audit areas where judgements and estimates have been used by management?					
	<b>Audit Planning Memo</b>		B2			
49	Has the auditor updated the Audit Planning Memo for all Covid-19 issues & matters?					
50	See template / sample wording in Covid-19 guidance document.					
	<b>Acceptance of Appointment or Re-appointment</b>		B3			
	<b>New appointment</b>					
51	Did the auditor consider if restrictions over travel and office-based working will impact on their ability to carry out their review of the previous auditors working papers?					
52	If so, has the auditor considered what work can be undertaken remotely?					
53	Has the auditors' consideration highlighted where confirmation of certain matters is contingent on being physically present?					
54	If so, has the auditor ensured that these outstanding matters have been completed before the conclusion of the audit.					
	<b>Materiality (ISA 320)</b>		B4.1			
55	Has the auditor considered the impact of materiality on transactions, balances and disclosures resulting from Covid-19?					
56	Has the auditor documented their consideration of the impact of Covid-19 when setting materiality?					
57	Has the auditor considered applying separate materiality level or levels for particular transactions, balances and disclosures as a result of Covid-19?					
	<b>Letter of Engagement (ISA 210)</b>		B6			
58	Does the auditor have an up to date (and appropriately tailored (if applicable)) Letter of Engagement in place?					
	<b>Audit Planning Letter (ISA 300 / ISA 260)</b>					
59	Has the firm updated its Audit Planning Letter to take into account any matters arising from Covid-19?					
60	Is the auditor providing additional non-audit services to the client as a result of the Covid-19 situation?					
61	Has the auditor appropriate safeguards in place?					
	<b>Internal Engagement Team Meeting (ISA 300)</b>		B8			
62	Where restriction on travel has resulted having physical meetings with audit team members has the auditor considered alternate methods to communicate with the audit clients?					
63	Has minutes of audit team planning meeting recorded specific issues relating to Covid-19 (access to books and records, access to client premises, additional risk areas & additional considerations in relation to risk of fraud)?					
64	If audit planning had commenced prior to Covid-19 restrictions being put in place, has the auditor discussed the matters related to Covid-19 with the audit team and updated planning meeting minutes?					
	<b>Planning Meeting with those Charged with Governance (ISA 260)</b>		B9			
65	Where restriction on travel has resulted having physical meetings with audit client has the auditor considered alternate methods to communicate with the audit clients?					
66	Has minutes of planning meeting with audit client recorded specific issues relating to Covid-19 (access to books and records, access to client premises, additional risk areas & additional considerations in relation to risk of fraud)?					
67	Has the auditor discussed the audit schedule with the client, including consideration whether additional time will be required to carry out the audit in light of Covid-19?					
68	If audit planning had commenced prior to Covid-19 restrictions being put in place, has the auditor discussed the matters related to Covid-19 with the audit client and updated planning meeting minutes?					
	<b>Group Audit Considerations (ISA 600)</b>					
69	Has the auditor considered whether they may be unable to obtain sufficient, appropriate audit evidence due to fact that components operate in areas where restrictions apply (restrictions over travel or over access to information)?					
70	If so, has the auditor documented the possible impact on the audit?					
71	Has the auditor considered what alternative procedures they can carry out to obtain sufficient appropriate audit evidence?					
72	Has the auditor considered whether Covid-19 will impact on their ability to carry out their review of component auditors' working papers as planned?					
73	If so, has the auditor consider what alternative procedures they can carry out to obtain the necessary evidence (remote access / thoroughly executed and clearly documented electronic and video review of component auditors' work)?					
74	If the auditor concludes that the work of component auditors cannot be reviewed by carrying out alternative procedures, has the auditor considered whether a deferral of the finalisation and issue of the audited financial statements is required?					

75	If the auditor concludes that the work of component auditors cannot be reviewed by carrying out alternative procedures, has the auditor considered the impact on the audit and on their auditor's report?					
	<b>FINANCIAL STATEMENT AREAS</b>					
	<b>Tangible Fixed Assets</b>		<b>Section C</b>			
76	Did the auditor assess whether events / conditions (i.e. Covid-19) has resulted in the need for management to carry out an impairment review of assets?  If no, consider if an impairment review should be carried out in <b>Section C</b> in light of COVID-19					
77	If so, was an impairment review carried out in accordance with the applicable financial reporting framework?					
78	If not, has the auditor considered the effect on its audit report?					
79	Consider the timing of any impairment and the year end in determining if events after the balance sheet date are adjusting or non-adjusting.					
	<b>Intangible Fixed Assets</b>		<b>Section D</b>			
80	Did the auditor assess whether events / conditions (i.e. Covid-19) has resulted in the need for management to carry out an impairment review of assets?  If no, consider if an impairment review should be carried out in <b>Section D</b> in light of COVID-19					
81	If so, was an impairment review carried out in accordance with the applicable financial reporting framework?					
82	If not, has the auditor considered the effect on its auditors report?					
83	Consider the timing of any impairment and the year end in determining if events after the balance sheet date are adjusting or non-adjusting.					
	<b>Investments</b>		<b>Section E</b>			
84	Did the auditor assess whether events / conditions (i.e. Covid-19) has resulted in the need for management to carry out an impairment review of investments?  If no, consider if an impairment review should be carried out in <b>Section E</b> in light of COVID-19					
85	If so, was an impairment review carried out in accordance with the applicable financial reporting framework?					
86	If not, has the auditor considered the effect on its audit report?					
87	Consider the timing of any impairment and the year end in determining if events after the balance sheet date are adjusting or non-adjusting.					
	<b>Stock and Work in Progress</b>		<b>Section F</b>			
88	Did the auditor assess whether events / conditions (i.e. Covid-19) has resulted in the need for management to carry out an impairment review of stocks and work-in-progress?  If not, consider if an impairment review should be carried out in <b>Section F</b> in light of COVID-19.					
89	If so, was an impairment review carried out in accordance with the applicable financial reporting framework?					
90	If not, has the auditor considered the effect on its audit report?					
91	Consider the timing of any impairment and the year end in determining if events after the balance sheet date are adjusting or non-adjusting.					
	<b>Debtors</b>		<b>Section G</b>			
92	Did the auditor assess whether events / conditions (i.e. Covid-19) has resulted in the need for management to carry out an impairment review of debtors?  If not, consider if an impairment review should be carried out in <b>Section G</b> in light of COVID-19.					
93	If so, was an impairment review carried out in accordance with the applicable financial reporting framework?					
94	If not, has the auditor considered the effect on its audit report?					
95	Did the auditor assess recoverability of debtors (and consideration of					
96	Consider the timing of any impairment and the year end in determining if events after the balance sheet date are adjusting or non-adjusting.					
	<b>Bank Balances and Cash in Hand</b>		<b>Section H</b>			
95	Did the auditor assess whether the impact of Covid-19 on the financial statements has caused the client to breach any covenants on loan agreements?					
96	If so, have loan liabilities been correctly disclosed in the financial statements in accordance with the applicable financial reporting framework?					
97	Did the auditor assess whether the client obtained any new banking facilities / other sources of finance due to impact of Covid-19 (keep in mind the need to obtain bank confirmation letters / third party confirmation of balances & terms and conditions)?					
	<b>Creditors &amp; Accruals</b>		<b>Section I</b>			
98	Did the firm assess whether additional provisions / accruals were required as a result of Covid-19?					
99	Did the firm test for completeness of creditors or for unrecorded creditors / accruals resulting from Covid-19 and the need to source new suppliers?					
	<b>Taxation</b>		<b>Section J</b>			
100	Did the auditor assess the impact of Covid-19 on tax balances?					

101	Did the firm consider the effect of the impact on Covid-19 on deferred tax calculation and balances?					
	<b>Statutory Matters, Share Capital and Reserves</b>		<b>Section K</b>			
102	Did the auditor review the company's M&A to determine the process for calling and holding of directors meetings (Can the company hold 'remote / virtual meetings')?					
103	Did the auditor review the company's M&A to determine the process for calling and holding of EGMs and AGMs (Can the company hold 'remote / virtual meetings')?					
104	Did the auditor review the company's M&A to determine the process for the directors making significant decisions regarding te company (determining the company's eligibility for the Wage Subsidy Scheme)?					
105	Did the auditor review minutes of directors meetings relating to Covid-19 matters;					
106	Decision to avail of Covid-19 Wages Subsidy Scheme; and					
107	Compliance with turnover / solvency conditions with regards to the Covid-19 Wages Subsidy Scheme?					
	<b>Salaries and Wages</b>					
108	Did the company avail of the Wages Subsidy Scheme?					
109	If so, did the auditor assessed the company's' eligibility for the scheme?		<b>WSS testing schedule</b>			
110	Did the auditor test a sample of employees to ensure the company complied with the scheme's conditions?		<b>WSS testing schedule</b>			
111	Did the auditor complete the OmniPro Covid-19 Wages Subsidy Scheme checklist?		<b>WSS testing schedule</b>			
	<b>Related Parties</b>		<b>Section O</b>			
112	Did the auditor assess whether events / conditions (i.e. Covid-19) has resulted in the need for management to carry out an impairment review of;					
113	-Directors' loans; and					
114	-Related party loan (including connected party loans and intergroup loans)?					
115	If so, was an impairment review carried out in accordance with the applicable financial reporting framework?					
116	If not, has the auditor considered the effect on its audit report?					
117	Have loan liabilities been correctly disclosed in the financial statements in accordance with the applicable financial reporting framework?					
118	Has the firm assessed the impact of Covid-19 on group going concern (where applicable)?					
	<b>Laws and Regulations</b>					
119	Did the auditor assess the client's compliance with laws and regulations impacted by Covid-19 (e.g. TWSS scheme)		<b>WSS testing schedule</b>			
120	Did the auditor assess whether there were additional reporting requiremets as a result of Covid-19 (Charities Regulator / HSE / Tusla / Central Bank / ODCE)?					
	<b>Conclusion (re Covid-19):</b>					
119	The audit has been conducted in accordance with ISAs and the firm's procedures (including, the specific Covid-19 considerations noted above), and our working papers contain sufficient evidence to support the audit opinion.					

Aud Snr
1-Jan-18

Aud Ptnr
1-Jan-18

**Accountant in Charge**  
**Date**

**Partner in Charge**  
**Date**




**Compliant Company**  
**Year end**

**Covid-19**

**Covid-19 Supplementary Audit Procedures Checklist**

	Initials	Date
Prepared by:	Aud Snr	1-Jan-18
Reviewed by:	Aud Ptnr	1-Jan-18

	Audit Programme	Yes / No / N/A	ARC reference	Covid-19 Guidance reference	Senior Initials	Partner Initials
	<b>Lay off staff without pay</b>					
1	Did the company lay off employees without pay? If yes then the subsidy scheme is not available.					
	<b>Staff kept on payroll</b>					
	<b>Where the answer to any of the following questions is "no" then consider if the company incorrectly claimed the wage subsidy scheme.</b>					
2	Were the relevant staff kept on the payroll or previously laid off and rehired?					
3	Were the employees (including directors) on the company payroll at 29/02/2020?					
4	Was there a significant reduction expected in turnover (25%) and an inability to pay employees salaries?					
5	Was there an intention to keep the employee(s) afterwards?					
6	Have all of the above considerations been documented?					
7	Did the company self declare to Revenue?					
8	Test a sample of claims by the company using the wage subsidy scheme. Did the firm comply with the scheme based on the sample tested?  When testing a sample, consider whether the company's pay period was before or after 4 May 2020.					
9	Refer to the detailed guidance document attached when testing this.  (See link across)			 C:\Users\mohalloran\Desktop\OmniPro-COVID-19-		
10	Did the company prepare minutes documenting its decision to enter into the wage subsidy scheme?  Based on the work performed, the company appears to have made a WSS claim that it was not entitled to. Consider the impact of this on the overall audit opinion.					
	<b>Conclusion</b>					
11	Based on the work performed, the company appears to have complied with the Wage Subsidy Scheme.					

Aud Snr  
1-Jan-18

Aud Ptnr  
1-Jan-18

Accountant in Charge  
Date

Partner in Charge  
Date

## Covid-19 wage subsidy scheme audit tests

### Results of WSS recalculation test

**Test:** To review a sample of wage subsidy scheme claims to see if they were calculated in line with the Revenue rules

**Work done:** Recalculated a sample of claims and investigated any differences

### Results:

Claim Tested	Amount claimed	Employee tested in claim	Amount claimed for employee	Eligible claim per firm recalculation	Difference	Explanation of difference
April 28th	7000	Mr A	3,500	-	3,500	Employer top up was greater than net weekly average pay. Claim should not have been made.
May 5th	9000	Mr B	1,400	1,400	-	
May 12th	8000	Ms C	1,950	1,950	-	

**Conclusion:** Based on the work performed, the company appears to have made a WSS claim that it was not entitled to. Consider the impact of this on the overall audit opinion.

Or

Based on the work performed, the company appears to have complied with the WSS.

**CRO Number - 123456**

## **OmniPro Sample SORP Charity Company Limited by Guarantee**

### **Directors'/Trustees' Report & Financial Statements**

**Year Ended 31 December 2017**

**(Company Limited by Guarantee having no share capital)**

#### Disclaimer

These financial statements are solely illustrative and intended to be used exclusively for educational and training purposes. They provide guidance in relation to the format and contents of a Company Limited by Guarantee financial statements under Companies Act 2014 as amended by the Companies (Accounting) Act 2017 and SORP 'Accounting Reporting by Charities' effective, 1 January 2015 (Charities SORP FRS 102). They do not purport to give definitive advice in any form. Despite taking every care in the preparation of this document OmniPro does not take any legal responsibility for the contents of these financial statements and the consequences that may arise due to any errors or omissions. OmniPro shall therefore not be liable for any damage or economic loss occasioned to any person acting on, or refraining from any action, as a result of or based on the material contained in this publication.

The small companies regime is detailed in Section 15 of CAA Act 2017. CAA 2017 inserts a new Section 280A-280C to CA 2014. The CAA 2017 changes are mandatory for periods commencing on or after 1 January 2017 but Section 14 of that Act permits the small companies regime (and S1A of FRS 102) to be early adopted for all periods commencing on or after 1 January 2017. Note S.1A is optional, it does not have to be applied. This section states that a company qualifies for the small companies regime if it fulfils at least two of the three qualifying conditions listed below:

- In relation to its first financial year; or
- In relation to its current financial year and the preceding financial year; or
- In relation to its current financial year and it qualified as a small/medium company in the preceding financial year; or
- In relation to the preceding financial year and it qualified as a small/medium company in the preceding financial year

	<b>Small Co</b>	<b>Small Group</b>
Turnover	≤€12 million	≤€12 million-net ≤€14.4 million-gross
Balance Sheet Total	≤€6 million	≤€6 million net ≤€7.2 million-gross
Employees	≤50	≤50

Each set of Financial Statements should be specifically tailored for each client.

These financial statements are prepared under FRS 102 are prepared as an example of a set of financial statements without adjustments on transition to FRS 102.

# **OmniPro Sample SORP Charity Company Limited by Guarantee**

**Year Ended 31 December 2017**

## **Contents**

### **Note**

Under New S.280A(4) and S.280B(5) certain entities do not qualify for the small companies regime even if they meet the size criteria set out above and must prepare statutory financial statements on the basis of the large company provisions and are not entitled to avail of the abridgement options as a small company. S.280A-280C does not apply to a company falling within any provision of Schedule 5 of the Act (Eg. Authorised investment firm, insurance intermediary of any other company carrying on of business by which is required to be authorised by the Central Bank) or they are a credit institution or insurance undertaking. The same applies for the holding company of small groups even where they meet the thresholds if any of the entities in the group come within Schedule 5 etc. then they cannot apply the small companies regime. Note for the purposes of abridged financial statements for such a small company, a holding company that prepares group financial statements cannot file small abridged financial statements under S.352 of CA 2014.

The Companies (Accounting) Act 2017 may be cited as the Companies (Accounting) Act 2017 but the legislative references in the financial statements do not need to be updated

ES PASE (Ethical Standard Provisions Available for Small Entities) may be availed of for those Companies which meet two or more of the following:

- not more than €7.3million in turnover;
- not more than €3.65million balance sheet total; and
- not more than 50 employees.

Disclosures in this regard have been included in this Pro-Forma set of Financial Statements.

Each set of Financial Statements should be specifically tailored for each client.

# **OmniPro Sample SORP Charity Company Limited by Guarantee**

Year Ended 31 December 2017

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## OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

### Directors and Other Information

Directors <sup>1</sup> /Trustees <sup>2</sup>	Mr A Director Ms B Director Mr C Director
Secretary	Mr A Director
Auditors	Compliant Accountant & Co Accountants & Statutory Audit Firm Accountants Row, Any County
Bankers	Any Big Bank PLC, Money Street, Moneysville, Any County  Deep Pockets Bank, Financial Services Sector, Ballycash, Any County
Solicitors	Legal Eagles & Co., Court Place, Judgestown Any County
Companies Registration number <sup>3</sup>	123456
Registered Office	Construction Place, Builders Lane, Dunblock Any County

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This information is disclosed as best practice, there are no legislative requirements attaching to directors and other information disclosures

<sup>1</sup> State nationality of directors if not Irish

<sup>2</sup> Required under S.17 of CAA 2017 by inserting into S.291&295 of CA 2014

<sup>3</sup> Required under S.17 of CAA 2017 by inserting into S.291&295 of CA 2014



# OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

## Directors'/Trustees' Report

The directors/trustees present their annual report and audited financial statements for the year ended 31 December 2017.

This is the first set of financial statements prepared by OmniPro Charity Company Limited by Guarantee in accordance with accounting standards issued by the Financial Reporting Council, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as modified by the Statement of Recommended Practice "Accounting and Reporting by Charities" effective 1 January 2015. Previously the company applied FRS 102 but did not apply the Statement of Recommended Practice "Accounting and Reporting by Charities" (FRS 102 Charities SORP). The charity has applied the Charities SORP on a voluntary basis as its application is not a requirement of the current regulations for charities registered in the Republic of Ireland however it is considered best practice.

### Reference and Administrative Details

The organisation is a charitable company with a registered office at XX Town, Co XXXX. The Charity trades under the name XXXXX<sup>4</sup>. The companies registered number is 123456.

The charity has been granted charitable tax status under Sections 207 and 208 of the Taxes Consolidation Act 1997, Charity No CHY 12345 and is registered with the Charities Regulatory Authority<sup>5</sup>. The charity has a total of 10 trustees.

The CEO is Mr XX who has x years of experience. The day to day management of the charity is also directed by the following individuals in addition to the CEO who are considered key management personnel<sup>6</sup>:

General manager: Mr T  
Senior supervisor: My S (expand as appropriate)

Details of the external advisors engaged by the Charity are as follows:

Type	Name	Address
Bankers	XYZ Bank	X Street, Town, County X
Solicitors	YTT Solicitors & Co	X Street, Town, County X
Investment managers	XYZ Limited	X Street, Town, County X
Auditors	Auditor & Co.	X Street, Town, County X

### *Directors/trustees and secretary<sup>7</sup>*

The names of persons who at any time during the financial year and since the year end unless otherwise stated were directors/trustees of the company are as follows:

Mr A Director/Trustee (retired 2 February 2016)  
Mr B Director/Trustee (appointed 2 February 2017)

<sup>4</sup>S.1.27 of Charities SORP requires this detail. Also requires disclosure of the registered office of the company

<sup>5</sup>S.1.27 of Charities SORP requires this detail

<sup>6</sup> S.1.52 of Charities SORP – Large companies are required to detail the name of the CEO and any other senior management that are involved in the day to day running of the charity and the names of professional advisors used in the period.

<sup>7</sup> The names of the persons who were directors during the financial year should be included for periods commencing on or after 1<sup>st</sup> of June 2017. Directors may be required to retire by rotation under the Co.s Constitution. S1.27 of Charities SORP requires disclosure of the names of trustees during the period and up to the date of approval of the financial statements. Where a trustee is a body corporate disclosure is required of all of the directors of that company at the date of approval of these financial statements

# OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

## Directors'/Trustees' Report

Mr C Director/Trustee

XX Trustee Limited (the directors of this company at the date of approval of these financial statements were: Mr X, Mr Y)

Mr A Director/Trustee held the position of company secretary for the duration of the financial year.

### *Title to Property*<sup>8</sup>

Mr XX, a trustee for the charity holds title to the land owned by the Charity.

### **Principal Activities and Objectives**<sup>9</sup>

The charity has X trustees who meet on a monthly basis and are responsible for the strategic direction of the charity. The charity is ran on a day to day basis by the general manager and the chief executive officer is responsible for ensuring that the charity meets its long and short term aims and the day to day operations run smoothly.

The charity's objects and principal activities are to<sup>10</sup>:

- Benefit the public by providing a safe and supervised facility where young people can meet and interact; and
- Benefit the young people of the community by providing both education and recreation facilities for them to use and enjoy. The entity has achieved this stated aim for the current year.

The mains area of the company's charitable activity are:

- The provision of a facility where youths between the ages of X-X can gather so as to provide an outlet for young people to cherish. During the year the charity had XX youths use the service;
- Operation of a café for the general public from the company's buildings which is perfectly located, the profits from which are used to fund the charitable activities.
- Provision of counselling services and advice. During the year the charity provided counselling services to XX youths
- The provision of grants to youths
- To show the youth of today the positive side of life through our counselling services etc etc<sup>11</sup>.

The Company had 400 members in the year an increase of 10% on the prior year which acts as evidence how the charity fulfils its objectives.

The short term aims of the charity and the strategy adopted to achieve these aims including the projects undertaken are<sup>12</sup>:

- Provide a broad range of facilities for the youth to enjoy. There are 20 volunteers and 10 employees engaged in the provision of this service. The strategy adopted to achieve this objective is to continue to introduce new activities into the youth centre. As part of this strategy the company constructed a new indoor soccer pitch during the year which has proved very successful.

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<sup>8</sup> Required by S.1.27 of Charities SORP

<sup>9</sup> S.326 of the Companies Act 2014 and S.1.17, S1.19 and S1.20 of Charities SORP– This should be expanded depending on the size and complexity of the entity. Also required to give a summary of the main achievements of the charity

<sup>10</sup> S.1.17 of Charities SORP – requires disclosure of the objective and activities of the charity

<sup>11</sup> S.1.19 of Charities SORP requires that projects identified in the accounts should be discussed here. Where practicable information given in this report about resources spent on particular activities should be consistent with the analysis provided in the accounts.

<sup>12</sup> S.1.36 of Charities SORP requires that the short term and long term aims of the charity be detailed for large Charities and the strategy for achieving these aims should also be disclosed.

## OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

### Directors'/Trustees' Report

- Offer opportunities for young people to gain experience of working in a real work environment through the provision of employment in the charity café. There are 20 volunteers and 10 employees engaged in the provision of this service.
- Provide accessible counselling services at minimal prices. There are 10 contractors engaged in the provision of this service. This aim was achieved in the year as the price of counselling services was reduced from €10 to €5 per session.
- Increase donations through a targeted advertising campaign and have volunteers attend all major sport and recreational events.
- Etc. etc.

The long term aims of the charity and the strategy adopted to achieve these aims including the projects undertaken are<sup>13</sup>:

- Continue to broaden the range of programmes. The charity's aim to introduce a programme called 'know your neighbours' to get all classes of younger people to interact;
- Open an indoor soccer arena
- Creation of a bereavement group for young people so that those effected by death can voice their feelings to the group
- Etc. etc.

The key performance indicators are detailed below:

	<b>Target</b>	<b>Actual</b>
	<b>2017</b>	<b>2017</b>
No. of members	300	350
No. of grants provided	5	15
Satisfaction of members with counselling services*	80%	85%

\*based on questionnaires filled in by counselling recipients.

#### *Grant making policy*

The charity is engaged in the provision of grants to suitable parties, by providing these grants it allows the beneficiaries to avail of counselling facilities where funds are not available to them to pay for such services. Beneficiaries are provided with grants based on the means of the family. The grant making policy is reviewed each year to align our grants with our priorities and programmes of activity for the year. The charity invites applications by advertising in the newspapers. Applicants fill out a means assessment questionnaire which is used as the basis of the charity's decision on which applicants would receive a grant based on predetermined means levels.<sup>14</sup>

#### *Our Volunteers<sup>15</sup>*

The trustees are very grateful to the unpaid general volunteers who help by staffing our shops, carrying out fundraising on the charity's behalf. Volunteers also provide assistance with events, giving time and supplies to make them a success. The total number of unpaid volunteers that provided services in the year was XX which equated to X man hours OR It is impossible to quantify the additional thousands of hours generously given by the public.

<sup>13</sup> S.1.36 of Charities SORP requires that the short term and long term aims of the charity be detailed for large Charities and the strategy for achieving these aims should also be disclosed.

<sup>14</sup> S.1.38 and 1.39 of Charities SORP requires that for large charities where grant making is a material part of the charities activities the grant making policy must be disclosed and an explanation of how its grant making activities contribute to the achievement of its aims and objective.

<sup>15</sup> S1.39 of Charities SORP requires that for large charities where a significant contribution is given by volunteers the report should explain what services they provide and the contribution in terms of hours or staff equivalents.

# OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

## Directors'/Trustees' Report

### *Social investment*

During the year the charity provided a loan to 25 individuals in order to allow those individuals to apply for college. These loans were interest free. In return the youths in question have agreed to work in the café and supervise younger members<sup>16</sup> therefore contributing to the Charities objectives through developing the young to allow them to go to college and then reinvest their time back into the Charity.

### **Business Review<sup>17</sup> and Financial Results<sup>18</sup>**

*Against the backdrop of limited resources and insecurities over funding, it has continued to be difficult to plan or develop services. Nevertheless the charity, with the aid of sound financial management and the support of both its staff and volunteers generated a very positive financial outcome for the period. The retained surplus for the financial year amounted to €3,719,000 (2016: €1,100,000) and this was transferred to reserves at the year end<sup>19</sup>. The principal source of funding for the charity is the charity shop and generosity of the general public with donations. The company also receives a number of grants from XXX. Grants of XX were received in the current year<sup>20</sup>.*

At the end of the year the company had assets of €xx (2016: €xx) and liabilities of €xx (2016:€xx). The net funds of the company have increased by €3,127,000 (2016: €3,719,000) and the directors are satisfied with the level of retained reserves at the year end. Of the net funds at 31 December 2017 of €6,846,000, €819,000 of this is attributable to restricted funds.

### *Reserves policy*

The charity has a policy of transferring X% of any retained surplus to a designated fund for refurbishment and repairs of the premises **OR** The charity has determined it is not necessary to hold reserves given the significant cash reserves it holds<sup>21</sup>.

Aside from retaining a prudent amount in designated reserves each year most of the charity's funds will be spent in the short term. The remaining amount which are not held for short term purposes are invested in non-risk investment funds/deposit accounts which earned a return of x% in the current year.

The trustee's have established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets of the charity or for repair work should be between 3 and 4 months of unrestricted charitable expenditure which equates to €400,000. At the year end the total unrestricted funds of the charity was €6,027,000, €1,500,000 of this has been set aside for the purchase of office equipment which is likely to occur in the next year, a further €xxx relates to a revaluation reserve on the charity's property which will be utilised as the depreciation is charged on the property or when the property is sold.

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<sup>16</sup> S1.38 of Charities SORP requires disclosure of social investments made, how these programme related investments contribute to the achievement of the charities objectives.

<sup>17</sup> S.327 of the Companies Act 2014 only applies to companies that do not qualify for the small companies regime and requires a fair review of the company including development and performance and the asset, liability and financial position of the company at the end of the year

<sup>18</sup> S.326 of the Companies Act 2014 – This should be expanded depending on the size and complexity of the entity

<sup>19</sup> S.327 of the Companies Act 2014 only applies to companies that do not qualify for the small companies regime and requires a fair review of the company including development and performance and the asset, liability and financial position of the company at the end of the year

<sup>20</sup> S1.47 of Charities SORP requires disclosure of the principal funding sources for the charity and how these resources support the key objectives

<sup>21</sup> S.1.22 of Charities SORP requires the report to detail the policy for holdings reserves and state the amount of the reserves. If there is a policy of holding no reserves, the reason for this must be explained. For large charities they need to also the likely timing of payments from designated funds, identify any amount of funds that can be realised by disposing of assets, state amount of reserves at the end of the year excluding restricted funds.

## OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

### Directors'/Trustees' Report

#### OR

The charity needs reserves to:

- Ensure the charity can continue to provide a stable service to those who need them.
- Meet contractual obligations as they fall due;
- Meet unexpected costs;
- Provide working capital when funding is paid in arrears;
- Meet the costs of winding up in the event that was necessary
- Be adequate to cover X months of current expenditure.

Based on this, the trustees are satisfied that it holds sufficient reserves to allow the charity to trade successfully.

#### OR

Based on this, there is a deficit between the required funds and the actual funds. The Charity are taking the following actions to address this deficit:

- Cutting non-essential expenses
- Closing our XX office
- Renting out the spare office space in the premises<sup>22</sup>.

The total restricted funds at year end are €819,000 which are not included in the trustee's view of the charity's reserve needs because these restricted funds are held by the charity only for as long as is necessary to organise the necessary programmes. Normally these funds are spent within 6 months of receipt.

#### *Going concern (if applicable)*<sup>23</sup>

The trust reported a net outflow of €XXX. At the year end the company had negative unrestricted funds of €XXXX. The financial statements have been prepared on a going concern basis. The validity of this assumption is dependent on the anticipated maintenance of support by the Company's bankers through the maintenance of existing borrowings together with ongoing interest roll-up, a return to profitability and donations from the general public. The trustees remain in regular contact with the sponsoring local authorities to secure on-going financial support and has obtained further grants from XX since the year end. In addition the Charity are taking the following actions to address this deficit:

- Cutting non-essential expenses
- Closing our XX office
- Renting out the spare office space in the premises.

If the charity was unable to continue in operational existence, adjustments would have to be made to adjust the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

The directors have considered the financial position and trading performance of the charity, together with the anticipated support from the company's bankers and the general public. They are satisfied that the company will return to profitability in the year to 31 December 2016. As a result, while recognising that there is uncertainty about these matters at present, the directors are satisfied that the company has the necessary resources to continue trading for the foreseeable future and accordingly they believe that it is appropriate for the financial statements to be prepared on the going concern basis.

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<sup>22</sup> S.1.48 of Charities SORP requires for large companies where there is a deficit in the funding requirement the charity is required to state the steps the charity is taking to rectify this deficit.

<sup>23</sup> S1.23 of Charities SORP requires where there are uncertainties about the ability of the charity to continue as a going concern at the date of approving the accounts, the natures of the uncertainties must be disclosed

# OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

## Directors'/Trustees' Report

### Achievements and Performance<sup>24</sup>

The main achievements of the company during the year were:

- The Company had 400 members in the year an increase of 10% on the prior year which acts as evidence how the charity fulfils its objectives. By providing youths with an alternative avenue to use their energy it ensures they have more of a fulfilling life.
- Employment of 20 youths in the café
- A satisfaction rate of 85% of members availing of our counselling service
- Provision of grants to 150 members.
- Opening of a new indoor soccer arena.
- Increased donations from €XXX to €XXXX as a result of significant advertising and attendance at all sporting and recreational activities.

The key performance indicators are detailed below<sup>25</sup>:

	Target 2017	Actual 2017
No. of members	300	350
No. of grants provided	5	15
Opening of the new indoor soccer arena	Yes	Yes
Satisfaction of members with counselling services*	80%	85%
% increase in donations on prior year through extensive advertising	10%	7%

\*based on questionnaires filled in by counselling recipients.

As can be seen from the statistics above all of the charity's aims have been met with the exception of the % increase in donations. The reason why the donations did not increase in line with the targets was principally due to:

- one of the key employers in the area making a significant number of persons living in the village redundant. As a result the public had less disposable income.
- the poor publicity surrounding charities generally regarding the operation of certain charities.

### Investment policy<sup>26</sup>

The trustees have a general power of investment and so enjoy considerable freedom to invest in such investment assets as they see fit. In deciding on any investments the charity takes into account the social, environmental and ethical impacts of these investments and only invests in assets that have a positive impact on all three.

The company makes programme related investments in the form of interest free loans to other charities which in turn provide services to beneficiaries of this charity. These loans are being repaid in line with the loan agreements<sup>27</sup>.

<sup>24</sup> S.1.40-1.45 and 1.20 of Charities SORP requires disclosure of the achievement and performance of the charity

<sup>25</sup> Required by S.1.41 of Charities SORP for large charities only – disclosure of achievements against objectives, the performance of the material fundraising activities against the fundraising objectives set, if material expenditure is incurred in the year explain the effect this expenditure has had, and is intended to have, on the net return from fundraising activities. Also required to assess the measures or indicators used to assess performance.

Required to disclose those factors (e.g. employees, service users, beneficiaries and funders) that impact the charity both positively and negatively whether within or outside the charity's control and if relevant explain how these have affected plans

<sup>26</sup> Required by S.1.41 of Charities SORP for large charities only. Required to show how the investment performed compared to its objectives

<sup>27</sup> Required by S.21.39 of Charities SORP for large charities only. Required to include an explanation of the charity's policy for the use of programme related investments and mixed motive investments in the trustees' annual



# OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

## Directors'/Trustees' Report

OR

The trustees have regard to the liquidity requirements of the charity and have kept available funds in an interest bearing deposit account and seek to achieve a rate of return on deposits that matches or exceeds the rate of inflation. Due to economic circumstances the deposit rates have been depressed hence the charity did not achieve the aim in the current year. The return achieved on these deposits was a rate of 0.25% compared to an estimated inflation rate of 1%. In deciding on any investments the charity takes into account the social, environmental and ethical impacts of these investments and only invests in assets that have a positive impact on all three.

### Structure, Governance and Management

The organisation is a charitable company limited by guarantee. The company does not have a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding one Euro (€1)<sup>28</sup>.

The charity was established under a Memorandum of Association/Constitution which established the objects and powers of the charitable company and is governed under its Articles of Association/**Constitution** and managed by a Board of Directors/Trustees.

The charity has X trustees who meet on a monthly basis and are responsible for the strategic direction of the charity. At these meetings the board of directors/trustees are provided with the key performance and risk indicators. The charity is ran on a day to day basis by the general manager and the chief executive officer is responsible for ensuring that the charity meets its long and short term aims and the day to day operations run smoothly. The CEO and general manager has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance and employment<sup>29</sup>.

There is clear division of responsibility at the company with the Board retaining control over major decisions. The board of directors retain overall responsibility for the strategic development of the company in close liaison with the executive officers.

### Recruitment of Trustees<sup>30</sup>

The directors' of the company are also the Charity's trustees. The Constitution provides for a minimum of 10 trustees/directors and a maximum of 25. Trustees' are appointed by the rules detailed in its constitution which are:

- Mr/Institution X, an outside party is entitled to appoint one or more trustee's
- Trustees are elected to serve for a period of X years after which time they must be re-elected at the general meeting.
- New potential trustees are interviewed by trustees and an outside party to ensure they have the necessary skills required to do the role.
- All members are circulated with invitations to nominate trustees prior to the AGM advising them of the retiring trustees and requesting nominations for the AGM. When considering co-opting trustees, the board has regard to the requirement for any specialist skills needed.

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report when such holdings are material. The report must also explain the investment's performance in relation to the objectives set by the trustees.

<sup>28</sup> S.1.25 of Charities SORP – requires details of the how the charity is constituted and provide details of the governing document

<sup>29</sup> Required by S.1.51 of Charities SORP for large charities only

<sup>30</sup> S.1.51 of Charities SORP – for large charity's only - disclose the organisation structure, how decisions and made and if authority is delegated



## OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

### Directors'/Trustees' Report

- XXXX etc.

Nominees appointed by Enterprise Ireland are subject to the appointment processes of those bodies and the guidelines on appointment to public office as they apply to that body.

The trustee's taken as a whole have significant experience in a wide range of area's effecting the charity including but not limited to finance, business, I.T. etc. etc.

#### *Trustee induction and training<sup>31</sup>*

The trustees are put through a formal induction course on appointment as trustee for the first time and are put through an orientation day. The induction courses cover:

- The obligations of trustees
- Details of charity law
- The reporting structure and governance including providing a copy of the constitution
- The objectives of the charity and the trustees position in trying to achieve these
- Details of future plans and current financial position
- The business plan and future financial performance of the charity
- The decision making process of the charity
- Formally being introduced to the key management personnel including trustees
- Procedures with regard to trustee expenses etc etc etc

Trustees are unpaid and details of trustee expenses and any related party transactions are disclosed in note X to these financial statements.

#### *Pay policy for senior staff<sup>32</sup>*

The directors consider the board of directors, who are the Charity's trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling the day to day operations. Details of directors expenses are detailed in note X.

The pay of the senior staff is reviewed annually and normally increased in line with inflation. Given the nature of the charity the directors/trustees benchmark against the pay levels in other similar charity's or commercial operations that provide a similar service.

#### *Related parties and co-operation with other organisations*

The company provides XXX services to the community in conjunction with XYZ charity.

#### *Future Developments<sup>33</sup>*

The directors are not expecting to make any significant changes in the nature of the business in the near future.

**Or**

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<sup>31</sup> Required by S.1.51 of Charities SORP for large charities only

<sup>32</sup> Required by S.1.51 of Charities SORP for large charities only. Requires arrangement for setting pay to be disclosed and any benchmarks used when determining the rates to pay.

<sup>33</sup> S.327(5) of the Companies Act 2014 & S1.49&1.50 of Charities SORP – This should be expanded as required. For large Charities the SORP requires disclosure of the future direction of the charity and the lessons learned from past and current activities. Note Section 327 is not applicable for companies that qualify for the small companies regime under Section 280C of CA 2014

# OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

## Directors'/Trustees' Report

The directors have indicated their intention to capitalise on industry shifts by continuing to review and focus their operations accordingly in the future.

The strategic plan envisages a significant refurbishment of the premises in 2017. The charities continues to engage with its bankers to ensure the project proceeds. Based on past experience the trustees will concentrate their efforts on young people in the 11-18 age group as these youths are the youths that are most at risk. A major concern is the reduced donations. The Charity has engaged with its bankers to extend the period of the loans currently in existence and are trying to extend the repayment period from 6 years to 16 years in order to release the pressure on cash flow requirements.

### Principal Risks and Uncertainties<sup>34</sup>

The Directors/Trustees have identified that the key risks and uncertainties the Charity faces relate to the risk of a decrease in the level of donations and the potential increase in compliance requirements in accordance with company, health and safety, taxation and other legislation.

The charity mitigates these risks as follows:

- The charity continually monitors the level of activity, prepares and monitors its budgets targets and projections. The charity has a policy of maintaining significant cash reserves and it has also developed a strategic plan which will allow for the diversification of funding and activities; and
- The charity closely monitors emerging changes to regulations and legislation on an on-going basis.

Operational/internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects and the requirements for budgets covering all activities. Procedures are in place to ensure compliance with health and safety of staff, volunteers, clients and visitors to the centre by ensuring all accreditation is up to date.

Reputational risk – In common with many charities, the company's principal risk is reputational damage. Reputation damage could be caused by an event either within or outside the company's control. In order to mitigate this risk the charity continues to adopt best practices.

### Financial Risk Management<sup>35</sup>

As a result of financial instruments held the company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk.

To maintain stable cash out flows the company maintains 100% (2016: 100%) of its debt at fixed rate and to maintain 50% of its debt payable within one year. The company does not use derivative financial instruments to manage financial risk and no hedge accounting is applied.

#### Price Risk

The company is exposed to the price risk of commodities through its operations. The directors believe that the cost of managing this risk is in excess of the potential benefits given the size of the company. The directors, however, review the appropriateness of this policy on an annual basis.

#### Credit Risk

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<sup>34</sup> S.327(1) Companies Act 2014 & S.146 Charities SORP applies to large charities & companies that do not qualify for small companies regime – Expanded where appropriate to include an analysis of financial and non financial key performance indicators. This is not required for companies that qualify for the small companies regime under S.327(3A) CA 2014.

<sup>35</sup> S.326(3), CA 2014 – Only required for companies that do not qualify for the small companies regime where material for an assessment of the company's financial position and the use of financial instruments. Not required for small companies.

## OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

### Directors'/Trustees' Report

The company requires that appropriate credit checks are carried out on new customers before sales are made. All customers have individual credit limits that are reviewed on an ongoing basis by the board. Provisions for bad debts are made based on historical evidence and any new events which might indicate a reduction in the recoverability of cash flows.

#### *Liquidity Risk*

The company maintains a mix of long and short term finance to ensure the company has sufficient funds available to meet obligations as they fall due.

#### *Interest Rate Risk*

The company holds both interest bearing assets and liabilities. Assets include cash balances which earn a fixed rate of interest. The company policy is to maintain debt at a fixed rate to ensure future interest cash flows.

#### Events after the Balance Sheet date<sup>36</sup>

Post year end the company etc. etc.

#### Research and Development<sup>37</sup> (If applicable)

The company was engaged in research and development activities in the development of patents, the cost incurred in the year was €xx,xxx.

#### Political donations<sup>38</sup> (If applicable)

The company made the following political donations in the current year:

• Party A	-	€xx,xxx
• Party B	-	€xx,xxx
• Party C	-	€xx,xxx

#### Payment of Creditors<sup>39</sup> (If applicable)

The directors acknowledge their responsibility for ensuring compliance with the provisions of the EC (Late Payment in Commercial Transactions) Regulations 2012. It is the company's policy to agree payment terms with all suppliers and to adhere to those payment terms.

#### Accounting Records<sup>40</sup>

The Directors acknowledge their responsibilities under Sections 281 to 285 of the Companies Act 2014 to keep adequate accounting records for the company.

In order to comply with the requirements of the act, a full time management accountant is employed. The accounting records of the company are kept at the registered office and principal place of business at Construction Place, Builders Lane, Dunblock, Any County.

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<sup>36</sup> Disclosure in relation to events after the balance sheet date are only required where there are events affecting the company which have occurred since the year end under S.326(2)(a) of the Companies Act 2014

<sup>37</sup> Disclosure in relation to Research and Development Activity is only required if there have been any activities in this area in accordance with S.326(2)(b) of the Companies Act 2014

<sup>38</sup> S.326(2)(d) of the Companies Act 2014 -Under Section 17, Electoral (Amendment) (Political Funding) Act 2012 – Disclosure is only required if political donations are in excess of €200 in the year.

<sup>39</sup> Disclose if suppliers purport to trade under the terms of the EC (Late Payment in Commercial Transactions) Regulations 2012

<sup>40</sup> S.326(1)(c) of the Companies Act 2014

# OmniPro Sample SORP Charity Company Limited by Guarantee

Year Ended 31 December 2017

## Directors'/Trustees' Report

### Directors Compliance Statement<sup>41</sup>

The directors confirm they are responsible for securing the company's compliance with its relevant obligations under Section 224 of the Companies Act 2014 and confirm:

- that a company compliance statement has been developed (Or if it has not state this fact in addition to stating why it has not); and
- have put in appropriate arrangements and structures that are in the directors' opinion designed to secure compliance with the company's relevant obligations; and
- a review of these procedures has been performed in the current financial year (or where a review has not been performed state that fact and the reasons why it has not been performed).

### Statement on Relevant Audit Information<sup>42</sup>

In accordance with Section 330 of the Companies Act 2014, so far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director have taken all the steps he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of the information.

### Auditors

In accordance with Section 383 (2) of the Companies Act 2014, the auditors, Compliant Accountant & Co., Registered Auditors / Statutory Auditors / Statutory Audit Firm, Accountants Row, Any County will continue in office.

On behalf of the board<sup>43</sup>

\_\_\_\_\_  
Mr A Director  
Director

\_\_\_\_\_  
Ms B Director  
Director

DATE: \_\_\_\_\_

Additional information to be considered for disclosure if applicable

- S.326(2)(c) of CA 2014 – An indication of the existence of branches of the company outside the state and the country in which they are located.
- S.326(3) Companies Act 2014 – Only required where material for an assessment of the companies financial position and the use of financial instruments
- S.123 of Charities SORP – Where there are going concern uncertainties this must be disclosed giving details of the uncertainty

<sup>41</sup> S.225, CA 2014 – A directors compliance statement is only required where the company's total assets exceeds €12.5m and turnover exceeds €25m. This is only required to be included for period beginning on or after 1 June 2017.

<sup>42</sup> S.330 of the Companies Act 2014 only applies to financial statements for periods commencing on or after the 1<sup>st</sup> of June 2017

<sup>43</sup> S.1.8 of Charities SORP – state the date the directors/trustees report was signed by the trustees and which trustees signed the report.

## **OmniPro Sample SORP Charity Company Limited by Guarantee**

**Year Ended 31 December 2017**

### **Directors'/Trustees' Report**

- S.124 of Charities SORP – If a fund is materially in deficit this must be stated (whether that be for the group or any subsidiary undertaking) and an explanation provided as to how it arose and the steps taken to rectify this.
- S1.26 of Charities SORP – Where a charity has any corporate trustees, the name of the trustees of the corporate body at the year end date must be disclosed.
- S1.51 of Charities SORP for large charities requires the arrangements for setting pay and remuneration of the charity's key management personnel and any benchmarks, parameters or criteria used in setting the pay. Also require how decisions are made and what decisions are delegated by the trustees.

## OmniPro Sample Charity Company Limited by Guarantee

Year Ended 31 December 2017

### Directors'/Trustees' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulations.

Irish Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with Companies Act 2014 and accounting standards issued by the Financial Reporting Council [and promulgated by Chartered Accountants Ireland<sup>44</sup>] including FRS 102 The Financial Reporting Standard applicable in the UK and Ireland (Generally Accepted Accounting Practice in Ireland) as modified by the Statement of Recommended Practice "Accounting and Reporting by Charities" effective 1 January 2015. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as to the financial year end and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business<sup>45</sup>.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions<sup>46</sup>.

On behalf of the board<sup>47</sup>

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Mr A Director  
Director

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Ms B Director  
Director

DATE: \_\_\_\_\_

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<sup>44</sup> Deemed best practice for firm's regulated by Chartered Accountants Ireland

<sup>45</sup> Include where no separate statement on going concern is made by the directors

<sup>46</sup> Include only if accounts are available on the company website

<sup>47</sup> Type signed signatures permissible if the abridged financial statements are certified for submission to CRO

## Independent Auditors Report to the Members of OmniPro SORP Sample Charity Company Limited by Guarantee for the year ended 31 December 2017 <sup>48</sup>

### Opinion

We have audited the financial statements of OmniPro Sample Charity Co Limited (the 'company') for the year ended 31 December 2017 which comprise Income and Expenditure Account, the Balance Sheet, the [Statement of Changes in Equity](#)<sup>49</sup> and notes to the financial statements, including a summary of significant accounting policies set out in note [x]<sup>50</sup>. The financial reporting framework that has been applied in their preparation is applicable Irish law and Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* as modified by the Statement of Recommended Practice "Accounting and Reporting by Charities" effective 1 January 2015.

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard as issued by the Irish Auditing and Accounting Service Authority ("IAASA") Ethical Standard [, and the provisions available for small entities, in the circumstances set out in note [X]<sup>51</sup> to the financial statements]<sup>52</sup>, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the [company or charity]'s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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<sup>48</sup> [The FRC have not updated Bulletin 1\(I\) at the time of publication so this may be subject to change](#)

<sup>49</sup> The terms used to describe the primary financial statements should be the same specific names as those used by the directors as required by ISA 700.

<sup>50</sup> ISA 700 requires a cross reference to the notes to the accounts and specifically significant accounting policies

<sup>51</sup> As described in paragraph A35-4 of ISA 700 (Revised June 2016), IAASA's Ethical Standard Section 6 Provisions available for audits of small entities, paragraph 6.15 requires disclosure in the auditor's report where the audit firm has taken advantage of an exemption provided in paragraphs 6.11, 6.12 or 6.13 of the Ethical Standard.

<sup>52</sup> Delete the words in square brackets if the relief and exemptions for audits of small entities provided by the IAASA's Ethical Standard are not utilised.



## **Independent Auditors Report to the Members of OmniPro SORP Sample Charity Company Limited by Guarantee for the year ended 31 December 2017 (continued)**

### **Other information<sup>53</sup>**

The other information comprises the information included in the annual report<sup>54</sup>, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by Companies Act 2014**

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

- we have obtained all the information and explanations which we consider necessary for the purposes of our audit;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited<sup>55</sup>;
- the financial statements are in agreement with the accounting records;
- the information given in the Director's/Trustees Report is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with the Companies Act 2014.

### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

### **Responsibilities of directors/trustees for the financial statements**

As explained more fully in the Directors'/Trustees' Responsibilities Statement set out on page 3, the directors/trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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<sup>53</sup> "Other Information" must be included in an audit report in Ireland under ISA 720 P21.

<sup>54</sup> The term used to describe the annual report should be the same as that used by the directors.

<sup>55</sup> Where the company has material branches, this notation can be expanded by including "and information and returns adequate for our audit have been received from branches of the company not visited by us."

## Independent Auditors Report to the Members of OmniPro SORP Sample Charity Company Limited by Guarantee for the year ended 31 December 2017 (continued)

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our audit report.

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members as a body in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in the audit report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company or the company's members as a body for our audit work, for this report, or for the opinions we have formed.<sup>56</sup>

Signed by:

\_\_\_\_\_  
**Personal name of auditor**

**Date:** \_\_\_\_\_

For and on behalf of:

Compliant Accountant & Co<sup>57</sup>

Chartered	ACCA	CPA
Chartered Accountants & Registered Auditors/Statutory Audit Firm, Accountants Row, Any County	Chartered Certified Accounts & Statutory Auditors/Statutory Auditor, Accountants Row, Any County	Certified Public Accountants & Statutory Audit Firm, Accountants Row, Any County

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<sup>56</sup> Paragraph included as best practice

<sup>57</sup> The firm name must reflect the name of the firm as it appears on the public register of the Registrar of Companies

<sup>58</sup> The firm name must reflect the name of the firm as it appears on the public register of the Registrar of Companies

## OmniPro SORP Sample Charity Company Limited by Guarantee

### Statement of Financial Activities (including the Income and Expenditure Account)

For the Year ended 31 December 2017

				2017 <sup>60</sup>	Restated <sup>59</sup> 2016
	Notes	Unrestricted Funds	Restricted Funds	€'000	€'000
<b>Income from<sup>61</sup>:</b>	4				
Donations and legacies <sup>62</sup>	5	3,000	-	3,000	2,400
Charitable activities	6	1,150	150	1,300	1,500
Other trading activities	8	125	-	125	105
Investments <sup>63</sup>	9	1	-	1	2
Other income <sup>64</sup> (for illustrative purposes)	10	-	-	-	-
<b>Total income</b>		<b>4,276</b>	<b>150</b>	<b>4,426</b>	<b>4,007</b>
<b>Expenditure on:</b>					
Raising funds	11	552	-	552	1,636
Charitable activities	12	700	50	750	1,275
Other (for illustrative purposes)		-	-	-	-
<b>Total expenditure</b>		<b>1,252</b>	<b>50</b>	<b>1,302</b>	<b>2,910</b>
Net gain on investments <sup>65</sup>	15	3	-	3	3
<b>Net income</b>	<b>16</b>	<b>3,027</b>	<b>100</b>	<b>3,127</b>	<b>1,100</b>
<b>Transfer between funds<sup>66</sup></b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>59</sup> In this sample set we have assumed that previously the charity applied the accruals model for grants under FRS 102. However as Charities SORP requires the performance model to be adopted we have assumed there was an adjustment required as a result of the change in accounting policy to recognising grants on the performance model. If previously the company did not apply the accrual model or there was no impact as a result of the change in accounting policy, then the word 'restated' would not be required here.

<sup>60</sup> If the charity had an endowment fund this should also be shown in a separate column under S.4 Charities SORP.

<sup>61</sup> Sch 3 of CA 2014 as amended by Companies (Accounting) Act 2017 does not require a true and fair override to be invoked as Sch 3 permits the use of any layout where appropriate for the company.

<sup>62</sup> Donations and legacies include any income received that is a gift given on a voluntary basis. This includes grants of a general nature not conditional on certain levels of volumes or of service or supply of charitable goods. It includes membership subscriptions and sponsorships where they are in substance donations and donated goods and services for the charity's own use.

<sup>63</sup> S.4.36 of Charities SORP - income earned from holding investments (interest, dividend, rent) to be included here

<sup>64</sup> Include items not falling within the headings in bold above, unless it is individually material. Items to include here are gain on disposal of a programme related investments and royalties, transfer of income from endowment funds and gain on disposal of tangible fixed assets

<sup>65</sup> Include movement in fair value of investments assets and investment property here whether realised or unrealised. Gain on acquisition of another charity or a gift of a subsidiary

<sup>66</sup> S.2.26 of Charities SORP permits transfers where there is a transfer from unrestricted funds to restricted funds to finance a deficit on a restricted fund; where restricted funds have lawfully been released, where trustees have exercised a power to declare a special trust over a gift initially recognised as unrestricted; or to transfer the value of a fixed asset from restricted to unrestricted funds when the asset has been purchased from a restricted fund donation but is held for a general and not a restricted purpose.

## OmniPro SORP Sample Charity Company Limited by Guarantee

### Statement of Financial Activities (including the Income and Expenditure Account)

For the Year ended 31 December 2017

#### Other recognised gains/ (losses):

Gains/(losses) on revaluation of fixed assets <sup>67</sup>	-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes <sup>68</sup>	-	-	-	-
Other gains/ (losses) <sup>69</sup>	-	-	-	-
<b>Net movement in funds</b>	<b>3,027</b>	<b>100</b>	<b>3,127</b>	<b>1,100</b>

#### Reconciliation of funds:

Total funds brought forward	3,000	719	3,719	2,669
<b>Total funds carried forward</b>	<b>6,027</b>	<b>819</b>	<b>6,846</b>	<b>3,719</b>

<sup>67</sup> Only included here for illustrative purposes. If there is no figure then there is no need to include this in the SOFA

<sup>68</sup> Only included here for illustrative purposes. If there is no figure then there is no need to include this in the SOFA

<sup>69</sup> Only included here for illustrative purposes. If there is no figure then there is no need to include this in the SOFA.  
Include items here where hedge accounting has been applied

## OmniPro SORP Sample Charity Company Limited by Guarantee

### Balance Sheet<sup>70</sup> For the Year ended 31 December 2017

	Notes	2017 €'000	Restated <sup>71</sup> 2016 €'000
<b>Fixed assets</b>			
Tangible assets	20	4,000	1,500
Heritage assets (for illustrative purpose)		-	-
Investments	21	1,000	996
		<b>5,000</b>	<b>2,496</b>
<b>Current assets</b>			
Stocks (for illustrative purposes)		-	-
Debtors	22	800	1,300
Cash at bank and in hand		1,800	500
		<b>2,600</b>	<b>1,800</b>
<b>Creditors: amounts falling due within one year</b>	23	<b>(754)</b>	<b>(577)</b>
<b>Net current assets</b>		<b>1,864</b>	<b>1,223</b>
<b>Total assets less current liabilities</b>		<b>6,846</b>	<b>3,719</b>
<b>Creditors: amounts falling due after more than one year</b>	24	-	-
<b>Provision for liabilities</b>	27	-	-
<b>Total net assets</b>		<b>6,846</b>	<b>3,719</b>
<b>The funds of the charity:</b>			
Endowment funds (for illustrative purposes only)	28	-	-
Restricted funds <sup>72</sup>	28	819	719
Unrestricted funds	28	6,027	3,000
Revaluation reserve (for illustrative purposes only)	28	-	-
<b>Total charity funds</b>	28	<b>6,846</b>	<b>3,719</b>

<sup>70</sup> Under Sch 3 of CA 2014 as amended by CAA 2017 there is no longer a requirement to invoke a true and fair view override to lay the balance sheet out in a more meaningful form for charities so long as it meets all requirements of formats in CA 2014.

<sup>71</sup> In this sample set we have assumed that previously the charity applied the accruals model for grants under FRS 102. However as Charities SORP requires the performance model to be adopted we have assumed there was an adjustment required as a result of the change in accounting policy to recognising grants on the performance model. If previously the company did not apply the accrual model or there was no impact as a result of the change in accounting policy, then the word 'restated' would not be required here.

<sup>72</sup> S10.92 of Charities SORP– If a revaluation is made on a restricted asset, the revaluation reserve should be shown under restricted funds

## OmniPro SORP Sample Charity Company Limited by Guarantee

### Balance Sheet<sup>73</sup> For the Year ended 31 December 2017

The financial statements were approved by the Board of Directors/Trustees on (insert date) and authorised for on (insert date). They were signed on its behalf by<sup>74</sup>:

\_\_\_\_\_  
Mr A Director/Trustee  
**Director/Trustee**

\_\_\_\_\_  
Ms B Director/Trustee  
**Director/Trustee**

**DATE:** \_\_\_\_\_

<sup>73</sup>Under Sch 3 of CA 2014 as amended by CAA 2017 there is no longer a requirement to invoke a true and fair view override to lay the balance sheet out in a more meaningful form for charities so long as it meets all requirements of formats in CA 2014.

<sup>74</sup> P32.9 FRS 102 & S10.8 of Charities SORP– A company shall disclose the date when the financial statements were authorized for issue and who gave that authorisation

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Statement of Changes in Funds<sup>75</sup> For the Year ended 31 December 2017

	Unrestricted funds			
	Restricted Funds	Designated Funds	General Funds	Total Funds
	€'000	€'000	€'000	€'000
Balance at 1 January 2016 as previously reported	-	50	1,800	1,850
Prior year adjustment – change in accounting policy (see note 2)	769	-	-	769
Balance at 1 January 2016 as restated	769	50	1,800	2,619
Net income for the year as previously reported	-	400	750	1,150
Prior year adjustment – change in accounting policy (see note 2)	(50)	-	-	(50)
Net (expenditure)/income for the year as restated	(50)	400	750	1,100
<b>Balance at 31 December 2016</b>	<b>719</b>	<b>450</b>	<b>2,550</b>	<b>3,719</b>
<b>Balance at 1 January 2017</b>	719	450	2,550	3,719
Net income for the year	100	1000	2,027	3,127
Transfer between funds (for illustrative purposes)	-	-	-	-
Gains/(losses) on revaluation (for illustrative purposes)	-	-	-	-
Actuarial gain/(loss) on defined benefit scheme (for illustrative purposes)	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>819</b>	<b>1450</b>	<b>4,577</b>	<b>6,846</b>

<sup>75</sup> Not specifically required under the SORP if the entity has no share capital



## OmniPro Sample SORP Charity Company Limited by Guarantee

### Statement of Cashflows<sup>76</sup> For the Year ended 31 December 2017

	Notes	31-Dec 2017 €'000	31-Dec 2016 €'000
<b>Net cash flows from operating activities</b>	<b>32</b>	<b>3,913</b>	<b>388</b>
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets		(2,610)	(100)
Proceeds from sale of investments (For illustrative purposes)		-	-
Proceeds from sale of tangible fixed assets (For illustrative purposes)		-	-
Dividend received from investments (For illustrative purposes)		-	-
Rent received from investments (For illustrative purposes)		-	-
Interest received from investments		1	2
Payments to acquire investments		(4)	-
<b>Net cash flows from investing activities</b>		<b>(2,613)</b>	<b>(98)</b>
<b>Cash flows from financing activities</b>			
Movement on bank loans (For illustrative purposes)		-	-
Movement on public benefit concessionary loans (For illustrative purposes)		-	-
Receipt of endowment (For illustrative purposes)		-	-
Interest paid (For illustrative purposes)		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,300</b>	<b>290</b>
Cash and cash equivalents at beginning of year		500	210
<b>Cash and cash equivalents at end of year</b>	<b>33</b>	<b>1,800</b>	<b>500</b>

<sup>76</sup> S14.1 of Charities SORP only requires large charities to present a cash flow statement. Section 312 CA 2014 does not require a cash flow if the requirements for the small companies regime are met.

# OmniPro Sample SORP Charity Company Limited by Guarantee

## Year ended 31 December 2017

### Notes to the Financial Statements

#### 1. ACCOUNTING POLICIES

This is the first set of financial statements prepared by OmniPro SORP Charity Company Limited by Guarantee in accordance with accounting standards issued by the Financial Reporting Council, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) as modified by the Statement of Recommended Practice “Accounting and Reporting by Charities” effective 1 January 2015. **Previously the company applied FRS 102 but did not apply the Statement of Recommended Practice “Accounting and Reporting by Charities”. As a result of the adoption of the FRS 102 Charities SORP in the current period a change in accounting policy was required so as to ensure compliance with the Charities SORP. Details of the change in accounting policy and the related adjustments are detailed in note 2 (DELETE IF NOT APPLICABLE)**<sup>77</sup>. The charity has applied the Charities SORP on a voluntary basis as its application is not a requirement of the current regulations for charities registered in the Republic of Ireland however it is considered best practice. As noted below, the directors consider the adoption of the SORP requirements as the most appropriate accounting practice and presentation to properly reflect and disclose the activities of the organisation.

Omnipro SORP Charity is a Company Limited by guarantee and is a public benefit entity<sup>78</sup> incorporated in Ireland with a registered office at XXXX and its company registration number is XXX<sup>79, 80</sup>.

The significant accounting policies<sup>81</sup> adopted by the Company and applied consistently<sup>82</sup> are as follows:

##### (a) Basis of preparation

The Financial Statements are prepared on the going concern basis<sup>83</sup>, under the historical cost convention, **[as modified by the revaluation of certain tangible fixed assets]** and comply with the financial reporting standards of the Financial Reporting Council **[and promulgated by Chartered Accountants Ireland<sup>84</sup>]** as modified by the Statement of Recommended Practice “Accounting and Reporting by Charities” effective 1 January 2015 and the Companies Act 2014<sup>85</sup>.

##### *Going concern*

Given the level of net funds the company holds the directors/trustees consider that there are no material uncertainties about the company's ability to continue as a going concern OR The financial statements have been prepared on the going concern basis. The validity of this assumption is dependent on achieving sufficient operating cash flows for the future years. The company's principal funder, XXX has not given any indication that it will withdraw its financial support from the company in the foreseeable future. The directors are satisfied that in view of the expected continued financial support from its principal funder the company has the necessary resources to continue trading for the foreseeable future<sup>86</sup>.

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<sup>77</sup> Delete if there is no adjustment required

<sup>78</sup> Statement that the charity is a public benefit entity is required under Section 3.40 of Charities SORP

<sup>79</sup> S.17 of CAA 2017 amends S.291-S.295 of CA 2014 and requires the disclosure of the registered office in additions to Section 1A requiring such disclosure. These also requires disclosure of the legal form and the principal place of business and registered office.

<sup>80</sup> If the company is a public benefit entity then section 1AD.1(c) appendix D of Section 1A encourages this fact to be disclosed.

<sup>81</sup> Changes in accounting policies must be identified and recorded in accordance with FRS 102, section 10

<sup>82</sup> Para 13, Sch III, CA 2014 – Accounting policies shall be applied consistently from one period to another

<sup>83</sup> Para 12, Sch III, CA 2014 – A company is deemed to be carrying on business as going concern. If they are not then this fact should be disclosed here.

<sup>84</sup> Deemed best practice for firm's regulated by Chartered Accountants Ireland

<sup>85</sup> Statement that the charity is a public benefit entity is required under Section 3.40 of Charities SORP

<sup>86</sup> Sch 3(3)(6) of CA 2014 as amended by CAA 2017 no longer requires the true and fair override to be invoked to adopt an income and expenditure format and charity balance sheet format as long as it provides the information required by the formats in Sch 3.

## OmniPro Sample SORP Charity Company Limited by Guarantee Year ended 31 December 2017 Notes to the Financial Statements

### OR

The trust reported a net outflow of €XXX in the year. At the year end the company had negative unrestricted funds of €XXXX. The financial statements have been prepared on a going concern basis. The validity of this assumption is dependent on the anticipated maintenance of support by the Company's bankers through the maintenance of existing borrowings together with ongoing interest roll-up, a return to profitability and the continued donations from the general public. The trustees remain in regular contact with the sponsoring local authorities to secure on-going financial support and has obtained further grants from XX since the year end. In addition the Charity are taking the following actions to address this deficit:

- Cutting non-essential expenses
- Closing our XX office
- Renting out the spare office space in the premises.

If the charity was unable to continue in operational existence, adjustments would have to be made to adjust the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

The directors have considered the financial position and trading performance of the charity, together with the anticipated support from the company's bankers and the general public. They are satisfied that the company will return to profitability in the year to 31 December 2016. As a result, while recognising that there is uncertainty about these matters at present, the directors are satisfied that the company has the necessary resources to continue trading for the foreseeable future and accordingly they believe that it is appropriate for the financial statements to be prepared on the going concern basis.

The financial statements are prepared in Euro which is the functional currency of the company.

### (b) Income

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income, the amount can be quantified with reasonable accuracy and it is probable the income will be received. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable.
- Income from government and other grants, whether 'capital' or 'revenue grants', is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity is recognised within income from donations and legacies. Grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance and included within income from charitable activities.
- Donated services and facilities are included at the fair value to the charity where this can be quantified. Donations in kind are included at their estimated value to the foundation in both revenue and expenditure in the year of receipt. Donated facilities are included as both income and expenses at the value to the charity where this can be quantified and a third

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S3.38 of SORP requires where there are material uncertainties with regard to going concern then an entity should disclose an explanation as to those factors that support the conclusion that it can continue as a going concern AND clear disclosure of any uncertainties that makes the going concern doubtful OR if not prepared on a going concern this fact must be disclosed.

## OmniPro Sample SORP Charity Company Limited by Guarantee Year ended 31 December 2017 Notes to the Financial Statements

party is bearing the cost. Where it is not practicable to measure the value of the resource with sufficient reliability the income is included in the financial period when the resource is sold. An asset is recognised only when those services are used for the production of an asset and the services received will be capitalised as part of the cost of an asset. Where it cannot be quantified the value is recognised when sold. The value of services provided by volunteers has not been included in these accounts. Resources received from non-exchange transactions for which the entity has benefited include:

- Volunteer services
- Charity shop stock (add as appropriate)
- Legacy income is recognised at the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the company that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.
- Investment income is included when receivable.
- Incoming resources from charitable trading activities are accounted for when earned which is usually when the risk and rewards of ownership transfers; the sale can be reliably measured and it is probable there will be future inflows of economic activity.

### (c) Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of raising funds comprise the costs associated with attracting voluntary income, investment management costs and the costs of trading for fundraising purposes including the charity's shop.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees, costs of legal advice for trustees and costs linked to the strategic management of the charity including the cost of trustee meetings.
- Expenditure in the form of grants to local partners and beneficiaries is recognised as part of the costs of charitable activities.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. floor areas, per capita or estimated usage as set out in Note 13.

### (d) Tangible fixed assets [If Required]

#### (i) Cost

Tangible fixed assets are recorded at historical cost or deemed cost, less accumulated depreciation (and impairment losses if applicable). Cost includes prime cost, overheads and interest incurred in financing the construction of tangible fixed assets. Capitalisation of interest ceases when the asset is brought into use.

Freehold premises are stated at cost<sup>87</sup> less accumulated depreciation and accumulated impairment losses

**OR**

<sup>87</sup> Para 20, Sch III, CA 2014 – Fixed assets shall be recorded at its purchase price or production cost

## OmniPro Sample SORP Charity Company Limited by Guarantee Year ended 31 December 2017 Notes to the Financial Statements

The company's property, plant and equipment is deemed to be held for its service potential. Where there are indicators that the assets are not delivering on their anticipated service potential, consideration is given as to whether the asset is impaired or not. Accordingly, an impairment of these fixed assets will only arise where the asset suffers impairment in a physical sense resulting in physical damage or the assets are not delivering on their anticipated service potential.

Equipment and fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Depreciation*

Depreciation is provided on property, plant and equipment, on a straight-line basis, so as to write off their cost less residual amounts over their estimated useful economic lives.

The estimated useful economic lives assigned to property, plant and equipment are as follows:

Freehold Premises	2% straight line on cost
Motor vehicles	25% straight line on
cost Office Equipment, fixtures & fittings	12½% straight line on
cost	
Computer equipment	25%/33⅓% straight line on cost

The company's policy is to review the remaining useful economic lives and residual values of property, plant and equipment on an on-going basis and to adjust the depreciation charge to reflect the remaining estimated useful economic life and residual value.

Fully depreciated property, plant & equipment are retained in the cost of property, plant & equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the SOFA.

(iii) *Impairment (Not applicable if the assets are held for service potential accounting policy has been adopted above)*

Assets not carried at fair value are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in SOFA.

## OmniPro Sample SORP Charity Company Limited by Guarantee Year ended 31 December 2017 Notes to the Financial Statements

If an impairment loss is subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the SOFA.

### (e) **Leases [If Required]**

#### (i) *Finance leases*

Leases in which substantially all the risks and rewards of ownership are transferred by the lessor are classified as finance leases.

Tangible fixed assets acquired under finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments and are depreciated over the shorter of the lease term and their useful lives. The capital element of the lease obligation is recorded as a liability and the interest element of the finance lease rentals is charged to the statement of financial activity on an annuity basis.

Each lease payment is apportioned between the liability and finance charges using the effective interest method.

#### (ii) *Operating leases*

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of financial activity on a straight-line basis over the period of the lease.

#### (iii) *Lease incentives*

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of future minimum lease payments.

Incentives received to enter into an operating lease are credited to the statement of financial activity, to reduce the lease expense, on a straight-line basis over the period of the lease.

### (f) **Currency**

#### (i) *Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in euro, which is the company's functional and presentation currency and is denoted by the symbol "€".

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of financial activity within 'costs of charitable activities'. All other foreign exchange gains and losses are presented in the statement of financial activity within 'expenditure on charitable activities'.



## OmniPro Sample SORP Charity Company Limited by Guarantee Year ended 31 December 2017 Notes to the Financial Statements

### (g) Taxation

No charge to current or deferred taxation arises as the charity has been granted charitable status under Sections 207 and 208 of the Taxes Consolidation Act 1997, Charity No CHY 12345. The charity is eligible under the "Scheme of Tax Relief for Donations to Eligible Charities and Approved Bodies under Section 848A Taxes Consolidation Act, 1997" therefore income tax refunds arising from sponsorships exceeding €250 per annum are included in unrestricted funds. Irrecoverable value added tax is expended as incurred.

### (h) Retirement Benefits<sup>88</sup> [If Required]

Retirement benefits are met by payments to a defined contribution pension fund. Contributions are charged to the profit and loss in the year in which they fall due. The assets are held separately from those of the company in an independently administered fund. Differences between the amounts charged in the statement of financial activity and payments made to pension funds are treated as assets or liabilities.

### (i) Stocks [If Required]

Stocks comprise consumable items and goods held for resale. Inventories are stated at the lower of cost and net realisable value. Where stock is received in a non-exchange transaction, stock is valued at the fair value of the stock received that being the price the entity would have to pay if that stock were purchased on an open market basis. Cost is calculated on a first in, first out basis and includes invoice price, import duties and transportation costs. Net realisable value comprises the actual or estimated selling price less all further costs to completion or to be incurred in marketing, selling and distribution. If goods are held to be distributed freely or for nominal consideration then the carrying amount is adjusted for any loss in service potential.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of financial activity. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of financial activity.

### (j) Interest Receivable [If Required]

Interest received on the company's investments are recorded as income in the year in which they are earned under the effective interest rate method.

### (k) Trade and other debtors [If Required]

Trade and other debtors **including amounts owed to group companies** are recognised initially at transaction price (including transaction costs) unless a financing arrangement exists in which case they are measured at the present value of future receipts discounted at a market rate **with the exception of public benefit entity concessionary loans (EXCLUDE IF THIS IS NOT APPLICABLE)**. Subsequently these are measured at amortised cost less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. All movements in the level of provision required are recognised in the statement of financial activity.

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Significant specific accounting policies not identified above should be tailored and adopted as appropriate

<sup>88</sup> This policy relates to a defined contribution scheme, an expanded policy would be required for a defined benefit scheme



## **OmniPro Sample SORP Charity Company Limited by Guarantee**

### **Year ended 31 December 2017**

### **Notes to the Financial Statements**

**(l) Public benefit concessionary loans – programme related assets [If Required]**

Public benefit concessionary loans are initially measured at the amount received or paid in the balance sheet and subsequently adjusted to reflect any accrued interest payable or receivable and repayments made/received. Public benefit entity concessionary loans are loans made or received between a public benefit entity and another party at below the prevailing market rate of interest that are not repayable on demand and are for the purposes of furthering the objectives of the public benefit entity. To the extent that a loan that has been made is irrevocable, an impairment loss shall be recognised in the statement of financial activities within the expenditure on charitable activities cost.

**(m) Other financial assets [If Required]**

Other financial assets include investments (including listed shares) which are not investments in subsidiaries, associates or joint ventures. Investments are initially measured at fair value which usually equates to the transaction price and subsequently at fair value where investments are listed on an active market or where non listed investments can be reliably measured. Movements in fair value are measured in the statement of financial activities.

When fair value cannot be measured reliably or can no longer be measured reliably, investments are measured at cost less impairment.

**(n) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits and other short- term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(o) Trade and other creditors [If Required]**

Trade and other creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

**(p) Provisions<sup>89</sup>**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost within expenditure on charitable activities.

**(q) Fund Accounting [If Required]**

The following funds are operated by the Charity

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Significant specific accounting policies not identified above should be tailored and adopted as appropriate

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### *Restricted Funds*

Restricted Funds represent grants, donations and sponsorships received which can only be used for particular purposes specified by the donors or sponsorship programmes binding on the directors/trustees. Such purposes are within the overall aims of the charity.

#### *Unrestricted Funds*

Unrestricted Funds includes general funds and designated funds and it represent amounts which are expendable at the discretion of the Directors/Trustees in furtherance of the objectives of the charity and which have not been designated for other purposes. Such funds may be held in order to finance working capital or capital expenditure.

#### *Designated Funds*

Designated funds are unrestricted funds earmarked by the Directors/Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. The designations have an administrative purpose only and do not legally restrict the Board's discretion in applying the funds.

#### *Endowment Funds*

Endowment Funds represent those assets which must be held permanently by the charity, principally investments. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income.

#### **(r) Contingencies**

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

#### **(s) Employee Benefits <sup>90</sup> [If Required]**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### **(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### **(ii) Defined contribution pension plans**

The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate fund. Under defined contribution plans, the company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the company pays contributions to privately administered pension plans on a contractual or voluntary basis. The company has no further payment

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Para 19, Sch III, CA 2014 – If there are special reasons for departing from any of the stated accounting policies the company shall note the reasons for departure and the effect on the balance sheet and profit and loss in that year

<sup>90</sup> This policy relates to a defined contribution scheme, an expanded policy would be required for a defined benefit scheme

## OmniPro Sample SORP Charity Company Limited by Guarantee Year ended 31 December 2017 Notes to the Financial Statements

obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### (t) Investment properties

The charity owns a **number of freehold office buildings that are** held to earn long term rental income and for capital appreciation. Investment properties are initially recognised at cost. Investment properties are carried at fair value. Changes in fair value are recognised in the statement of financial activity within 'net gain/loss on investments'.

### (u) Programme related investments

Programme related investments are made in furtherance of the charity's objects and any investment return is secondary to the charitable purpose supported by the investment. Such investments are included at their cost where a loan is provided. Where the programme related investment (which is an interest which does not give significant influence) is in ordinary or preference shares, the investment is carried at its fair value where it can be reliably measured and if not at cost less impairment.

Any loss or impairment arising on such loan is charged as part of charitable activities within the statement of financial activities.

### (v) Intangible Assets

Acquired intangible assets are capitalised at cost and are amortised using the straight-line basis over their useful lives up to a maximum of XX years.

Intangible assets acquired as part of a business acquisition are capitalised separately from goodwill if the fair value can be measured reliably. Internally generated intangible assets are only recognised where they have a readily ascertainable market value.

Intangible assets are reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

### (w) Prior period adjustment – Change in accounting policy<sup>91</sup>

#### DISCLOSE CHANGE IN ACCOUNTING POLICY

### (x) Change in accounting estimate<sup>92</sup> DISCLOSE AS REQUIRED

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Para 19, Sch 3A, CA 2014 as amended by CAA 2017 – If there are special reasons for departing from any of the stated accounting policies the company shall note the reasons for departure and the effect on the balance sheet and profit and loss in that year

<sup>91</sup> S.321 of CA 2014 as amended by S.37 of CAA 2017 requires details of a change in accounting policy to be included in the accounting policy section of the financial statements detailing the reason for the change for it and the impact of the change on the current and prior years.

<sup>92</sup> Sch 3A(19) requires disclosure change in accounting estimate/measurement basis to be disclosed, the reason for the change, and its effect on the balance sheet and P&L of the company to be stated in a note

## OmniPro Sample SORP Charity Company Limited by Guarantee Year ended 31 December 2017 Notes to the Financial Statements

### 2. PRIOR PERIOD ADJUSTMENT – CHANGE IN ACCOUNTING POLICY (IF APPLICABLE)

Previously the company applied FRS 102 as its accounting framework but did not apply the Statement of Recommended Practice “Accounting and Reporting by Charities” effective 1 January 2015. As a result of adopting the Charities SORP (FRS 102) in the current period a change in accounting policy was required so as to ensure compliance with the Charities SORP FRS 102.

Under FRS 102 the company adopted an accounting policy to recognise all grants on an accruals basis as opposed to on a performance basis. However, under the FRS 102 Charities SORP all grants including capital grants should be recognised as income in the SOFA on a performance basis (i.e. when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably). Given that the Charities SORP (FRS 102) represents best practice for all charities as it seeks to provide information relevant to the understanding of the directors and the performance and financial position of the Charity the directors believe the change in accounting policy is required.

As a result of the change in accounting policy from the accruals basis to the performance basis it has resulted in:

- the amount previously recognised as deferred income on the balance sheet at 31 December 2016 and 2013 of €719,000 and €769,000 respectively being released to a restricted fund within charity's funds where the grant was given for a specific purpose **OR** to a general fund where the grants were not required to be applied for a specific purpose. The reason for this is that this €719,000 and €769,000 respectively would previously have been recognised in the SOFA had the performance model been applied from inception. If the performance basis had of being applied from inception this income would have been released to the SOFA in the years 201X, (€XXX) and 201X (€XXX) respectively.
- the amortisation credited/recognised in income **OR** in expenses in the year ended 31 December 2016 of €50,000 on capital grants accounted for under the accruals model being reversed.
- the depreciation of €XXXX on the element of the fixed asset cost covered by the grant being allocated to restricted funds in the SOFA from the unrestricted fund.
- the recognition of additional income in the SOFA of €XXX with regard to grants received for capital purposes where the conditions of the grant were complied with which was recognised as deferred income on the balance sheet under the accruals model previously **(for illustrative purposes)**.

The impact of applying the performance model as opposed to the accruals model for the current year is that:

- additional income of €100,000 has been recognised in the SOFA with regard to capital grants received where the performance conditions have been met which previously would have been deferred and included in deferred income under the accruals model; and
- the amount recognised in expenditure on charitable activities would have been €55,000 lower for the amortisation that would have been released on the capital grants under the accruals model.
- there would be no requirement to show the depreciation on the element of the fixed asset cost covered by the grant being allocated to restricted funds in the SOFA.

Below is the analysis of the adjustments to the SOFA and the balance sheet in the comparative year:

# OmniPro Sample SORP Charity Company Limited by Guarantee

## Year ended 31 December 2017

### Notes to the Financial Statements

BALANCE SHEET	As previously stated 2016 €'000	Prior year Adjustment €'000	As Restated 2016 €'000
<b>Fixed assets</b>			
Tangible assets	1,500	-	1,500
Investments	996	-	996
	<b>2,496</b>	-	<b>2,496</b>
<b>Current assets</b>			
Stocks	-	-	-
Debtors	1,300	-	1,300
Cash at bank and in hand	500	-	500
	<b>1,800</b>	-	<b>1,800</b>
<b>Creditors: amounts falling due within one year</b>	<b>(577)</b>	-	<b>(577)</b>
<b>Net current assets</b>	<b>1,223</b>	-	<b>1,223</b>
<b>Total assets less current liabilities</b>	<b>3,719</b>	-	<b>3,719</b>
<b>Capital grants</b>	<b>(719)</b>	<b>719</b>	-
<b>Provision for liabilities</b>	-	-	-
<b>Total net assets</b>	<b>3,000</b>	<b>719</b>	<b>3,719</b>
<b>The funds of the charity:</b>			
Restricted funds	-	719	719
Unrestricted funds	3,000	-	3,000
<b>Total charity funds</b>	<b>3,000</b>	<b>719</b>	<b>3,719</b>

#### STATEMENT OF FINANCIAL ACTIVITIES

	As previously stated 2016 €'000	Prior year Adjustment €'000	As Restated 2016 €'000
<b>Income from:</b>			
Donations and legacies	2,400	-	2,400
Charitable activities	1,500	-	1,500
Other trading activities	105	-	105
Investments	2	-	2
Other income	-	-	-
<b>Total income</b>	<b>4,007</b>	-	<b>4,007</b>
<b>Expenditure on:</b>			
Raising funds	1,636	-	1,636
Charitable activities	1,225	50	1,275
<b>Total expenditure</b>	<b>2,860</b>	<b>50</b>	<b>2,910</b>
Net gain on investments	3	-	3
<b>Net income for financial year</b>	<b>1,150</b>	<b>50</b>	<b>1,100</b>
<b>Transfer between funds</b>	-	-	-
<b>Net movement in funds</b>	<b>1,150</b>	<b>50</b>	<b>1,100</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward	1,850	769	2,669
<b>Total funds carried forward</b>	<b>3,000</b>	-	<b>3,719</b>

## OmniPro Sample SORP Charity Company Limited by Guarantee Year ended 31 December 2017 Notes to the Financial Statements

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES<sup>93</sup>

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below<sup>94</sup>.

(a) *Establishing useful economic lives for depreciation purposes of property, plant and equipment*

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The directors regularly review these asset useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the accounting policies.

(b) *Providing for doubtful debts*

The company makes an estimate of the recoverable value of trade and other debtors. The company uses estimates based on historical experience in determining the level of debts, which the company believes, will not be collected. These estimates include such factors as the current credit rating of the debtor, the ageing profile of debtors and historical experience. Any significant reduction in the level of customers that default on payments or other significant improvements that resulted in a reduction in the level of bad debt provision would have a positive impact on the operating results. The level of provision required is reviewed on an on-going basis. See note 22 for details of this provision.

(c) **ADD AS APPROPRIATE**

### 4. INCOME<sup>95</sup><sub>96</sub><sup>97</sup>

All income derives from activities in the Republic of Ireland. The analysis of income by activity is detailed in notes 5 to 10.

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Required by S3.40 of Charities SORP

Add or delete as appropriate

<sup>95</sup> FRS 102 requires entities to disclose results for each class of business and geographical segment

<sup>96</sup> Para 62(1) & (2), Sch III, CA 2014 – Where the company has carried on the business of 2 or more classes, or supplied 2 or more markets, which differ substantially from the other, the company shall state the amount of turnover attributable to that class/market

<sup>97</sup> Para 62(6), Sch III, CA 2014 – Where in the opinion of the directors, the disclosure of separate information as required would be seriously prejudicial to the interests of the company, that information need not be disclosed. The fact that the information has not been disclosed must be stated

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 5. INCOME FROM DONATIONS AND LEGACIES<sup>98</sup>

	2017	2016
	€'000	€'000
Sponsorship	400	400
Government grants <sup>99</sup> (see note 7)	50	-
Other grants <sup>100</sup>	-	-
Donated services (see (i) below)	50	-
Legacies	-	-
Voluntary Donations	2,500	2,000
	<b>3,000</b>	<b>2,400</b>

In 2017 €XX (2016: €XXX) of incoming resources from donations and legacies were restricted.

**(NOTE IF NO RESTRICTED INCOME THEN NO NEED TO SAY ANYTHING ABOUT RESTRICTED – FOR ILLUSTRATIVE PURPOSES)**

(i) The charity is grateful to Mr X for the provision of his counselling services (or plumbing services or the provision of his premises that allows the charity to provide the services to the members etc.) during the year at no charge. The value of these services was estimated at €50,000 (2016:€Nil) and has been recognised within incoming resources as a donation and an equivalent charge included within professional fees **OR** The saved rent cost as a result of the provision of this premises rent free was estimated at €50,000 (2016:€Nil) and has been recognised within incoming resources as a donation and an equivalent charge included within rental expenses.

#### 6. INCOMING FROM CHARITABLE ACTIVITIES

	2017	2016
	€'000	€'000
Advice & information	-	-
Membership fees	900	1,000
Shop Income <sup>101</sup> (for illustrative purposes)	50	200
Performance related grants from government (see note 7) <sup>102</sup>	150	-
Sale of own produced goods by beneficiaries (for illustrative purposes)	-	-
Counselling	200	300
Other performance related grants (for illustrative purposes)	-	-
	<b>1,300</b>	<b>1,500</b>

<sup>98</sup> Expand as required as split to be shown for each type.

<sup>99</sup> Only include grants received of a general nature provided by government and charitable foundations which are not conditional on delivering certain levels or volumes of service or supply of charitable goods – S4.32 of SORP. This figure should be split by government organisation is applicable.

<sup>100</sup> Only include grants received of a general nature provided by government and charitable foundations which are not conditional on delivering certain levels or volumes of service or supply of charitable goods – S4.32 of SORP. This figure should be split by government organisation is applicable.

<sup>101</sup> Include within this heading if the shop income is the primary purpose trade

<sup>102</sup> S5.58 of Charities SORP requires disclosure of the nature and amounts of government grants recognised in the accounts, any unfulfilled conditions attaching to the grant and an indication of any other form of government assistance the charity has directly benefited from



## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

In 2017 €150,000 (2016: €100,000) of incoming resources from charitable activities were restricted.  
**(NOTE IF NO RESTRICTED INCOME THEN NO NEED TO SAY ANYTHING ABOUT RESTRICTED – FOR ILLUSTRATIVE PURPOSES)**

#### 7. GOVERNMENT GRANTS<sup>103</sup>

Income from government grants comprise of:

- Performance related grants made by XX government agency to fund the provision of specific charity services to the youths in the community. The amount of such grants received in the year amounted to €XXX (2016: €XXX).
- Capital grants towards the cost of construction and upgrading of the charities premises. The total amount of these grants recognised in the year was €XX (€XX).
- Non-performance related grants to fund the provision of general charity services to the youths in the community. The amount of such grants received in the year amounted to €50,000 (2016: €nil).

See the split of the government grants by department below:

Name of grant agency	Type of grant	Restricted	Performance conditions	2017 €'000	2016 €'000
XX County Council	XXXX	No	XXX	160	-
HSE etc. etc.	XXXX	No	XXX	40	-
				<b>200</b>	<b>-</b>

All grants and income from the government where performance conditions were attached were classified within income from charitable activities in the statement of financial activity. Total grants where performance conditions were imposed was €150,000 (2016:€XX). Where the grants have no performance conditions they are classified within income from donations and legacies. The total amount of government grants receivable in the year where no performance conditions were attached was €50,000 (2016: €XXX). The total amount of restricted income from grants in the year was €XXX (2016: €XXX).

#### 8. OTHER TRADING ACTIVITIES

	2017 €'000	2016 €'000
Shop Income <sup>104</sup>	100	90
Income from non-charitable activities (for illustrative purposes)	-	-
Membership, subscriptions and sponsorship <sup>105</sup> (for illustrative purposes)	-	-
Income from fundraising events (for illustrative purposes)	-	-
Income from fundraising events <sup>106</sup>	-	-
Income from social lotteries (for illustrative purposes)	-	-
Merchandising income	25	15
	<b>125</b>	<b>105</b>

<sup>103</sup> S5.58 of Charities SORP requires disclosure of the nature and amounts of government grants recognised in the accounts, any unfulfilled conditions attaching to the grant and an indication of any other form of government assistance the charity has directly benefited from

<sup>104</sup> Include within other trading activities if this is not the charity's primary purpose trade. If donated goods are recognised as stock on balance sheet on receipt the release of stock on balance sheet should be netted against the income in this line item

<sup>105</sup> Included here if the charity has to provide something in return for it and it is not from beneficiaries.

<sup>106</sup> Included here if it relates to jumble sales, firework displays and concerts.

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

In 2017 €Nil (2016: €Nil) of investment income was restricted. **(NOTE IF NO RESTRICTED INCOME THEN NO NEED TO SAY ANYTHING ABOUT RESTRICTED – FOR ILLUSTRATIVE PURPOSES)**

#### 9. INVESTMENT INCOME

	2017 €'000	2016 €'000
Interest receivable	1	2
Dividend income from listed investments (for illustrative purposes)	-	-
Dividend income from unlisted investments <sup>107</sup> (for illustrative purposes)	-	-
Rent receivable (for illustrative purposes)	-	-
	<hr/> -	<hr/> -

In 2017 €Nil (2016: €Nil) of investment income was restricted. **(NOTE IF NO RESTRICTED INCOME THEN NO NEED TO SAY ANYTHING ABOUT RESTRICTED – FOR ILLUSTRATIVE PURPOSES)**

#### 10. OTHER INCOME (INCLUDED FOR ILLUSTRATIVE PURPOSES)

	2017 €'000	2016 €'000
Royalty receivable	-	-
Gain on disposal of tangible fixed asset held for own use	-	-
Gain on disposal of programme related investment	-	-
Royalties (for illustrative purposes)	-	-
Transfer of income from endowment funds (for illustrative purposes)	-	-
Income from programme related assets	-	-
	<hr/> -	<hr/> -

In 2017 €Nil (2016: €Nil) of other income was restricted. **(NOTE IF NO RESTRICTED INCOME THEN NO NEED TO SAY ANYTHING ABOUT RESTRICTED – FOR ILLUSTRATIVE PURPOSES)**

#### 11. COSTS OF RAISING FUNDS<sup>108109</sup>

	2017 €'000	2016 €'000
Campaigns		
Advertising	XXX	XXX
Marketing, fundraising and publicity costs	XXX	XXX
Staff costs	XXX	XXX
Property repairs and maintenance costs	XXX	XXX
Cost of operating membership fees	XXX	XXX
Support costs (note 13)	25	30

<sup>107</sup> Sch 3(60) of Companies Act 2014 requires the split to be shown between listed and unlisted investment income.

<sup>108</sup> If the charity is selling donated goods or bought in goods the costs of this charity shop should be included within costs of raising funds

<sup>109</sup> S8.11 of Charities SORP makes it clear that costs of publicity or fundraising activity which are incurred in order to achieve an educational purpose should not be included within 'Costs of Raising Funds'. Anything other than these costs should be included within 'Costs of Raising Funds'. It will be seen as being for educational purposes where it is targeted at beneficiaries or others who can use the information to further charity's purposes; be information on which the recipient can act in an informed manner to further charity's activities; or be related to other educational activities or objectives of the charity.

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

Investment management costs	XXX	XXX
	<b>552</b>	<b>1,636</b>

In 2017 €XXXX (2016: €Nil) of the cost of raising funds were restricted. **(NOTE IF NO RESTRICTED INCOME THEN NO NEED TO SAY ANYTHING ABOUT RESTRICTED – FOR ILLUSTRATIVE PURPOSES)**

#### 12. EXPENDITURE ON CHARITABLE ACTIVITIES<sup>110</sup>

	Charity Shop	Grants	Advice and Information	Membership	Counselling	2017 Total
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Costs directly allocated to activities</b>						
Staff costs	100	-	2	3	60	474
Café supplies	50	-	-	-	-	50
Recruitment	5	-	-	-	-	5
Volunteer expenses	-	1	-	-	10	10
Support costs (see note 13)	20	5	5	5	32	67
Depreciation	5	-	-	-	95	100
Governance costs (see note 13)	5	1	-	1	42	49
Grant Costs	-	150	-	-	-	150
<b>Total</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>750</b>
<b>Total 2016</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>1,275</b>

In 2017 €XXX (2016: €XXX) of costs arising from charitable activities were restricted. **(NOTE IF NO RESTRICTED INCOME THEN NO NEED TO SAY ANYTHING ABOUT RESTRICTED – FOR ILLUSTRATIVE PURPOSES)**

#### OR USE THE BELOW FORMAT

The table below analysis's direct and support costs. Direct costs are the delivery cost of an activity. Support costs and governance costs are analysed in note 13.

	Direct €'000	Support €'000	2017 €'000	2016 €'000
Charity shop				
Grants				
Grants to partners				
Advice and information				
Membership				
Counselling				
	<b>XX</b>	<b>XX</b>	<b>750</b>	<b>1,275</b>

In 2017 €50,000 (2016: €50,000) of costs arising from charitable activities were restricted. **(NOTE IF NO RESTRICTED INCOME THEN NO NEED TO SAY ANYTHING ABOUT RESTRICTED – FOR ILLUSTRATIVE PURPOSES)**

<sup>110</sup> S.8.13 and 8.14 of Charities SORP requires the expenditure to be analysed out by activity and by class and the basis of allocation. Add columns as appropriate.

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 13. SUPPORT COSTS<sup>111</sup>

Where support costs are attributable to a particular activity the costs are allocated to that activity.  
Where support costs are incurred to further more than one activity, they are apportioned between the relevant activities based on the below measures:

	Basis of allocation	Charity Shop	Grants	Advice and Information	Membership	Counselling	Governance	Cost of raising funds	2017 Total
Costs	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
General office and finance staff	Staff time	8	2	2	1	-	2	20	XX
Communications	Staff Time	4	-	-	-	-	-	-	5
Consultancy	Usage	-	1	-	-	25	-	5	25
Legal	Governance	-	-	-	-	-	-	-	-
Other professional	Usage	-	-	-	-	-	5	-	5
Depreciation	Usage	5	-	-	-	5	-	-	-
Audit fees	Governance	-	-	-	-	-	10	-	10
Trustee meeting expenses	Governance	-	-	-	-	-	2	-	2
Accountancy fees	Governance	-	-	-	-	-	10	-	10
Annual report	Governance	-	-	-	-	-	2	-	2
General office costs	Floor area	1	2	2	3	1	3	-	17
Technology costs	Usage	1	1	1	1	1	1	-	10
Bank Charges	Transactions	1	-	-	-	-	-	-	49
<b>Total</b>		<b>20</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>32</b>	<b>49</b>	<b>25</b>	<b>141</b>
<b>Total 2016</b>		<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>

<sup>111</sup> S.8.13 and 8.14 of Charities SORP requires the expenditure to be analysed out by activity and by class and the basis of allocation. Add columns as appropriate. Support costs are defined as costs of central and regional support functions that are shared across more than one activity undertaken by the charity (e.g. payroll administration, governance costs, purchasing, budgeting and accounting, information technology, human resources, building management services and finance. Examples of how these costs can be apportioned to each activity is on the basis of: usage of a resource or activity in terms of time taken, capacity used, requests made or other measures; per capita, based on the number of people employed within an activity; floor area occupied by the activities; and time where staff duties span more than one activity

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 14. ANALYSIS OF GRANTS GIVEN<sup>112</sup>

Details	Activities undertaken directly	Grants to institutions	Grants to Individuals	Support Cost <sup>113</sup>	Total
	€'000	€'000	€'000	€'000	€'000
<b>2017</b>					
Financial Hardship Grant	-	-	XXX	XXX	XXX
Educational bursary	-	-	XXX	XXX	XXX
Medical Research and development grant	-	XXX	-	XXX	XXX
<b>Total 2017</b>	-	XX	150	5	155
<b>Total 2016</b>	-	XX	XX	XX	-

During the year the charity advanced material grants to 2 institutions:<sup>114115116</sup>

Institution	Financial hardship Grant 2017	Research & Development Grant 2017	Total 2017
	€'000	€'000	€'000
XXX Limited	20	50	70
XXX Limited	30	40	70
Other Grants	40	20	60
<b>Total</b>	<b>20</b>	<b>110</b>	<b>130</b>

<sup>112</sup> Required by S16.13 of charities SORP – provide details of grants given by the charity detailing it by type of activity, nature, total amount and related support costs. Only applicable where the charity provides grants.

<sup>113</sup> S16.9 of charities SORP defines support costs as costs incurred as part of the grant application and decision making process prior to the award, monitoring costs incurred following the award of the grant and support costs incurred relating to grant making activities.

<sup>114</sup> A grant to an individual is one for the direct benefit of the individual who receives it. There is no requirement to name the individuals unless they are related parties.

<sup>115</sup> Required by S.16.17 of Charity SORP to include number of institutions paid to– expand as appropriate.

<sup>116</sup> Required by S16.18 of charities SORP if there are material payments to institutions (not required if grant making is not material to the charity as a whole or if it would be prejudicial to disclose these)

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 15. NET GAIN ON INVESTMENT ASSETS

	2017 €'000	2016 €'000
Movement on fair value of investment property	3	3
Movement on fair value of investments	-	-
Profit on disposal of investment property/investments (for illustrative purposes only)	-	-
	3	3

In 2017 €XXXX (2016: €Nil) of the cost of raising funds were restricted. **(NOTE IF NO RESTRICTED INCOME THEN NO NEED TO SAY ANYTHING ABOUT RESTRICTED – FOR ILLUSTRATIVE PURPOSES)**

#### 16. OPERATING SURPLUS IS STATED AFTER CHARGING/(CREDITING)

	2017 €'000	2016 €'000
Impairment/reversal of impairment on tangible fixed assets	-	-
Impairment/reversal of impairment on stocks	-	-
(Profit)/loss on disposal of tangible fixed assets	(-)	-
Foreign currency exchange (gain)/loss	(-)	-
(Profit)/loss on disposal of investments	(-)	-
Interest on bank loans and overdrafts <sup>117</sup>	-	-
Interest on loans from group undertakings	-	-
Interest on all other loans	-	-
Stock used in the period recognised as an expense (included for illustration purposes only)	-	-
Depreciation	110	-
Rentals payable under operating leases	-	-
<b>Auditors' remuneration</b> <sup>118</sup>		
Audit	13,000	13,000
Non audit assurance services	3,000	3,000
Other financial services	-	-
Tax Advisory	3,225	3,225

<sup>117</sup> Sch 3(60) of CA 2014 requires interest to be split by interest on bank loans and overdrafts. Interest on group loans and other interest.

<sup>118</sup> S.9.23 Charities SORP requires disclosure by all charities of all fees for both audit and non-audit services received by the charity in the year. Remuneration includes benefits in kind, reimbursement of expenses and other payments in cash

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 17. STAFF NUMBERS AND COSTS<sup>119</sup>

The average number of full time employees in the year was XXX and the average number of part time employees was XX. The full time average equivalent of all employees was as follows:

	2017	2016
Administration	4	4
Management	1	1
Care providers	15	21
	20	26

These numbers include executive directors.

The aggregate payroll costs of these employees were as follows<sup>120</sup>:

	2017 €'000	2016 €'000
Wages & Salaries	545	440
Social Welfare Costs	48	38
Retirement Benefits – defined contribution scheme	18	22
Other compensation costs – redundancy costs (see (i) below)	-	-
Other compensation costs – ex-gratia payments (see (i) below)	-	-
	611	500

No employee received employee benefits excluding employer pension costs of more than €70,000 in the year (2016: Nil).

Included in wages and salaries is an amount of €XXX which was recharged from a related party XXXXX Limited. The employee in question does not have a contract of service with OmniPro SORP Limited by Guarantee but the employees' cost is included in these financial statements in order to recognise the cost of this employee to the company<sup>121</sup>.

#### OR

There were 6 employees (2016:X) whose total employee benefits (excluding employer pension costs) for the year fell within the below categories<sup>122</sup>:

	2017 Number	2016 Number
€70,000-€80,000	2	2
€80,000-€90,000	2	1
€90,000-€100,000 etc. etc.	2	3
	6	6

<sup>119</sup> Staff particulars analysed by function as required by S.317 of CA 2014 and S9.29 of Charities SORP. S9.29 also requires details of average number of full and part-time employees. Note the requirement to disclose staff numbers by function is not required for companies that qualify for small companies regime – that said the Charities SORP requires them – hence it must be disclosed

<sup>120</sup> S.9.26 Charities SORP requires disclosure by all charities of all fees for payroll costs in the year. Remuneration includes benefits in kind, reimbursement of expenses and other payments in cash. Although not required under S.317 of CA 2014 for companies that qualify for the small companies regime – it must be disclosed as charity SORP requires this for charities regardless of size.

<sup>121</sup> As required by S9.28 of the Charities SORP. It requires disclosure of amounts on any expenditure on staff working for the charity whose contracts are with and are paid by a related party.

<sup>122</sup> As required by S9.30 of the Charities SORP. It requires disclosure of amounts over €70,000 and requires disclosure of the numbers within the band of each €10,000 after €70,000. **Note certain grant providers required amounts from €60,000 to be included here. So adjust as appropriate.**



## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

(i) During the year the charity made X employees redundant due to the closure of the charities shop in County X at a cost of €XXX. €XXX of this amount relates to a statutory redundancy entitlement and €XXX relates to an ex-gratia payment made. The provision for this redundancy has been included within accruals in note X<sup>123124</sup>.

#### 18. DIRECTORS REMUNERATION AND TRANSACTIONS<sup>125</sup>

No members of the management committee received any remuneration during the year (2016: €XX).

**OR**

Details of the remuneration paid/payable to the trustees for their services provided to the company as trustees during the year as permitted by the governing document of the charity are as detailed below<sup>126</sup>:

Name of Trustee	2017	2016
	€	€
Mr Trustee X – remuneration	XX	XX
Mr Trustee X – retirement benefits – defined contribution scheme	XX	XX
Mr Trustee Y – remuneration	XX	XX
Mr Trustee Y – retirement benefits – defined contribution scheme	XX	XX
Mr Trustee Y – remuneration	XX	XX
Mr Trustee Y – retirement benefits – defined contribution scheme	XX	XX
	XX	XX

Mr X Trustee was also paid €XXXX which includes pension of €XXX (to a defined contribution pension scheme) in directors remuneration for services provided to the company other than for his service as trustee. **Expand as required where other trustees are paid for services other than for their services as a trustee.**

Travel costs amounting to €4,000 (2016 - €3,500) were reimbursed to 5 (2016: 5) members of the management committee **OR** No trustees were reimbursed expenses in the current year<sup>127</sup>.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2005 – Nil)<sup>128</sup>.

<sup>123</sup> S.9.27 Charities SORP requires disclosure by all charities of details of any redundancy payments made, the accounting policy adopted and any liability for the redundancy included as a liability at the year end.

<sup>124</sup> S.9.24 & 9.25 Charities SORP requires disclosure by all charities of details of any ex-gratia payments made, state the legal authority or reason for making the payment and state the amount of the payment or value of any payment provided other than by way of cash.

<sup>125</sup> As required by Section 305 to 312 of CA 2014

<sup>126</sup> As required by S9.5-9.8 of Charities SORP. Disclosure is also required if the trustee is paid by any related entity of the charity. Disclosure required by trustee split by remuneration, pensions, termination payments, health cover, provision of car

<sup>127</sup> S9.12 of Charities SORP requires the amount, number of trustees that were paid expenses and the reason for the payment of the expenses. If no expenses are paid this fact must also be disclosed. Expenses include reimbursement or costs paid to third parties (i.e. costs paid by the charity direct to third parties on the trustees behalf e.g. a charity may purchase travel tickets or pay for accommodation used by its trustees when carrying out their duties). Also to disclose the total amount of expenses waived where it is deemed material.

<sup>128</sup> S9.19 of Charities SORP – if there were no related party transactions then this fact must be disclosed.

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 19. TAX ON SURPLUS ON ORDINARY ACTIVITIES

No charge to current or deferred taxation arises as the charity has been granted charitable status under Sections 207 and 208 of the Taxes Consolidation Act 1997.

#### 20. TANGIBLE ASSETS<sup>129</sup>

	Land & Buildings €'000	Office Equipment €'000	Motor Vehicles €'000	Computer Equipment €'000	Total €'000
<b><u>Costs</u></b> <sup>130</sup>					
At beginning of year	1,500	600	200	200	2,500
Additions in year	2,490	120	-	-	2,610
Disposals in year	-	-	-	-	-
Revaluation	XX	-	-	-	XX
At end of year	3,990	720	200	21	5,110
<b><u>Depreciation</u></b>					
At beginning of year	550	300	50	100	1,000
On disposals	-	-	-	-	-
Charge for Year	50	20	30	10	110
Revaluation	(XXX)	-	-	-	-
Impairment	-	XXX	-	-	-
At end of year	600	320	80	110	1,100
<b><u>Net book value</u></b>					
At 31 December 2017	3,390	400	120	90	4,000
At 30 December 2016	950	300	150	100	1,500

The following assets were held under finance lease

	Motor Vehicles €'000
Net Book Value 30 December 2017	22
Net Book Value 30 December 2016	25
Depreciation charge for the year	3

**Include the below if the revaluation option on fixed assets is chosen (not applicable here included for illustrative purposes only).**

[The land and buildings of the company were revalued by [state name], [state qualification] to an open market value basis reflecting existing use [or state alternate basis if appropriate] on [state date] 20XX. The valuation was carried out in accordance with the SCS Appraisal and Valuation Manual. {If the valuer is an officer or employee of the company or a group company this fact must be stated<sup>131</sup>}.

<sup>129</sup> Comparative movements are not required for fixed assets under Sch 3(5) CA 2014 following the deletion of the requirement by CAA 2017

<sup>130</sup> As required by S10.15 & 10.16 of Charities SORP.

<sup>131</sup> As required by S10.38 of Charities SORP – effective date of valuation, whether an independent valuer was involved, the methods and significant assumptions used, the carrying amount that would have been recognised had the asset been carried under the historical cost model

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

These valuations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve. No deferred tax has been recognised on this uplift as the charity is exempt from taxation. The revaluations during the year ended 31 December 2017 resulted in a revaluation surplus of £xx,xxx].<sup>132</sup>

The historical cost, accumulated depreciation and net book value of the freehold premises is as follows:

	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Original cost	XXX	XXX
Accumulated depreciation	(XXX)	(XXX)
Net book amount	<u>XXX</u>	<u>XXX</u>

**Include the below if the option is capitalise borrowing costs is chosen (not applicable here included for illustrative purposes only).**

The company capitalised €XXX (2016: €XXXX) in borrowing costs during the year. The capitalisation rate used was X% (2016: X%).

#### 21. INVESTMENTS<sup>133134</sup>

	<b>2017</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>
Shares in associated undertakings <sup>135</sup> - carried at cost less impairment (see (i) below)	XXX	XXX
Other investments – listed investments (see (ii) below)	1,000	996
Social investments – carried at cost less impairment (for illustrative purposes only)	-	-
Investment properties (see (iii) below) - for illustrative purposes only	XXX	XXX
Other investments – carried at cost less impairment	XXX	XXX
	<u><b>1,000</b></u>	<u><b>996</b></u>

<sup>132</sup> Details of the historical cost of the asset and accumulated depreciation must be disclosed on revalued assets

<sup>133</sup> Comparatives now not required for movements in fixed assets (Para 5 Schedule 3 CA 2014)

<sup>134</sup> S10.53 requires a reconciliation of opening to closing balance for each class of investment. Also required to separate those held at fair value and cost less impairment. Classes of investment include: listed investments, cash and cash equivalents, investment properties, loans to group companies, equity investments in group undertakings, social investment; other investments. Also required by Sch 3 Formats CA 2014.

<sup>135</sup> S of Charities SORP – if the investment was in a charity, it should be stated as a programme related investment and highlighted as a restricted fund

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

(i) Shares in associated undertakings

Details of investment in which the company holds 20% or more of the ordinary share capital are as follows<sup>136137</sup>

	<b>2017</b>	<b>2016</b>
<b>Cost</b>	<b>€'000</b>	<b>€'000</b>
Shares in group undertakings	XXX	XXX
Shares in associate undertakings	1,000	996
<b>Total</b>	<b>1,000</b>	<b>1,000</b>
 Amount provided	 XXX	 XXX
Additional provision	XX	XX
	XXX	XXX
 <b>Closing carrying amount</b>	 <b>1,000</b>	 <b>996</b>

<b>Company Name</b>	<b>Country of Incorporation<sup>138</sup></b>	<b>Details of investment<sup>139</sup></b>	<b>Proportion held by company</b>	<b>Registered Office<sup>140</sup></b>	<b>Principle Activity</b>
OmniPro Ltd	Ireland	254 €1 ordinary shares	25%	Any Address	Manufacture of products

The capital and reserves and profit of the subsidiary/associate was as follows: <sup>141</sup>

	<b>2017</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>
Profit	500	300
Capital and reserves	6,500	6,000

The company's share of the profit for the year was €XXX (2016: €XXX). If this were to be accounted for as an equity investment, the carrying amount on the balance sheet would be €XXX (2016: €XXX)<sup>142</sup>. There were no dividends receivable from this company during the year.

<sup>136</sup> S.7(2), CA 2014 – The definition of a subsidiary is set out under Section 7 of the Companies Act 2014

<sup>137</sup> S.314(1), CA 2014 – Disclose is required of interests in subsidiaries and undertakings of substantial interest (+=20% of any class of equity shares). S28.18 of Charities SORP also requires this.

<sup>138</sup> If the company is unincorporated, the address of the principal place of business must be included

<sup>139</sup> S.314(1)(ii) CA 2014 – The identity of each class of share held by the company in each subsidiary of undertaking of substantial interest and the proportion of the nominal value held must be disclosed. This is not required to be disclosed by a company that qualifies for the small companies regime under S.280C of CA 2014

<sup>140</sup> S.314(1)(i) CA 2014 – The name and address of the registered office must be included, if there is no registered office the company must disclose the principal place of business. This is not required to be disclosed by a company that qualifies for the small companies regime under S.280C of CA 2014

<sup>141</sup> S.314(1)(iii), CA 2014 – The notes must disclose the aggregate amount of the net assets and profit/loss of the subsidiary or undertaking of substantial interest. This is not required to be disclosed by a company that qualifies for the small companies regime under S.280C of CA 2014

<sup>142</sup> Required by S28.18 of Charities SORP. S28.19 of SORP requires disclosure of any dividend received in the notes.

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### OR WHERE THE ASSOCIATE IS A CHARITY

The company's share of the income of this associate charity was €XXX (2016: €XXX), its expenditure was €XXX (2016: (€XXX) and its profit for the year was €XXX, (2016: €XXX). This profit is split between the following areas of the associates activities as detailed below (EXPAND AS APPROPRIATE): If this were to be accounted for as an equity investment, the carrying amount on the balance sheet would be €XXX (2016: €XXX) <sup>143</sup>.

In the opinion of the directors the shares in the company's associate/subsidiary are worth at least the amounts at which they are stated in the balance sheet.

(ii) Other investments - listed investments held at fair value	<b>2017</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>
At beginning of year	996	994
Additions	4	-
Disposals	(3)	(1)
Movement in fair value recognised in the SOFA	3	3
At the end of the year	1,000	996

The fair value of listed investments above at 31 December 2017 was €1,000,000 (2016: €996,000). The fair value movement of €NIL (2016: €2,000) has been recognised within the gain on investment asset in the statement of financial activities/income and expenditure account<sup>144</sup>. These shares have been pledged as security on the loan with the bank and can be encashed by the bank in the event of default.

(iii) Other investments - investments held at cost less impairment	<b>2017</b>	<b>2016</b>
	<b>€'000</b>	<b>€'000</b>
At beginning of year	XXX	XXX
Additions	XX	XX
Disposals	-	-
At the end of the year	XXX	XXX

This other investment relates to an investment made by the company in an unlisted entity where less than a significant influence is held. The fair value of this investment cannot be reliably measured in line with the hierarchy in Section 11 of FRS 102, as a result it is held at cost. There are no provisions against this investment at the 31 December 2017 (2016:€:Nil) The cost of the investment at the year ended 31 December 2017 was €XXXX (2016:€XXXXX).

The directors are satisfied that no impairment is required.

<sup>143</sup> Required by S28.18 of Charities SORP

<sup>144</sup> S11.35 of Charities SORP – required to disclose any financial assets pledged as security

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

(iii) Investment properties

	2017 €'000	2016 €'000
Investment property at fair value <sup>145</sup> at 1 January	XXXXX	XXXX
Additions	-	-
Uplift in fair value recognised in the SOFA (see note (i) below)	XXXXX	XXXXX
Transfer to/(from) tangible fixed assets (*for illustrative purposes only)	-	-
Transfer from Stocks (*for illustrative purposes only)	-	-
Disposal	(XXXX)	-
Investment property at fair value at 31 December	XXXXX	XXXXX

- (i) The land and buildings of the company were valued by [state name], [state qualification] to open market value reflecting existing use [or state alternate basis if appropriate] on [state date] 20XX. The valuation was carried out in accordance with the SCS Appraisal and Valuation Manual. {If the valuer is an officer or employee of the company or a group company this fact must be stated}. XX Valuers has recent experience in the location and asset being valued. The critical assumptions made relating to the valuations are set out below:

	2016	2017
Yields	4%	4%
Inflation rate	2%	2%

## 22. DEBTORS<sup>146147</sup>

	2017 €'000	2016 €'000
Trade debtors	100	500
Amounts due on public benefit entity concessionary loans <sup>148</sup>	-	-
Amount receivable from non-exchange transactions <sup>149</sup>	-	-
Legacies	50	-
Other debtors	-	-
Accrued income	-	-
Prepayments	650	800
	800	1,300

<sup>145</sup> S10.46 of Charities SORP requires all investment property to be carried at fair value, it does not permit investment property to be classified as PPE. Hence it cannot claim the exemption from carrying it a cost where it results in either undue cost or effort or where it cannot be reliably measured.

<sup>146</sup> S19.68 of Charities SORP – at a minimum the debtors note must be split between: trade debtors, amounts owed by group undertakings, amounts owed by associated undertakings; prepayments and accrued income; and other debtors Company law requires any type of taxation debtor to be disclosed separately

<sup>147</sup> S19.68 of Charities SORP – where debtors are due after more than one year these should be split out

<sup>148</sup> Public benefit entity loans are required to disclose separately in the notes under Section 34 of FRS 102. (see accounting policy for definition of public benefit entity concessionary loans). The conditions attached to these loans are also required to be disclosed. S21.40 - 21.43 of Charities SORP requires this to be disclosed separately on the face of the balance sheet if it is deemed material enough. Where this loan is given in pursuit of the charity's charitable purpose then this would be classed as a programme related investment here, examples would be loans to other charities which is related to the charitable purpose.

<sup>149</sup> As this is not a financial instrument there is only a need to present value where settlement is delayed.

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

The fair values of trade and other receivables approximate to their carrying amounts. Trade debtors are stated after provisions for impairments of €XXX (2016: €XXX).

The public benefit entity concessionary loan is interest free and repayable on demand.

#### 23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR<sup>150</sup>

	2017	2016
	€'000	€'000
Bank loans and overdrafts	-	-
Trade creditors	500	400
Amounts payable on public benefit entity concessionary loans (see note 23) <sup>151</sup>	-	-
Deferred income (see note 26) <sup>152</sup>	-	-
Accruals	200	100
Payments received on account for contracts	-	-
Payments received on account for performance related grants	-	-
Other creditors	-	-
Accruals for grants payable	-	-
PAYE/PRSI <sup>153</sup>	54	77
	754	577

Trade and other creditors are payable at various dates in the next X months in accordance with the usual suppliers usual and customary terms.<sup>154</sup>

Tax and social securities are repayable at various dates over the coming months in line with tax authority guidelines.<sup>155</sup>

<sup>150</sup> Creditors to be split out at a minimum as per below. S10.82 of Charities SORP. Sch 3(4)(7) of CA 2014 requires where an asset or liability relates to more than one of the items listed in either of the balance sheet formats, then its relationship to other items shall be disclosed under the item where it is shown or in the notes to the financial statements. In this instance for example finance leases have been shown separately under creditors within one year and creditors greater than one year. The same point applies for bank loan, grants etc.

<sup>151</sup> Public benefit entity loans are required to disclose separately in the notes under Section 34 of FRS 102. (see accounting policy for definition of public benefit entity concessionary loans). The conditions attached to these loans are also required to be disclosed. Charities SORP requires this to be disclosed separately on the face of the balance sheet if it is deemed material enough.

<sup>152</sup> Required to be disclosed separately under company law. S5.59 of Charities SORP requires a note to be included detailing why the income is deferred and should analyse the movement of the deferred income account.

<sup>153</sup> Company law requires tax by type to be split out separately whether it be a debtor or a creditor. If this is an unincorporated entity or a company that qualifies for the small companies regime it should be shown within the line 'taxation and social security'.

<sup>154</sup> Section 11 requires terms of creditors etc. to be disclosed.

<sup>155</sup> Section 11 requires terms of creditors etc. to be disclosed.



## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 24. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (IF ANY) <sup>156</sup>

	2017 €'000	2016 €'000
Amounts payable on public benefit entity concessionary loans (note 23)	-	-
Deferred income (note 24)	-	-
Term loan (note 26)	-	-

#### 25. DETAILS OF BORROWINGS (IF ANY) <sup>157</sup>

	Within 1 year €'000	Between 1 & 2 years €'000	Between 2 & 5 years €'000	After 5 years €'000	Total €'000
<u>Repayable other than by instalments</u>					
Bank Overdrafts	-	-	-	-	-
Public benefit entity concessionary loans	-	-	-	-	-
Finance Leases	-	-	-	-	-
<u>Repayable by instalments</u> <sup>158</sup>	-	-	-	-	-
Term Loan					

The bank facilities<sup>159</sup> are secured by a debenture incorporating fixed and floating charges over the assets of the company and personal guarantees from the Directors.

The facilities expiring within one year are annual facilities subject to review at various dates during 2017/2016. Interest is payable at a fixed rate of x% OR at the standard variable rate of interest of X%.

The public benefit entity concessionary loan is interest free and repayable on 31 December 2019.

<sup>156</sup> Sch 3(4)(7) of CA 2014 requires where an asset or liability relates to more than one of the items listed in either of the balance sheet formats, then its relationship to other items shall be disclosed under the item where it is shown or in the notes to the financial statements. In this instance for example finance leases have been shown separately under creditors within one year and creditors greater than one year. The same point applies for bank loan, grants etc.

<sup>157</sup> Terms and conditions of loans to be disclosed under S11 of Charities SORP. Sch 3(67) of CA 2014 requires disclosure of terms of loans, the analysis of debt which is repayable other than by installments after 5 years and the total figure of any debt included in creditors >1 yr or < 1 year where security has been given.

<sup>158</sup> Include details of bank loans, finance leases and HP agreements. Required under CA 2014 and Charities SORP. Need to disclose the terms of the loan etc. under S.11 of Charities SORP and under Sch 3(58) CA 2014

<sup>159</sup> Company assets pledged as security should be disclosed here, where the security is pledged in a personal capacity by the company directors this should be disclosed in the related party note (Sch 3(58) CA 2014.

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 26. DEFERRED INCOME<sup>160</sup>

	2017 €'000	2016 €'000
At 1 January	-	-
Additions	-	-
Finance costs charged for unwinding of the discount	-	-
Released to the SOFA in the period	(-)	(-)
At 31 December	XXX	XXX
<b>Split of deferred income:</b>	-	-
Amounts falling due within one year	-	-
Amounts falling due after more than one year	-	-
At 31 December	XXX	XXX
Income receivable in 2017/2016 but deferred	XXX	XXX
Amounts deferred in the prior period released to the SOFA in the period	XXX	XXX

The deferred income relates to XXX and arises as a result of invoices being issued in advance

#### OR

The deferred income relates to grants received but the performance conditions have not been met at the reporting date.

#### 27. PROVISION FOR LIABILITIES<sup>161</sup>

	Warranty Provision (see note (i)) €	Total €
At 1 January 2016	-	-
Additions	-	-
Utilised during the year	-	-
Finance charged for unwinding of the discount	-	-
Charged in the year	-	-
At 31 December 2016	-	-
	€	€
At 1 January 2017	-	-
Additions	-	-
Utilised during the year	-	-
Unused amounts reversed in the year	-	-
Finance charged for unwinding of the discount	-	-
Charged in the year	-	-
At 31 December 2017	-	-

<sup>160</sup> Required to be disclosed separately under company law. S5.59 of Charities SORP requires a note to be included detailing why the income is deferred and should analyse the movement of the deferred income account. It should also detail the income received in the year but deferred and the amounts deferred previously release in the year.

<sup>161</sup> S10.83 of Charities SORP requires an analysis, the nature of the obligation, and expected amounts and timing of resultant payments and details of any uncertainty of the timing and any expected reimbursement

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

(i) **Warranty provision**

A provision is recognised on warranty claims on certain products sold during the year. The warranty given by the company is for 3 years and the premium is based on the company's best estimate (using previous years' warranty claim details) and as such the amount included in the financial statements is expected to be fully utilised with 24 months of the year end. (€32,500 expected to be utilised in 2016 and €65,000 in 2017).

#### 28. ANALYSIS OF NET FUNDS<sup>162</sup>

	General Funds €'000	Designated Funds €'000	Restricted Funds €'000	Total €'000
At 1 January 2016 as previously stated	1,800	50	-	1,850
Prior year adjustment – change in accounting policy (see note 2)	-	-	769	769
<b>At 1 January 2016 as restated</b>	<b>1,800</b>	<b>50</b>	<b>769</b>	<b>2,619</b>
Net income for the year as previously stated	750	400	-	1,150
Prior year adjustment – change in accounting policy (see note 2)	-	-	(50)	(50)
<b>Net income/(expense) for the year as restated</b>	<b>750</b>	<b>400</b>	<b>(50)</b>	<b>1,100</b>
Transfer between funds	(400)	400	-	-
Gains & Losses	-	-	-	-
At 31 December 2016	2,550	450	719	3,719
At 1 January 2017	2,500	500	719	3,719
Net income for the year	3,027	-	100	3,124
Transfer between funds	(1,000)	1,000	-	-
Gains & Losses	-	-	-	-
31 December 2017 (note 30)	4,527	1,500	819	6,846

The General reserve represents the free funds of the charity which are not designated for particular purposes. Further details of the fund by class are detailed in note X.

#### 29. ANALYSIS OF NET ASSETS BETWEEN FUNDS<sup>163</sup>

	General Funds €'000	Revaluation Funds €'000	Designated Funds €'000	Restricted Funds €'000	Total Funds €'000
Tangible assets	-	-	-	819	4,000
Investments	1,000	-	-	-	1,000
Current assets	2,600	-	-	-	2,600
Current liabilities	(754)	-	-	-	(754)
Long term liabilities	-	-	-	-	-
Net assets at 31 December 2017	4,527	-	1,500	819	6,846

<sup>162</sup> S2 of Charities SORP and FRS 102 requires a description of how each reserve arose and the reasons for the movements in the year. Note if this description is included in the statement of changes in funds in the primary statement there is no need to include this note here.

<sup>163</sup> Required by S2.29 of Charities SORP

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 30. MOVEMENTS IN FUNDS<sup>164</sup>

	At 1 January 2017 as restated €'000	Income €'000	Expenditure €'000	Transfers €'000	Gain and Losses €'000	At 31 December 2017 €'000
<b>Restricted Funds:</b>						
Capital Grants	719	150	(50)	-	-	819
Counselling service (for illustrative purposes only)	-	-	(-)	-	-	-
<i>Total restricted funds</i>	<b>719</b>	<b>150</b>	<b>(50)</b>	<b>-</b>	<b>-</b>	<b>819</b>
<b>Unrestricted funds</b>						
Designated capital refurbishment fund	500	-	-	1,000	-	1,500
Revaluation fund	-	-	-	-	-	-
General Funds	2,500	4,276	(1,252)	(1,000)	3	4,527
<i>Total unrestricted funds</i>	<b>3,000</b>	<b>4,276</b>	<b>(1,252)</b>	<b>-</b>	<b>-</b>	<b>6,027</b>
<b>TOTAL FUNDS</b>	<b>3,719</b>	<b>4,526</b>	<b>(1,302)</b>	<b>-</b>	<b>3</b>	<b>6,846</b>

#### Purposes of Restricted Funds

*Capital grants:* This fund was created on receipt of a capital grant from XX towards the cost of the construction of the principal offices. This was recognised in the SOFA on receipt of the grant and when the performance conditions of the grant were complied with. The movement in the year represents the depreciation charged on the element of the fixed asset cost covered by the grant. This reserve reduces as the premises depreciate. A further capital grant of €150,000 was received in the year.

*Counselling service:* This fund arises as a result of xx where funds can only be utilised for this specific purpose. This fund should be utilised in the coming year.

#### Purposes of Designated Funds

*Capital refurbishment fund:* The trustees have designated funds for the refurbishment and repairs of the premises. An amount of €XXX was transferred from the general fund to this reserve in the current year. It is expected this work will be carried out in the year 2017. This reserve will reduce as the asset is depreciated.<sup>165</sup>

*Revaluation Reserve Fund:* The revaluation reserve fund is required by the Companies Act 2014 and represents the amount by which the carrying value of the land and buildings exceed their historical cost. The movement in the year relates to the depreciation charged on the valuation uplift.

Fund 2 has been designated for ..... During the year it increased as a result of XX. Etc. etc.

#### General funds

The General reserve represents the free funds of the charity which are not designated for particular purposes.

<sup>164</sup> S2.28 of Charities SORP requires the movement by fund to be shown including providing information on the purpose of the funds

<sup>165</sup> If there is a liability created in relation to this work on the balance sheet this fact should be disclosed

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 31. FINANCIAL INSTRUMENTS<sup>166</sup>

	Note	2017 €'000	2016 €'000
<b>Financial assets that are equity instruments measured at fair value</b>			
Investments in listed shares	21	1,000	996
<b>Financial assets that are equity instruments measured at cost less impairment</b>			
Investments in unlisted shares	21	XXX	XXXX
<b>Financial assets that are debt instruments measured at amortised cost</b>			
Trade and other debtors	22	150	500
Cash and short term deposits		1,800	500
Investment in Government bonds	21	XXX	XXX
<b>Financial liabilities measured at amortised cost</b>			
Trade creditors	24	500	400
Finance leases	24	XXX	XXXX
Bank loans	24&25	XXX	XXXX
Accruals for goods and services	24	200	100
<b>Company's income, expense, gains and losses in respect of financial instruments are summarised below:</b>			
On financial assets measured at fair value through SOFA	21	3	3
On financial liabilities measured at amortised cost (for illustrative purpose)		-	-

#### 32. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2017 €'000	2016 €'000
Net income for the period <sup>167</sup>	3,127	1,100
Depreciation	110	120
(Gain)/loss on disposal of fixed assets	(-)	-
(Gain)/loss on investments	(-)	-
Dividends from investments	(-)	(-)
Interest income from investments	(1)	(2)
Rent received from investments	(-)	(-)
(Increase)/decrease in stock	(-)	-
Decrease/(increase) in debtors	500	(450)
Increase/(decrease) in creditors	177	(380)
Net cash generated from operating activities	3,913	388

<sup>166</sup> Required by Section 11 and Section 12 of FRS 102 & S11.35 of Charities SORP.

<sup>167</sup> This figure should be taken from the 'net income for the year' line in the SOFA (i.e. the line just above 'Transfer between funds'.

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 33. ANALYSIS OF CASH & CASH EQUIVALENT<sup>168</sup>

	At 31 Dec 2016	Cash flow	Other non- cash items	At 31 Dec 2017
	€'000	€'000	€'000	€'000
Cash at bank and in hand	500	1,300	-	1,800
Bank Overdraft	-	-	-	-
	500	1,300	-	1,800

(i) The non-cash item refers to assets purchased on finance lease which did not result in an out flow of cash (Included for illustrative purposes only).

(ii) Included in cash at bank and in hand above is €200,000 in relation to endowment funds which can only be used for a specific purpose and cannot be used to further charitable activities.<sup>169</sup>

#### 34. SHARE CAPITAL AND MEMBERS LIABILITIES

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding one Euro (€1).

#### 35. CAPITAL AND OTHER COMMITMENTS

There were no capital commitments at the year ended 31 December 2017 (2016: €nil).

At 31 December 2017, the company had the following commitments under non-cancellable operating leases that expire as follows:

	2017	2016
	€'000	€'000
Within one year	145,000	145
Within two to five years	100,000	100
Greater than five years	-	-

The company has committed €XXX (2016: €XXX) of public benefit concessionary loans which have not been taken up at the balance sheet date<sup>170</sup>.

At the year end the charity had committed to providing €XXX (2016: €XX) to two beneficiaries. However, at the year end these parties were assessing whether they would proceed with the projects. On the basis that the payment is possible but not probable it has not been recognised as a liability in these financial statements. The third parties have until XX 2016 to accept the offer. This commitment if taken up will be funded from the charity's surplus resources<sup>171</sup>.

<sup>168</sup> Net debt is not specifically required under FRS 102. This note is only required where it is not easy to determine from review of the balance sheet how much the cash moved by in the year.

<sup>169</sup> S14.20 of Charities SORP requires disclosure of cash and cash equivalents which are not available for use to further charitable activities.

<sup>170</sup> S21.43 of Charities SORP requires this to be disclosed.

<sup>171</sup> S7.44 of Charities SORP requires this to be disclosed.

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

The company has designated funds for the purchase of equipment for €XXX. Included within creditors is €XXX in relation to this cost<sup>172</sup>.

#### 36. RETIREMENT BENEFITS INFORMATION<sup>173</sup>

	2017	2016
	€'000	€'000
Retirement Benefits	-	-
Ex Gratia Pension Costs	-	-

[Provide an explanation of any material variation in the pension charge from that of the previous period. Provide also any commitment by the company to make additional contributions for a limited number of years – for example, the pension charge for the year 2008 included €AMOUNT) in respect of past service liabilities that are being written off over ten years being the average remaining service les of the current employees]. The **expense as been fully allocated to the unrestricted fund as these costs were incurred on unrestricted activities**<sup>174</sup> **OR the expense recognised in restricted funds was €XX and in unrestricted funds was €XX, this cost was allocated on the basis of etc. etc.** Contributions outstanding at year end amounted to €1,000 (2016: €500).<sup>175</sup>

The charity operates an externally funded defined contribution scheme that covers substantially all the employees of the charity. The assets of the scheme are vested in independent trustees for the sole benefit of these employees.

#### 37. CONTINGENCIES<sup>176</sup>

A legal action is pending against the charity for alleged unfair dismissal. The directors under advisement from their legal team expect that the claim will be successfully defended. Should the charity be unsuccessful in the action the maximum estimated settlement is not expected to exceed €10,000.

Under agreements between the Company and XXXXX grant body dated on various dates between XX Month Year8 and XX Month Year, the Company has a contingent liability to repay in whole or in part grants received amounting to €XXXXX if certain circumstances set out in those agreements occur within five years of receipt of the final instalment of each grant. The amounts received under these agreements amounted to €XXXXXX<sup>177</sup>.

There were no unfulfilled commitments or conditions from non-exchange transactions that have not been recognised in income<sup>178</sup>.

<sup>172</sup> As required by 7.46 of SORP.

<sup>173</sup> Note is applicable to defined contribution schemes only, defined benefit schemes require further detailed disclosures.

<sup>174</sup> S17.21 of Charities SORP requires a disclosures of the pension cost between restricted and unrestricted funds and the basis for the allocation.

<sup>175</sup> FRS 102 and S17.21 of Charities SORP requires the nature of the scheme, contributions paid during the year and the amount outstanding at year end disclosed.

<sup>176</sup> S10.87 and S10.88 of Charities SORP - Where information required under Section 21 is deemed to prejudice an on-going dispute with other parties the specific details may not be disclosed but the general nature of dispute and reason for non-disclosure should be included.

<sup>177</sup> S5.58 of Charities SORP –requirement to disclose details of any unfulfilled conditions or other contingencies attaching to grants that have been recognised in income.

<sup>178</sup> S6.31 of Charities SORP –requirement to disclose details of same.



## OmniPro Sample SORP Charity Company Limited by Guarantee Year ended 31 December 2017 Notes to the Financial Statements

### 38. PROVISIONS AVAILABLE FOR SMALL ENTITIES<sup>179</sup>

In common with many other businesses of our size and nature, we use our auditors to provide basic book keeping, prepare and submit tax returns to the revenue and assist with the preparation of the financial statements.

### 39. POST BALANCE SHEET EVENTS

There have been no significant events affecting the charity since the year-end.

Or

Post year end the charity will expand its operations increase income and surpluses going forward.

### 40. BANK FACILITIES

The bank facilities are secured by a debenture incorporating fixed and floating charges over the assets of the charity and personal guarantees from the Directors/Trustees

### 41. RELATED PARTY TRANSACTIONS<sup>180</sup>

Key management includes the Board of Directors (executive and non-executive), all members of the company's management. The compensation paid or payable to key management for employee services is shown below<sup>181</sup>:

	2017 €	2016 €
<b>Key management compensation</b>		
Salaries and other short-term employee benefits	-	-
Post-employment benefits	-	-
	-	-

The highest paid staff member included in the above is the CEO, Mr X which was €XXX and includes pension contributions of €XXX. This disclosures above relate to payments made to 5 individuals.

Mr X, a trustee of the charity is also a director of XX Limited, a computer programming company that charged €XXX for professional advice in relation to the website. The contract was awarded through a competitive tendering process. This was not paid at the year end and is included within trade creditors<sup>182</sup>. €XXX of this amount was provided for OR written off at year end.

During the year Mr X, a trustee, loaned the charity €XXX on an interest free basis. An amount of €XX was outstanding on this loan at year end. €XXX of this amount was provided for OR written off at year end.

<sup>179</sup> Include if the charity meets the definition of a small company. Where these provision have been utilised this fact must be disclosed in the notes to the accounts under the ES PASE rules.

<sup>180</sup> S9.13 to 9.22 of Charities SORP requires disclosures of related party balances.

<sup>181</sup> As required by S9.32 of Charities SORP. For larger charities consideration should be given to the information needs of the funders in making the disclosures. For large charities it may also be helpful to disclose the remuneration of CEO or highest paid staff member or alternatively disclose the remuneration for each separately.

<sup>182</sup> S9.20 of Charities SORP requires disclosure of the relationship, the name, the amount, the terms and conditions, any guarantees given, amounts outstanding at year end, amounts written off and provided for.

## **OmniPro Sample SORP Charity Company Limited by Guarantee Year ended 31 December 2017 Notes to the Financial Statements**

During the year the charity purchased €XX from its subsidiary company Charity Co. Limited. An amount of €XX was payable at the year end<sup>183</sup>.

The total amount of donations received from related parties in the year was €XXX (€XXX).

There were no further transactions entered into with the trustees/directors.

**OR**

There were no related party transactions during the year that requires disclosure.

### **42. CONTRIBUTION OF UNPAID GENERAL VOLUNTEERS<sup>184</sup>**

The trustees are very grateful to the unpaid general volunteers who help by staffing our shops, carrying out fundraising on the charity's behalf. Volunteers also provide assistance with events, giving time and supplies to make them a success. The total number of unpaid volunteers that provided services in the year was XX.

### **43. PARENT AND ULTIMARE CONTROLLING PARTY<sup>185</sup> (FOR ILLUSTRATIVE PURPOSES)**

THE COMPANY IS A WHOLLY OWNED SUBSIDIARY OF XXX PARENT, AN IRISH REGISTERED COMPANY WHOSE COMPANY REGISTRATION NUMBER IS XXXXX. THE PARENT IS ALSO A CHARITY (CHARITY NUMBER CHYXXXX). THE PRINCIPAL ACTIVITIES OF THE PARENT IS TO HOLD INVESTMENTS IN A NUMBER OF CHARITIES AROUND IRELAND ALL WITH THE SAME AIM AND ACTIVITIES AS OMNIPro SAMPLE SORP CHARITY COMPANY. XXXX PARENT EXERCISES ITS CONTROL THROUGH THE OWNERSHIP OF 100% OF THE SHARE CAPITAL OF OMNIPro SAMPLE SORP CHARITY COMPANY. THE CONSOLIDATED FINANCIAL STATEMENTS OF THE XXXX PARENT ARE AVAILABLE FOR DOWNLOAD FROM THE COMPANIES REGISTRATION OFFICE.

**NOTE: NOTES 44 TO 45 ARE NOT SPECIFICALLY REQUIRED UNDER COMPANY LAW OR FRS 102 SORP HOWEVER SOME GRANT PROVIDERS REQUIRE THE ADDITIONAL INFORMATION BELOW TO BE INCLUDED AS PART OF THE CONDITIONS OF THE GRANT (E.G. CHARITIES RECEIVING EXCHEQUER FUNDING –STATED IN CIRCULAR 13/2016).**

### **44. TAX CLEARANCE**

OmniPro Sample Charity Company Limited by Guarantee S.1A has an up to date tax clearance certificate.

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<sup>183</sup> S9 of Charities SORP requires disclosure of all transactions with group companies. There is no exemption (100% owned still need to disclose these transactions).

<sup>184</sup> S9.13 to 9.22 of Charities SORP requires disclosures of related party balances.

<sup>185</sup> S26.5 to 26.8 of Charities SORP requires disclosures of parent company, how it exercises control, state if it is a charity and its principal activities and where the consolidated financial statements can be downloaded from.

## OmniPro Sample SORP Charity Company Limited by Guarantee

### Year ended 31 December 2017

### Notes to the Financial Statements

#### 45. Details of Grant and other information

Name Grant Agency	Sponsoring government department	Total Grant Award	Term of Grant	Grants deferred/ due @ 1 Jan 2017	Received during period	Grants deferred/ due @ 31 Dec 2017	Amount of Grant taken to income in period	Name Grant Programme / purpose of grant	Capital Grant if relevant	Is the grant restricted to a project or for the delivery of service	Expenditure in period
Health Service Executive	N/A	€XXXXX	2017	€XXX	€XXXX	€XXXX	€XXXX	Disability Services	N/A	Delivery of Service	€XXX
Health Service Executive	N/A	€XXXXX	2016-2017	€XXX	€XXXX	€XXXX	€XXXX	Pension benefits	N/A	Restricted – only for use for stated purpose of programme	€XXX
XXX City Council	Department of environment community & local government	€XXXX	201X	€XXXX	€XXXX	€XXXX	€XXXX	Rural Water Development programme	N/A	Restricted – only for use for stated purpose of programme	€XXX
Pobal	Department of Children & Youth Affairs	€XXXX	2016-2017	€XXXX	€XXXX	€XXXX	€XXXX	Special needs for young people	N/A	Restricted – only for use for stated purpose of programme	€XXX
Pobal	Department of environment community & local government	€XXXX	2016-2017	€XXXX	€XXXX	€XXXX	€XXXX	Construction of new facilities	Yes	Capital Grant – Restricted for the purpose of the programme.	€XXX
<b>Total grants from</b>							€XXXX				€XXX

**OmniPro Sample SORP Charity Company Limited by Guarantee**  
**Year ended 31 December 2017**  
**Notes to the Financial Statements**

<b>government bodies</b>											
<b>Name Grant Agency</b>	<b>Sponsoring government department</b>	<b>Total Grant Award</b>	<b>Term of Grant</b>	<b>Grants deferred/ due @ 1 Jan 2017</b>	<b>Received during period</b>	<b>Grants deferred/ due @ 31 Dec 2017</b>	<b>Amount of Grant taken to income in period</b>	<b>Name Grant Programme / purpose of grant</b>	<b>Capital Grant if relevant</b>	<b>Is the grant restricted to a project or for the delivery of service</b>	<b>Expenditure in period</b>
Income from other sources							€XXXX				€XXXX
<b>Total for period</b>							€XXXX				€XXXX

**OmniPro Sample SORP Charity Company Limited by Guarantee**  
**Year ended 31 December 2017**  
**Notes to the Financial Statements**

**46. APPROVAL OF THE FINANCIAL STATEMENTS**

The directors/trustees approved the financial statements on the \_\_\_\_\_.



An Rialálaí  
Carthanas

Charities  
Regulator

# Internal Financial Controls Guidelines for Charities

Last updated 14 June, 2017



**Last updated 14 June, 2017**

This guidance document is subject to periodic review and updating. Please refer to the Charities Regulator's website [www.charitiesregulator.ie](http://www.charitiesregulator.ie) for the most up-to-date version of this document.



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# About the Charities Regulator

The Charities Regulatory Authority ('Charities Regulator') was established in October 2014, as Ireland's statutory independent authority for the regulation and protection of charitable organisations. Its general functions under the Charities Act 2009 ('Act') are to:

- ▶ increase public **trust and confidence** in the management and administration of charitable trusts and charitable organisations;
- ▶ promote **compliance** by charity trustees with their duties in the control and management of charitable trusts and charitable organisations;
- ▶ promote the **effective use of the property** of charitable trusts or charitable organisations;
- ▶ ensure the **accountability** of charitable organisations to donors and beneficiaries of charitable gifts, and the public;
- ▶ promote understanding of the requirement that charitable purposes confer a **public benefit**;
- ▶ establish and maintain a **register of charitable organisations**;
- ▶ ensure and monitor **compliance** by charitable organisations with the Act;
- ▶ carry out **investigations** in accordance with the Act;
- ▶ encourage and facilitate the **better administration and management** of charitable organisations by the provision of information or advice, including in particular by way of issuing (or, as it considers appropriate, approving) guidelines, codes of conduct, and model constitutional documents;
- ▶ carry on such activities or **publish** such **information** (including statistical information) concerning charitable organisations and charitable trusts as it considers appropriate, **provide information** (including statistical information) or **advice**, or make proposals, to the Minister on matters relating to the functions of the Regulator.

# Introduction

These Guidelines are issued by the Charities Regulator under section 14 (1) (i) of the Charities Act 2009, to encourage and facilitate the better administration and management of charitable organisations. The Charities Regulator expects charity trustees to have appropriate internal financial controls in place which protect their charity's reputation and encourages public trust and confidence in their charity.

This document is intended to provide support for trustees of small to medium sized charities on developing and implementing internal financial controls within their charity. While the guidelines may also be applicable to larger charities, trustees may need to seek professional advice on appropriate controls in more complex areas. For example, the guidance is not intended to specifically address charities working internationally, overseas aid activities or branches, sustainability objectives (including reserves management), financial abuse (including money laundering risks) or the applicable legal and other requirements relating to charity reporting and accounting.

As trustees are responsible for the overall system of internal control, the onus is on trustees to decide which controls are appropriate to the size, scale and complexity of their charity. Trustees may decide to delegate these tasks to specific trustees (acting on their behalf) or members of staff. Whatever approach is taken, ultimately, trustees are collectively responsible and trustees should design and implement financial controls so that they are proportionate to the charity's activities. This includes due consideration of any conditions or requirements detailed within specific grant funding agreements.

The Charities Regulator expects charity trustees to be able to explain and justify their approach to internal financial controls where there is any departure from the good practice set out in these guidelines.

Internal financial control activities assist charity trustees to:

- ▶ safeguard the charity's assets;
- ▶ administer the charity's financial affairs in a way that proactively identifies and manages risk;
- ▶ help prevent and detect potential fraudulent activity; and
- ▶ monitor and act upon financial reporting, by ensuring that proper books of account are maintained so that timely and relevant financial information can be obtained.

By their nature, internal financial controls reduce, but do not eliminate, the risk of loss. Examples of loss may occur due to human or system error, breach or override of controls, theft and fraud or other events. However, internal controls help trustees prevent and/or detect the risk of any such loss events in a more timely manner. Internal financial controls should also be designed and implemented to help maximise value for money objectives on behalf of the charity.

Practical examples of internal financial controls include:

- ▶ documented financial policies and procedures;
- ▶ clearly defined roles and responsibilities;
- ▶ segregation of duties;
- ▶ reconciliation of transactions;
- ▶ approval hierarchies;
- ▶ financial reporting; and
- ▶ audit trail maintenance and reporting.

The guidance is split into five sections as follows:

- ▶ Income
- ▶ Expenditure
- ▶ Banking (including payments and loans)
- ▶ Assets and investments
- ▶ Monitoring arrangements

Each section includes key control questions, which are intended to serve as a guide for charity trustees and management to develop and implement best practice internal financial controls within their charity.

# 1 Income

## 1.1. What controls should be in place for income?

Charities principally derive their income from fundraising activities, grant funding, “trading activities” (for example, charity shops), donations, legacies and other income. Regardless of the type or source of income, the internal financial controls for income should provide assurance that all income received is:

- ▶ maintained in a secure location;
- ▶ accurately counted and reconciled;
- ▶ banked in a timely manner;
- ▶ accurately recorded in the charity’s accounting system; and
- ▶ regularly checked to ensure accounting records are accurately maintained.

The key control questions below are intended to serve as a guide for charity trustees and management to develop and implement best practice income management controls within their charity. Where weaknesses are noted, the charity’s trustees and management should seek to enhance their internal financial controls in order to align them against best practice and legal requirements (for example, legal obligations or grant funding arrangements).

### 1.1.1. Income (including cash and cheques) received by post or other means of delivery

Income received by post or other means of delivery	Yes / No / N/A	Comment / Action Required?
a) Are income management procedures adequately documented, communicated and approved by trustees, including consideration of segregation of duties?		
b) Does the charity keep unopened mail or delivery in a secure location?		
c) Is incoming post or delivery opened in the presence of two people?		
d) Are all incoming cheques and cash immediately recorded, including by date, funder/donor (where known), and value?		
e) Are receipts/acknowledgements issued for all cash/cheques received (i.e. where known)?		

Income received by post or other means of delivery	Yes / No / N/A	Comment / Action Required?
f) Are incoming cash and cheque receipts banked promptly?		
g) Are funds banked without deduction of expenses?		
h) Where feasible, is there rotation of the staff involved in the receipting and recording of cash and cheques?		
i) Are regular, independent reconciliations performed to ensure cash and cheque income records agree with the bank paying-in books and statements?		
j) Are checks made by someone other than the person who made the entry in the accounting records?		
k) Is adequate insurance held to cover the contents of any safe or cash box held on the charity's premises and cash in transit?		
l) Are secure arrangements in place regarding key(s) or access code(s) for safes or cashboxes used to temporarily hold cash or cheques on the premises overnight?		



### 1.1.2. Income from public collections

Public collections	Yes / No / N/A	Comment / Action Required?
a) Are public collections undertaken in accordance with legal requirements, including obtaining the necessary permits?		
b) Are collection boxes individually numbered and details recorded of whom the box was issued to?		
c) Are all collection boxes sealed with locks or security seals so that it is apparent if they have been opened before they are returned?		
d) Are the staff responsible for custody of the keys to the boxes separated from the staff assigned to collect donations?		
e) Are collections counted in the presence of the collector and a receipt given to him/her? Alternatively, for larger collection events, are two unrelated people involved in counting and recording the income?		
f) Is cash banked as soon as possible and without deduction of expenses?		
g) Are regular, independent reconciliations performed to ensure that public collection income records agree with the bank paying-in books and statements?		
h) Does the charity engage with professional fundraisers for collection activities? If so, are agreements/contracts put in place which clearly state the obligations of both the charity and the professional fundraiser?		

### 1.1.3. Income from events

Events, including ticket income	Yes / No / N/A	Comment / Action Required?
a) Is a master schedule or record of events maintained by the charity, including details of timing, event title, pricing (for ticketed events), total amount collected or received (ticketed events), total amount lodged, date of lodgement and lodgement reference number(s)?		
b) Are all event tickets pre-numbered?		
c) Are detailed records kept of all persons allocated tickets to sell, and which ticket numbers they have been allocated?		
d) Are records kept of which tickets were sold and unsold?		
e) Are receipts issued for all monies returned?		
f) Is there adequate segregation of duties in place for the issuing of tickets, counting of monies returned, recording of tickets returned, and the recording and lodging of monies?		
g) Is an independent reconciliation performed between ticket records, money returned and money lodged for each individual event?		

#### 1.1.4. Trading based income

Trading income (either trading to advance the charity's objects or non-charitable trading):	Yes / No / N/A	Comment / Action Required?
a) Does the charity have a pricing policy for the goods and services supplied?		
b) Does the charity have invoicing procedures for the goods and services supplied?		
c) Does the charity review outstanding debts and collection procedures?		
d) Is the charity in receipt of trading income from the sale of goods through a charity shop?		
e) Are there procedures in place to reconcile cash and electronic point of sale (EPOS) receipts to till records (such as "Z" reads and other reports produced from the till / EPOS system)?		
f) Are income reconciliations performed at the end of a person's shift where they have been involved in the receipt of income?		
g) Are daily income totals reconciled and lodged to the bank on a timely basis?		
h) Are floats issued to persons/employees operating tills and are these floats signed in and out by both the issuer and employee?		
i) Are discrepancies (if any) between actual cash on hand and cash per the till records investigated and are adequate explanations obtained and recorded?		
j) Where applicable, is the charity registered for VAT in respect of trading income and are regular VAT returns submitted to Revenue to ensure the charity is tax compliant? <sup>1</sup>		

<sup>1</sup> See <http://www.revenue.ie/en/tax-professionals/tdm/value-added-tax/part02-accountable-persons/vat-and-charities/accountable-persons-charities.pdf> for additional guidance

### 1.1.5. Grant income

Grantee Checklist	Yes / No / N/A	Comment / Action Required?
a) Is a master record of grants maintained by the charity (including details of funder, total grant amount, timing of payments, date received/receivable and related bank account used to receive the grant income)?		
b) Are grant agreements, which contain terms and conditions of funding, signed by both the charity and the funder?		
c) Are banking arrangements set up to ensure that the receipt of income is easily identifiable and is in line with the stated funding arrangements?		
d) Is all grant income appropriately classified in the accounting system so that it is appropriately reported upon at year end (including in accordance with any stated conditions within funding agreements)?		
e) Is an independent reconciliation performed between grant income records, grant income received and the bank paying-in books and statements?		

### 1.1.6. Gifts and Donations

Charitable Donation Scheme	Yes / No / N/A	Comment / Action Required?
a) Does the charity maximise the allowable tax relief on donations?		
b) Are the applicable 'Enduring Certificates (CHY3 Cert)' or 'Annual Certificates (CHY4 Cert)' obtained from donors?		
c) Are regular checks made to ensure all eligible tax repayments are obtained?		
d) Does the charity keep the records of the eligible tax repayments claimed?		

### 1.1.7. Other Income

Other Income	Yes / No / N/A	Comment / Action Required?
a) Is a master record of other income maintained by the charity (including details of source of income, total amount, timing of payments, date received/ receivable and related bank account used to receive the other income)?		
b) Are banking arrangements set up to ensure that the receipt of other income is easily identifiable and is in line with the stated funding arrangements?		
c) Is all other income appropriately classified in the accounting system so that it is appropriately reported upon at year end (including in accordance with any stated conditions within funding agreements)?		
d) Does the charity have written agreements with funders, detailing the nature and purpose of the other income, which are signed by both the charity and the funder?		
e) Does the charity identify and monitor the receipt of large legacy incomes and ensure that they are correctly included in the accounts?		

### 1.1.8. Income Recognition and Reporting

Income Recognition – Statement of Recommended Practice (SORP)	Yes / No / N/A	Comment / Action Required?
a) Does the charity identify and report upon income in line with its stated income recognition policy and generally accepted accounting principles (including best practice financial reporting where adopted) <sup>2</sup> ?		
b) Does the charity adequately identify, distinguish and report upon unrestricted, restricted & designated income to enable adequate reporting upon both income and reserves?		

## 2 Expenditure

### 2.1. What controls should be in place for expenditure?

The internal financial controls for expenditure should provide assurance that -

- ▶ all expenditure is authorised and a valid expense of the charity;
- ▶ goods or services ordered have actually been received;
- ▶ expenditure is paid from funds within approved budgets;
- ▶ payments are made by authorised approval levels; and
- ▶ all expenditure is –
  - ▷ supported by sufficient documentation to verify the expenditure;
  - ▷ accurately recorded in the charity's accounting system; and
  - ▷ regularly checked to ensure accounting records are accurately maintained.

The key control questions below are intended to serve as a guide for charity trustees and management to develop and implement best practice expenditure management controls within their charity.

Where weaknesses are noted, the charity's trustees and management should seek to enhance the internal financial controls in order to align them with any legal requirements and best practice guidance.



### 2.1.1. General expenditure (Purchase and Payments)

Expenditure (Purchase and Payments)	Yes / No / N/A	Comment / Action Required?
a) Are purchase to payment procedures adequately documented, communicated and approved by trustees (including consideration of end-to-end segregation of duties)?		
b) Do purchasing procedures (or policies) include adequate consideration of value for money principles (for example, obtaining quotations and tendering procedures)?		
c) Are approval limits in place for certain values of expenditure?		
d) Is there a purchase order system in place?		
e) Are purchase invoices date-stamped when received?		
f) Are purchase invoices checked for accuracy, including a comparison against original orders (and, where applicable, records of goods received)?		
g) Once approved, are invoices marked as approved by the budget holder or responsible person and posted to the relevant nominal ledger code?		
h) Are payment runs prepared on a scheduled basis and subject to independent review and authorisation?		
i) Are dual signatories required to approve all invoice payments?		
j) Are regular checks made to ensure there are no discrepancies between the payments made and the original invoice or payment records?		
k) Are regular checks made to ensure that expenditure records are accurate and agree with bank statements?		

Expenditure (Purchase and Payments)	Yes / No / N/A	Comment / Action Required?
l) Are checks performed by someone other than the person who made the entry in the accounting records?		
m) Are supplier reconciliations carried out regularly?		
n) Are budgets versus actual expenditure monitored on a regular basis with appropriate follow up and understanding of any material variances?		
o) Do the statutory accounts adequately disclose details of expenditure (including disclosure of any related party transactions) in accordance with generally accepted accounting principles?		

### 2.1.2. Wages and Salaries

Wages and Salaries	Yes / No / N/A	Comment / Action Required?
a) Are payroll procedures adequately documented, communicated and approved by trustees (including consideration of end-to-end segregation of duties)?		
b) Are salary levels properly authorised and recorded?		
c) Are contracts of employment in place for all individuals who are processed by the charity's payroll?		
d) Are personnel records maintained for all individuals who are processed via the charity payroll? Are these records held separately from wages records?		
e) Does the charity process its payroll using a software package?		
f) Is there a system of authorisation for recording and notifying starters and leavers, changes to gross pay or any other payroll changes (including any deductions or pension arrangements)?		

Wages and Salaries	Yes / No / N/A	Comment / Action Required?
g) Are statutory tax deductions (PAYE, USC and PRSI) made from wages and salaries and regularly forwarded to Revenue?		
h) Are independent checks performed on all payroll processing, including payroll reports?		
i) Is there segregation of duties between the payroll preparer and the person authorising the payroll payment ?		
j) Are dual signatories required to approve the payroll payment?		
k) Are payslips provided in a secure manner to all employees in receipt of wages/ salaries?		
l) Are the end-of-year returns completed and filed with Revenue in a timely manner?		
m) Do the statutory accounts adequately disclose details of wages and salaries (including consideration of any related party payments and/or other benefits) in accordance with generally accepted accounting principles?		
n) Are checks performed to ensure that any such payments are in accordance with the constitution of the charity and/or the conditions of taxable status?		

### 2.1.3. Travel and Subsistence Expenses

	Yes / No / N/A	Comment / Action Required?
<p>a) Does the charity have a written policy in place, approved by the trustees, which covers the following minimum items:</p> <ul style="list-style-type: none"> <li>- Who is entitled to claim expenses;</li> <li>- What expenses may be eligible for payment;</li> <li>- The timeframe for submission of expenses;</li> <li>- Any rates or limits on payments, for example, subsistence allowances or mileage rates;</li> <li>- The procedure for submitting expense claims, including requirements for the use of standardised claim forms;</li> <li>- What supporting documentation is required to validate expense claims submitted, for example, receipts;</li> <li>- Any insurance requirements, for example, motor insurance;</li> <li>- Authorisation levels;</li> <li>- Methods of payment, excluding the use of any cash payments;</li> <li>- Responsibility for processing claims and what records must be maintained;</li> <li>- Frequency of review of the policy.</li> </ul>		
b) Is the policy communicated to all trustees, staff and volunteers?		
c) Is the policy regularly updated by the charity and approved by the trustees?		
d) Are travel and subsistence costs incurred in line with budgeted expenditure and subject to pre-approval where necessary?		

	Yes / No / N/A	Comment / Action Required?
e) Are expenses reimbursed only where the individual incurred the expense in the course of carrying out the charity's business?		
f) Are standardised expense claim forms used by the charity, which record <sup>3</sup> the following: <ul style="list-style-type: none"> <li>- Name and address of the director or employee;</li> <li>- Date of the journey/expense;</li> <li>- Reason for the journey/expense;</li> <li>- Amount claimed;</li> <li>- Kilometres involved;</li> <li>- Starting point, destination and finishing point of the journey;</li> <li>- Basis for the reimbursement of travel and subsistence expenses, for example, where a worker needs an overnight stay away from home</li> </ul> <p><b>Note:</b> all records must be kept for six years after the end of the tax year to which the records relate.</p>		
g) Where actual expenses are reimbursed, does the charity maintain all receipts?		
h) If the charity pays mileage and subsistence rates for travel, are the rates in accordance with Revenue approved rates?		
i) Does the expense claim include a self-declaration that the claim is accurate and incurred on the business of the charity?		
j) Are all expense claims subject to independent checks and approval, including any CEO and/or trustee expenses?		
k) Are dual signatories required to approve all such payments?		

<sup>3</sup> See <http://www.revenue.ie/en/employing-people/employee-expenses/travel-and-subsistence/index.aspx> for additional guidance.

#### 2.1.4. Debit Card / Credit Card Payments

Debit Card / Credit Card Payments	Yes / No / N/A	Comment / Action Required?
a) Does the charity have debit cards/credit cards in use?		
b) Does the charity have a policy for the use of payment cards, including criteria for their issue, spending limits and security?		
c) Does the charity communicate the policy for the use of cards to all trustees and staff using them?		
d) Are cards cancelled when the holder ceases to work for the charity?		
e) Are travel and subsistence costs incurred in line with budgeted expenditure and subject to pre-approval where necessary?		
f) Is all card expenditure supported by vouchers and invoices and recorded in the accounting records each time the card is used?		
g) Are card statements sent to the responsible charity department and independently checked against supporting records and invoices?		
h) Is expenditure incurred by way of debit/credit cards subject to adequate levels of financial monitoring and reporting?		
i) Is the cardholder's use of the card independently reviewed on a periodic basis to confirm its use is consistent with the policy?		

# 3 Banking (including payments and loans)

## 3.1. What controls should be in place for banking (including payments and loans)?

The internal financial controls for banking should provide assurance that:

- ▶ bank accounts and cash are secure;
- ▶ cash in transit is insured;
- ▶ bank accounts and cash are accurately counted and reconciled;
- ▶ bank accounts and cash are accurately recorded in the charity's accounting system; and
- ▶ bank accounts and cash are used solely for the charity's stated purpose.

The key control questions below are intended to serve as a guide for charity trustees and management to develop and implement best practice banking controls within their charity.

Where weaknesses are noted, the charity's trustees and management should seek to enhance the internal financial controls in order to align them against any legal requirements and best practice guidance.

### 3.1.1. Banking and Cash

Controls over Banking and Cash	Yes / No / N/A	Comment / Action Required?
a) Are bank and cash procedures adequately documented, communicated and approved by trustees (including consideration of end-to-end segregation of duties)?		
b) Do procedures clearly state who is authorised to open or close bank accounts on behalf of the charity?		
c) Are instructions to open or close accounts properly authorised and reported to trustees?		
d) Are checks made to ensure there are no dormant accounts?		



Controls over Banking and Cash	Yes / No / N/A	Comment / Action Required?
e) Are the accounts monitored to ensure there is no third party use?		
f) Do the trustees regularly review the costs, benefits and risks of their current and deposit accounts?		
g) Are incoming receipts banked promptly?		
h) Is cash which is held onsite at the charity's premises kept in a safe/cash box?		
i) Is all cash in the safe arranged by denomination, appropriately sealed, and the amount labelled on each bundle?		
j) Is insurance held to cover the contents of the safe or cash box and cash in transit to the bank?		
k) Does the total cash count reconcile with the recorded total in the cashbook, the cash journal and in the daily cash position register?		
l) Are funds banked without deduction of expenses?		
m) Are bank reconciliations prepared at least monthly for all accounts?		
n) Is there a second reviewer of the bank reconciliations?		
o) Are discrepancies in bank reconciliations recorded and subsequently resolved?		
p) Are direct debits, standing orders, transfers and cheque payments reviewed on at least a monthly basis for correctness?		
q) Are trustees provided with regular financial reporting and updates on the available cash balance of the charity?		

Controls over Banking and Cash	Yes / No / N/A	Comment / Action Required?
r) Is a list maintained of all bank accounts held by the charity?		
s) Are updated bank mandates maintained of all bank accounts and credit cards held?		

### 3.1.2. Cheque Payments

Cheque Payments	Yes / No / N/A	Comment / Action Required?
a) Is there a documented policy in place relating to cheque payments?		
b) Is there documented delegated authority in place about who can sign cheques on behalf of the charity?		
c) Do the delegated signatories agree to the bank mandate?		
d) Does the bank mandate require at least two signatories?		
e) Is there a practice in place to ensure blank cheques are not signed?		
f) Are cheque books etc. kept in a secure place with access restricted to nominated people?		
g) Are any monetary limits placed on an individual signing cheques, consistent with documented procedures?		
h) Is all cheque expenditure recorded in the cash book and noted with the relevant cheque number, nature of payment and payee?		
i) Is all cheque expenditure outstanding recorded in the bank reconciliations?		
j) Are cheques signed only with documentary evidence of the nature of the payment, e.g. invoice?		

### 3.1.3. Direct Debits, Standing Orders and automated payments

Direct Debits, Standing Orders and automated payments	Yes / No / N/A	Comment / Action Required?
a) Are procedures documented for all areas of online banking use and the use of direct debits, standing orders etc.?		
b) Is the online banking set up consistent with the documented procedures?		
c) Is online banking access restricted to those who require it?		
d) Is there a listing of everyone (trustees and staff) who have approved access to online banking and the authorisation of any electronic based payments?		
e) Is the principle of dual authorisation applied to all changes associated with electronic based payment processing (for example, changes to supplier bank account details, changes to direct debits, approval of actual payments)?		
f) Does the charity monitor the arrangements to ensure that automatic payment arrangements are cancelled when the goods and services are no longer being supplied to the charity?		
g) Are PCs and other ICT devices of the charity kept secure with up-to-date anti-virus and spyware software and a personal firewall?		
h) Are trustees and staff made aware of the need to ensure that the charity's security details (including the password and PIN, where used) are not compromised?		
i) Is the use of any PIN and password regularly changed, for example to mitigate the risks of compromising security when individuals leave the charity?		
j) Are online bank logins and passwords updated in a timely manner when individuals leave the charity?		

Direct Debits, Standing Orders and automated payments	Yes / No / N/A	Comment / Action Required?
k) Does the charity keep an audit trail of electronic banking transactions?		
l) Have those using online banking facilities been trained in their use?		

### 3.1.4. Cash Payments (if any)

Cash Payments	Yes / No / N/A	Comment / Action Required?
a) Is every effort made to prohibit and/or minimise cash payments?		
b) Where petty cash is maintained, is there a petty cash policy in place?		
c) Is petty cash stored in a safe location?		
d) Is there a designated authority in respect of who can access petty cash?		
e) Are all cash payments made from a petty cash float and not from incoming cash?		
f) Are receipts received and maintained for petty cash expenses?		
g) Is supporting documentation authorised by someone other than the person maintaining the petty cash or the person making the claim?		
h) Are regular petty cash reconciliations carried out?		
i) Are details of all payments entered in a petty cash book?		
j) Is there a designated authority in respect of who can top-up petty cash?		
k) Are regular independent checks made of the petty cash float and records held?		

### 3.1.5. Banking and payment procedures: Restricted or endowment funds

Restricted funds and endowment funds	Yes / No / N/A	Comment / Action Required?
a) Is the charity in receipt of restricted funds or endowment funds?		
b) Are procedures in place to ensure that any restrictions put on the use of funds, by the trustees, donors or through an appeal, are observed through banking and payment procedures?		
c) Are separate codes set up within the charity's financial system to ensure that restricted and/or endowment funds are clearly distinguishable for financial and statutory reporting purposes?		
d) Are any movements on such funds subject to the principle of minimum dual authorisation?		

### 3.1.6. Loans

Loans	Yes / No / N/A	Comment / Action Required?
a) Does the charity maintain a listing of all loan accounts in existence?		
b) Are all loan arrangements supported by written agreements?		
c) Does the charity maintain details of repayment plans in place to repay the principal and any interest due?		
d) Are all loan accounts subject to regular, independent reconciliation?		
e) Are all loan arrangements (including related party loans) subject to adequate levels of financial monitoring and reporting?		
f) Do the statutory accounts adequately disclose details of all loan arrangements, including any related party loans (for example, made to/from trustees, management of the charity)?		

# 4 Assets and Investments

## 4.1. What controls should be in place for Assets and Investments?

The internal financial controls for assets (primarily fixed assets and stock within this guidance) and investments should provide assurance that assets:

- ▶ can be identified;
- ▶ are secure;
- ▶ are adequately insured;
- ▶ are accurately counted and reconciled and recorded;
- ▶ are accurately recorded in the charity's accounting system; and
- ▶ are used solely for the charity's stated purpose.

The questions in the checklist below are designed to assist charity trustees, charity management and advisers evaluate processes against legal requirements and best practice recommendations.

Where weaknesses are noted, the charity's trustees and management should seek to enhance the internal financial controls in order to align them against any legal requirements and best practice guidance.

### 4.1.1. Fixed Assets

Controls over Fixed Assets	Yes / No / N/A	Comment / Action Required?
a) Is there a fixed asset policy in place?		
b) Is a comprehensive fixed asset register maintained and updated regularly for additions and disposals?		
c) Is the fixed asset register reconciled to the charity's accounts on a periodic basis?		
d) Is there a financial threshold in place for the capitalisation of expenditure as a fixed asset?		



Controls over Fixed Assets	Yes / No / N/A	Comment / Action Required?
e) Are fixed asset reviews carried out to check for existence and condition on a periodic basis?		
f) Where practicable, does the charity physically tag assets to assist in the tracking and overall management of fixed assets?		
g) Are fixed asset disposals subject to formal review and approval (including the secure disposal of any ICT equipment)?		
h) Are motor vehicles used and managed in accordance with Revenue guidelines (for example, use of pooled vehicles)?		
i) Is the use of fixed assets reviewed annually (to ensure they are put to best use and are serving the charity's interests)?		
j) Are adequate insurance arrangements in place for all types of fixed assets?		
k) Are fixed assets depreciated in accordance with the charity policy?		
l) Do the statutory accounts adequately disclose details of all asset classes held by the charity (including accounting policy, cost/valuation, depreciation, net book value and any related party considerations)?		

#### 4.1.2. Stock

Controls over Stock	Yes / No / N/A	Comment / Action Required?
a) Is a list of stock maintained by the charity to record and identify stock values and location?		
b) Are goods received (including donated goods) subject to formal checks and recording?		
c) Where practicable, is there adequate segregation of duties between receiving, issuing, recording and safeguarding of stock?		
d) Are goods held in a secure location?		
e) Are periodic checks performed on the existence and condition of stock?		
f) Are material stocks subject to periodic and/or year-end stock counts and valuation across all location(s)?		

#### 4.1.3. Investments

Investments	Yes / No / N/A	Comment / Action Required?
a) Does the charity have an approved investment policy?		
b) Where investments are held, are all investments supported by written agreements so that the title is clearly known?		
c) Is the performance of investments regularly reviewed?		
g) Is professional advice taken, where appropriate, on the selection or disposal of investments?		
e) Are all investment accounts appropriately accounted for, reconciled and independently reviewed for the purpose of financial and statutory year end reporting?		

## 5 Monitoring arrangements

In addition to considering controls aimed at managing the individual areas outlined above, trustees should develop and implement controls which provide them with assurance that there is a robust system for managing financial risk within the charity. Monitoring of financial activities is fundamental to this objective and also helps trustees meet an important part of their governance obligations on an ongoing basis.

### 5.1.1 Monitoring arrangements

Monitoring arrangements	Yes / No / N/A	Comment / Action Required?
a) Does the charity have an approved financial budget in place prior to each financial year?		
b) Do the trustees <sup>4</sup> receive financial reporting at each trustee meeting, which details the financial performance and position of the charity?		
c) Does the financial reporting information include reporting upon: <ul style="list-style-type: none"> <li>- the latest management accounts;</li> <li>- a comparison of budget vs actual financial results;</li> <li>- explanations for variances between budgeted and actual financial results; and</li> <li>- details of cash movements, including closing bank, investment and loan balances.</li> </ul>		
d) Do the trustees carry out an annual review of internal financial controls?		

<sup>4</sup> May be delegated to a Board sub-committee (for example, audit or finance) under specific terms of reference

Monitoring arrangements	Yes / No / N/A	Comment / Action Required?
e) Subject to size, scale and complexity, does the charity maintain an audit committee (under specific terms of reference) to manage the relationship with the external auditor?		
f) Subject to size, scale and complexity, does the charity have an internal audit function, which reports to the audit committee?		
g) Are the statutory accounts formally approved by the trustees at an annual meeting?		
h) Do the trustees file the annual report on time with the relevant bodies (including their annual reporting requirements to the Charities Regulator)?		

## 6 Additional References

### **Guidance documents:**

A suite of guidance documents on a number of relevant topics for charities is currently being developed by the Charities Regulator. These guidance documents will be available on the Charities Regulator's website [www.charitiesregulator.ie](http://www.charitiesregulator.ie)

### **Link to guidance re annual reporting requirements:**

<https://www.charitiesregulatoryauthority.ie/en/CRA/Annual%20Reporting%20User%20Guide%2026%2008%202016.pdf/Files/Annual%20Reporting%20User%20Guide%2026%2008%202016.pdf>

### **Link to Revenue section for charities:**

<http://www.revenue.ie/en/companies-and-charities/charities-and-sports-bodies/index.aspx>

### **Link to CRO/ODCE for reporting requirements for companies**

<https://www.cro.ie/Annual-Return/Overview>  
<http://www.odce.ie/en-gb/faq/annualfinancialstatements.aspx>

### **Link to legislation re collection permits**

<http://www.irishstatutebook.ie/eli/1962/si/134/made/en/print>

### **Link to sorp.org:**

<http://www.charitycorp.org/>



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Charities Regulator  
3 Georges Dock  
IFSC  
Dublin 1  
D01 X5X0  
Telephone: 01 633 1500

**[www.charitiesregulatoryauthority.ie](http://www.charitiesregulatoryauthority.ie)**

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## APPENDIX 6

### CONTROL ACTIVITIES

The following tables set out some of the control activities which are special to charities. The tables are not intended to be comprehensive: there may be other control activities which will be relevant to a particular charity's activities and control activities which are of general application (such as segregation of duties or physical security of tangible assets) which are not included in the examples given below. The nature and extent of the control activities will clearly depend on the size of the charity.

**Table 1: cash donations**

<i>Source</i>	<i>Examples of controls</i>
Collecting boxes and tins	<ul style="list-style-type: none"> <li>numerical control over boxes and tins</li> <li>satisfactory sealing of boxes and tins so that any opening prior to recording cash is apparent</li> <li>regular collection and recording of proceeds from collecting boxes</li> <li>dual control over counting and recording of proceeds</li> <li>public collections are undertaken within legal requirements for public collections</li> </ul>
Other cash receipts	<ul style="list-style-type: none"> <li>clear directions to staff on how to handle cash donations</li> <li>advice to donors on where to make donations securely</li> </ul>
Postal receipts	<ul style="list-style-type: none"> <li>unopened mail kept securely</li> <li>dual control over the opening of mail</li> <li>immediate recording of donations on opening of mail or receipt</li> <li>agreement of bank paying-in slips to record of receipts by an independent person</li> <li>rotation of post opening staff</li> </ul>
Receipts over the internet	<ul style="list-style-type: none"> <li>sending a confirmation of receipt to the donor</li> <li>controls over the writing up of daybooks</li> </ul>
Text giving	<ul style="list-style-type: none"> <li>IT controls to ensure texts received are processed correctly with a full audit trail maintained</li> </ul>

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Table 2: other donations

Source	Examples of controls
Gift aid	<ul style="list-style-type: none"> <li>• establish procedures to ensure donations are initially recorded correctly with tax compliance issues being met</li> <li>• regular checks and follow-up procedures to ensure due amounts are received</li> <li>• regular checks to ensure all tax repayments have been obtained</li> <li>• structured archive system in place to ensure documentation is retained for 7 years</li> <li>• procedures for the sale of donated goods on behalf of donors where gift aid is to be claimed on the sale proceeds.</li> </ul>
Legacies	<ul style="list-style-type: none"> <li>• comprehensive correspondence files maintained in respect of each legacy, and numerically controlled searches of agency reports of legacies receivable</li> <li>• regular reports and follow-up procedures undertaken in respect of outstanding legacies</li> <li>• security of chattels received as legacies and procedures to establish their value and proper realisation</li> </ul>
Donations in kind/ donated services	<ul style="list-style-type: none"> <li>• in case of charity shops, separation of recording, storage and sale of stock</li> <li>• immediate recording of donated assets for use by the charity</li> <li>• procedures for recording donated services</li> <li>• logging of donated goods for distribution received which are only recognised in the accounts when distributed.</li> </ul>



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**Table 3: other income**

<i>Source</i>	<i>Examples of controls</i>
Fund-raising activities	<ul style="list-style-type: none"> <li>• records maintained for each fund-raising event</li> <li>• other controls maintained over receipts appropriate to the type of activity and receipt (as set out in tables 1 and 2)</li> <li>• prenumbered tickets for ticket income</li> <li>• controls maintained over expenses as for administrative expenses</li> <li>• reconciliation of financial aspects of the fundraising database to the general ledger</li> </ul>
Grants and loans, including those from government bodies	<ul style="list-style-type: none"> <li>• regular checks that all sources of income or funds are fully utilised and appropriate claims made</li> <li>• ensuring income or funds are correctly applied in accordance with the terms of the grant or loan</li> <li>• comprehensive records of applications made and follow-up procedures for those not discharged</li> <li>• appropriate controls procedures if stipulated by the funding agreement</li> </ul>

**Table 4: fixed assets**

<i>Source</i>	<i>Examples of controls</i>
Existence of assets	<ul style="list-style-type: none"> <li>• a register of fixed assets, including donated assets</li> </ul>
Valuation	<ul style="list-style-type: none"> <li>• donated tangible fixed assets recorded at their current value at the date of the gift and then depreciated in line with other assets</li> <li>• donated fixed asset investments recorded at their marketable value at the time of the gift</li> </ul>

**Table 5: use of funds**

	<i>Examples of controls</i>
Restricted funds	<ul style="list-style-type: none"> <li>records maintained to identify relevant income, expenditure and assets</li> <li>appropriate allocation of income generated by restricted funds</li> <li>terms controlling application of funds</li> <li>oversight of application of fund monies by independent personnel or trustees</li> </ul>
Grants to beneficiaries	<ul style="list-style-type: none"> <li>records maintained, as appropriate, of requests for material grants received not paid to beneficiaries and their treatment</li> <li>appropriate checks made on applications and applicants for grants, and that amounts paid are intra vires</li> <li>records maintained of all grant decisions, checking that proper authority exists, that adequate documentation is presented to decision-making meetings, and that any conflicts of interest are recorded</li> <li>controls to ensure grants made are properly spent by the recipient for the specified purpose, for example requirements for returns with supporting documentation or auditor's reports concerning expenditure, or monitoring visits.</li> </ul>
Related party transactions	<ul style="list-style-type: none"> <li>annual declarations of interests received from all trustees</li> <li>Register of interests maintained</li> </ul>

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**Table 6: Branch operations**

Location	
Head office	<ul style="list-style-type: none"> <li>• regular reports or returns to the charity's head office by any branch, office or individual representative of the charity, checks to ensure that all these are received, and a mechanism for monitoring branch activities, for example by comparison of expenditure to budget</li> <li>• prompt investigation of any report of the misuse of the charity's name</li> <li>• proper acknowledgements of remittances to and from abroad</li> <li>• clarity of instructions and guidelines as to receipt and transfer of income to identify the point at which it belongs to the main charity</li> <li>• controls over recruitment and appointment of staff to run branch operations</li> <li>• controls regarding the opening of bank accounts and the transfer of funds between bank accounts</li> <li>• defined authorisation limits and responsibilities for local staff in ordering and paying for goods and services</li> <li>• if the amounts involved are material, periodic checks by internal audit or head office personnel.</li> </ul>
Branch	<ul style="list-style-type: none"> <li>• internal controls of equivalent standard to those of the main charity in any branch where the trustees of the charity have direct control</li> <li>• existence of an accounts manual and the standardisation of procedures at all branches</li> <li>• proper acknowledgements of remittances to and from abroad</li> <li>• retention of documents for local inspection (for example at overseas locations if local law requires this) or for periodic transmission to the head office, and</li> <li>• in the case of overseas branches, controls over treasury operations, for example to ensure that unspent cash balances are held in hard currencies and in secure holdings where the overseas economy is inflationary and conditions are unstable.</li> </ul>