



The CPD Fest 2020

Charity Reporting and Auditing in a Covid World

Presenter:

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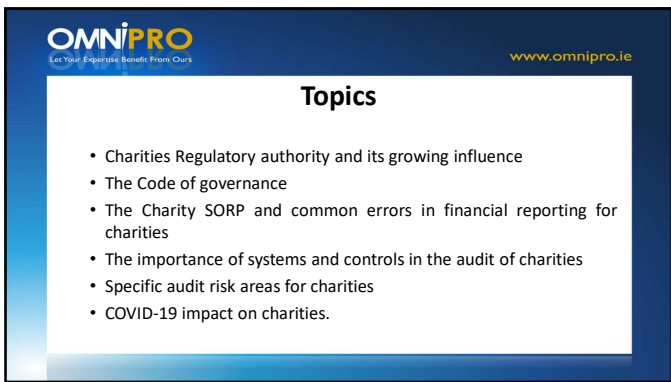
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Charities Regulatory Authority

- 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
- 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
- December 2019- Inspectors report- Galway University Foundation

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The Growing Influence and Impact of the CRA

- 319 Concerns received in 2016
- 561 Concerns received in 2017
- 686 Concerns received in 2018
- 649 Concerns received in 2019

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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%

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Some issues raised by CRA inspectors

- Use of monies on long distance taxi journeys is not consistent with value for money considerations.
- Charitable funds used on business class flights and 4/5 star accommodation.
- Mileage/overnight rates in excess of revenue guidelines.
- Spousal travel incurred by the charity
- Spending incurred by the charity on tickets to sports events
- No credit card policies in place. Too much autonomy on the part of the holder.
- No backup for expense claims.
- Lack of transparency showing the underlying purpose of expenditure.

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Some issues raised by CRA inspectors

- Charitable funds were used to support the individual political campaign of the founder.
- Inadequate and inappropriate controls were applied to the use of charity credit cards, including personal expenditure and cash withdrawals. €51k (35% of CC spending) not vouched.
- Absence of documented internal controls guidance specific to credit card usage. Absence of meaningful independent review by the board of credit card spending. Holder had too much autonomy.
- Auditor did not formally communicate weaknesses in mgt letter.
- No agreement in place for payments to third party charity. Not disclosed as related party transaction.
- Single authorisation and approval of bank transfers.

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Some issues raised by CRA inspectors

- Salary paid to trustees contrary to stated position.
- Lack of transparency regarding payments made to trustees. Board not made aware.
- Weaknesses in financial governance. Management accounts/budgets not prepared.
- Error in pension arrangements resulting in the charity paying the employee and employer contributions.
- Weakness in controls over travel and expenses. Lack of review. Lack of details. Personal expenditure on credit card for alcohol/supermarkets.
- Practice of signing blank cheques.
- CEO salary not appropriately benchmarked. CEO not formally appraised

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Charities Governance Code

- The minimum standard that charities should meet to effectively manage their charity.
- Promotes good governance
- 2019- Year of learning
- 2020- Year of compliance
- 2021- year of reporting

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Six principles of the code

- Advancing charitable purpose
- Behaving with integrity
- Leading people
- Exercising control
- Working effectively
- Being accountable and transparent

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Application of the code

- Code is for charity trustees and is written with volunteer only/ small staff charities in mind.
- Designed to help charities meet their legal duties and comply with rules.
- CRA online toolkit
- Charities are expected to meet the core principles that apply to them.
- More complex charities should meet the additional standards.
- How can you apply this to charity audits?

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Reporting compliance

- Declare compliance status at the same date as filing annual report
 - Fully compliant
 - Partially compliant
 - Have not started implementing
- Review of completed compliance reports
- New compliance record each year

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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

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- Financial statement disclosure requirements (Circular 13/2014)

• 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	

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Government Agency Requirements

Grants and Grant Expenditure

- Tailored Testing
- Service Level Agreement
- Grant Contract
- Specific transaction and substantive testing
- Classification
- Nature of expenditure

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Application of SORP FRS 102

- SORP FRS 102
- Directors / Trustees Report – drives reporting – simple V complex
- Restricted V unrestricted funds
- Accounting Policy Tailoring
- Notes
- Auditing disclosures
- Accounts Production Software

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Application of SORP FRS 102

- S4.32 of Charities SORP – Income recognition - Only include grants received of a general nature provided, split by government and charitable foundations which are not conditional on delivering certain levels or volumes of service or supply of charitable goods
- 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

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Accounting Issues for Charities

- Abridged Financials for small charities
 - Are they permitted to use this get out under grant providers agreement?
- Accounting for legacies
- Accounting for donations – Goods & services
- Accounting for grants (FRS 102 vs FRS 102 SORP)

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Accounting Issues for Charities

- Fund accounting – SORP specific
 - Restricted funds
 - Unrestricted = designated or general funds
 - Endowment funds
- Accounting for financial instruments
 - General
 - Public benefit concessionary loan get out/programme related loans

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Accounting Issues for Charities

- Impairment requirements - service potential
- Accounting for mergers
- Accounting for revaluations on PPE/heritage assets
- Accounting for investment property
- Accounting for listed shares/complex financial instruments

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Common Errors Noted in Financial Statements

- 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

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Common errors noted in financial statements

- 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.

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Documenting Systems and Controls

- Why?
- ISA 315
- ISA 265
- ISA 500
- Completeness of Income
- Efficiency?
- Risk Response?

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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

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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

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Audit Execution - Completeness of Income

- All testing performed and results of that testing in conjunction with any points brought forward from the previous years file.
- All of the systems and information systems of the company documented in full at the planning stage of the audit with a specific focus on the donations, income and fundraising aspects of the system.
- 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.

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Audit Execution - Completeness of Income

- 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.

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ISA 240 - The Auditors Responsibilities Relating to Fraud in an Audit of Financial Statements

- 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

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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

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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

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ISA 315 Identifying and Assessing the Risks of Material Misstatement

- 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

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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?

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The Audit of Expenditure

- Analytical Review
- Are salaries in line with HSE guidance?
- Validity of expenditure
- Controls
- Transaction testing

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What is Restricted and What is Unrestricted

- Restricted income/fund
 - income received of any kind where the donor has specifically included a condition that the funds/legacies/gift provided must be used for a specific purpose
- Unrestricted
 - where no condition attached to the gift etc. other than it be used for the charitable purpose
 - **Note** designated funds go within the unrestricted fund column

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Restricted and Unrestricted

Restricted

- If the donor merely expresses a form of non-binding preference as to use of the funds then they are not restricted
- If fundraising carried out and it is stated that the funds will be used for a specific purposes then this would be restricted
- Where capital grant received toward cost of building etc. need to assess if it is given for a specific premises which is to be used for a specific purpose within charity or if it can be used generally for charity
 - If can be used generally then once building is constructed it can be moved from restricted to unrestricted
 - If it is for specific purpose then needs to be kept in restricted and depreciation each year on building to be included in restricted expenses

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Restricted and Unrestricted

- What do Charities need to do and Auditors watch for:
 - Review funds in existence at start of comparative year when SORP accounts first prepared to ascertain whether they are restricted, unrestricted or endowment funds
 - Then classify the income and expenses accordingly in the SOFA

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Charity Risk Issues

- Income
- Completeness of Income
- Cash donations
- Legacies
- Contractual income
- Grants
- Government funding
- Fundraising

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Charity Risk Issues

<ul style="list-style-type: none">• Supervision of staff• Involvement in key decision making• Roles and responsibilities• Segregation of duties• Competence• Financial reporting structures• Committee structure• Budgetary controls• Physical controls	<ul style="list-style-type: none">• Grants receivable and compliance with conditions• Property & Heritage Asset• Impairments & Valuations• Title• Going Concern• Gifts• Donated services• Control environment• Skills and qualifications of the directors• Independence of directors• Relationships and connections between directors and trustees
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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;

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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?

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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?

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Q&A

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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.

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Why OmniPro

How We Do That –

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- We work out what accountants want and need
- We find the best solution for accountants in any given situation

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Why OmniPro

What We Do -

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

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- audit & financial reporting;
- professional regulation and disciplinary defence.

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An Rialálaí
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Charities
Regulator

Charities Governance Code

Legal Disclaimer

This governance code is 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. It is intended to provide support to charity trustees to meet their legal duties, by putting in place systems and processes which focus on advancing the charitable purpose and providing a public benefit and ensuring charities are managed in an effective, efficient, accountable and transparent way.

It is not, nor is it intended to be, a definitive statement of the law and it does not constitute legal advice. Charity trustees are recommended to obtain their own legal advice where necessary. The Charities Regulator accepts no responsibility or liability for any errors, inaccuracies or omissions in this governance code.

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**This Charities Governance Code explains
the minimum standards you should meet to
effectively manage and control your charity.**

About the Charities Governance Code

This Charities Governance Code explains the minimum standards you should meet to effectively manage and control your charity. Good governance involves putting in place systems and processes to ensure that your charity achieves its charitable objectives with integrity and is managed in an effective, efficient, accountable and transparent way.

We have included a glossary of terms we use in this guide on pages 28 to 36.

We refer to this Charities Governance Code as the 'Code' in this document.

What is the Code?

The Charities Governance Code is:

- six principles of governance which all charities should apply;
- core standards that we expect all charities to meet when putting the principles into action; and
- additional standards that reflect best practice for charities with high levels of income and/or complex organisational and funding structures and/or significant numbers of employees.

We wrote the Code with volunteer-only charities and charities with a small number of paid staff in mind, as this reflects the reality of the charity sector in Ireland where these two groups make up the majority of registered charities.

Additional governance standards have been included which we expect more complex charities to meet.

For these reasons, the Code is relevant for every charity operating in Ireland.

Who is the Code for?

This document is for charity trustees. The term 'charity trustee' can include:

- committee members;
- council members;
- board members; or
- directors of a charity.

By law, charity trustees have individual and joint responsibility for what happens within their charity. This means that if their charity does not meet its legal duties, they are responsible both as individuals and together as a board, committee, council or other core group (referred to in this Code as the 'board').

Why did we write the Code?

In March 2017, the Charities Regulator set up a Consultative Panel on the Governance of Charitable Organisations. The Panel's report¹ was published in May 2018 and made 10 proposals including:

- There should be a new Governance Code for charities issued by the Charities Regulator to facilitate the better administration, management and governance of charitable organisations;
- The new Governance Code should be principles-based and should operate on a 'comply or explain' basis;
- The new Governance Code should be proportionate.

This Code will help charity trustees meet their legal duties under charity law.

The Charities Regulator is aware that some charities must also comply with other rules and codes specific to their area of work. This Code specifically aims to help charity trustees to put good governance systems and processes in place, which will assist them in meeting their legal duties under charity law. (See Legal duties on page 10).

1 'Report of the Consultative Panel on the Governance of Charitable Organisations' - available from: <https://www.charitiesregulator.ie/media/1389/report-of-the-consultative-panel-may-2018.pdf>

How should you use the Code?

You should read this Code and be familiar with its six principles and its standards – core and additional. You then need to comply with the Code by deciding:

- what actions you will take to meet each core standard; and
- what evidence you will keep to show that you have met the standard.

To make it easy for you to give us this information, we have included at the end of this document the ‘Charities Governance Code Compliance Record Form’ also referred to as the ‘Compliance Record Form’ in this Code. A version that you can edit is also available on our website².

We expect all charities to meet all of the core standards set out in this Code, unless a particular core standard does not apply to a particular charity. For example, if you are a volunteer-only charity you cannot meet core standards that apply to charities that employ staff.

We expect more complex charities to meet both the core and the additional standards set out in this Code. Each charity should decide for itself whether their charity should meet the additional standards and base this decision on indicators such as:

- your charity’s income;
- the number of employees you have; and
- the complexity of your activities including things like,
 - working with vulnerable people,
 - operating overseas, or
 - having large numbers of volunteers.

Some charities, regardless of their complexity, may also decide to meet some or all of the additional standards if they have the organisational capacity to do so.

2 The ‘Charities Governance Code Compliance Record Form’ can be downloaded from our website - www.charitiesregulator.ie

Showing how well you are complying with the Code

Every charity must provide an annual report to the Charities Regulator. As part of your annual report, you must indicate whether or not your charity complies with the Code. If your charity is not complying with the Code, we will ask you to explain why. Valid reasons for non-compliance may include:

- Your charity is in the process of winding up.
- Your charity is newly established and needs more time to fully comply.

How to report compliance

To comply with the Code, you must complete the Compliance Record Form (included at the end of this document and on our website) every year. On the form, you need to identify the actions you took in the year to meet each standard.

You must keep this Compliance Record Form as the Charities Regulator could ask you for it at any time.

We know that every charity is unique. For this reason, the language we use in each standard is broad so that you can choose how your charity meets the standards to suit your charity's specific circumstances.

Example

The use of the phrases 'regularly' and 'from time to time' allows your board of charity trustees to discuss, agree and document what time period is appropriate for your charity, in terms of size, income and structure.

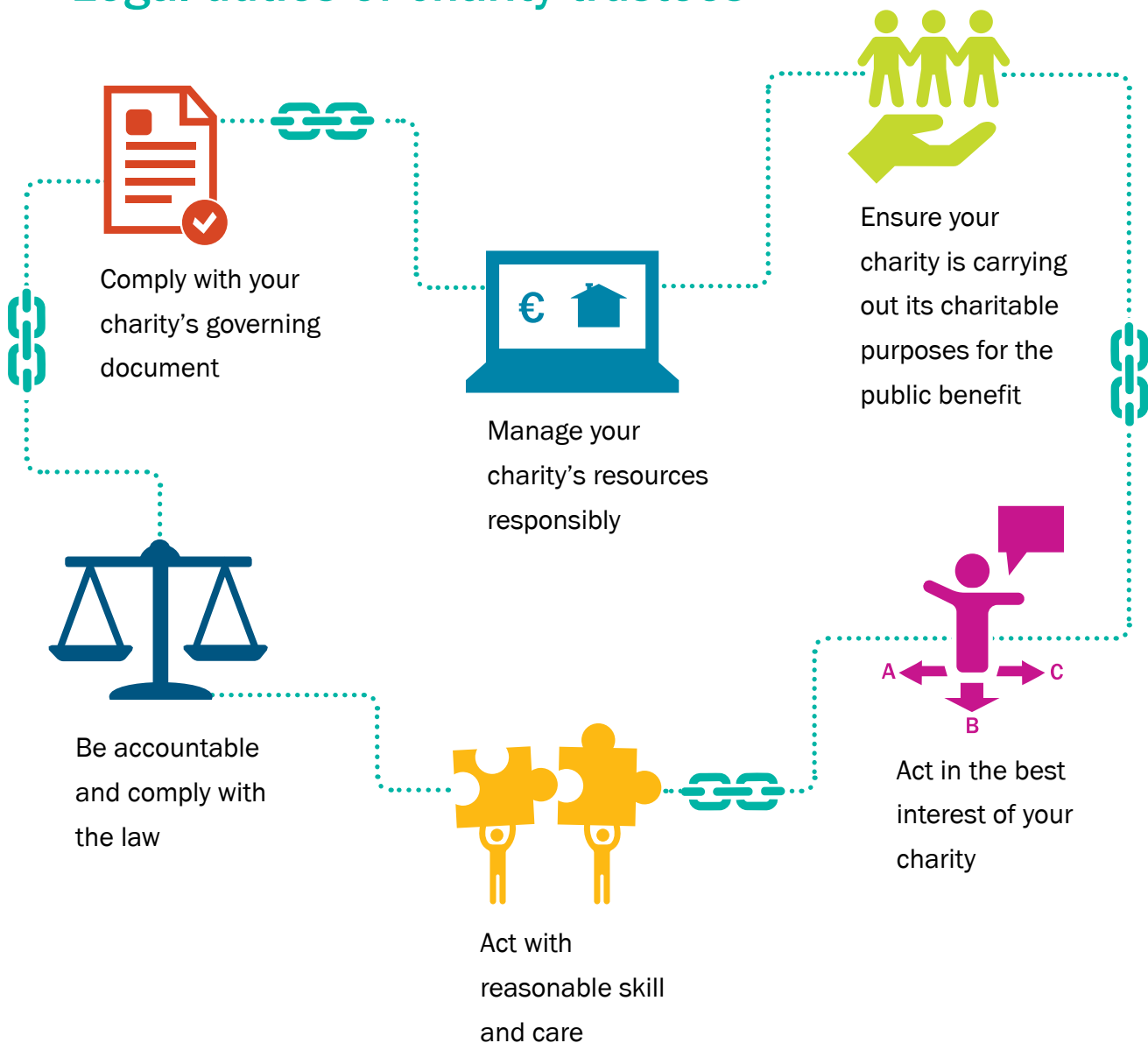
Evidence – wide variety acceptable

There is also flexibility about the type of evidence that we expect. For a volunteer-only charity, for example, we will be satisfied with board minutes that show decisions have been discussed and documented. This will be enough to meet many of the core standards in this Code.

In time, we will publicly display whether or not your charity complies with this Code. This will be part of your entry on the Register of Charities³. Where compliance with the Code is indicated on the Register of Charities, it should give confidence to all stakeholders that your charity has effective governance systems and processes in place.

3 The Register of Charities is available from:
<https://www.charitiesregulator.ie/en/information-for-the-public/search-the-charities-register>

Legal duties of charity trustees⁴



An important note about legal requirements

Charity trustees have specific duties under the Charities Act 2009 and must make sure that their charity complies with the requirements of other relevant legislation.

Other relevant legislation includes:

- data protection legislation;
- employment legislation; and
- health and safety legislation.

Where a charity is a company, a charity trustee who is also a director of the company has additional duties under company law and common law in their capacity as company directors.

⁴ See 'Guidance for Charity Trustees' - available from: <https://www.charitiesregulator.ie/media/1078/guidance-for-charity-trustees-july-2017.pdf>

Ten steps to reporting on compliance



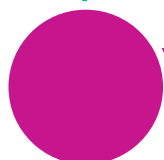
STEP 1

Read the Code in full.



STEP 2

Decide if your charity is more complex for the purpose of the Code.



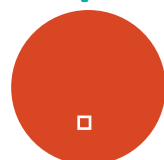
STEP 3

For each standard, decide what action or actions you will take to meet that standard in your charity.



STEP 4

State each action next to the relevant standard in the Compliance Record Form included with this document. You can also download the form from our website⁵.



STEP 5

If any of the standards do not apply to your charity, explain why next to that standard in the Compliance Record Form⁶.

⁵ You can download the Compliance Record Form from our website - www.charitiesregulator.ie

⁶ The Charities Regulator expects all charities to meet all of the core standards where applicable.

STEP 6

Decide what evidence you can provide for the action or actions that you are taking to meet each standard that applies to your charity.

**STEP 7**

State the evidence you can provide next to the relevant action in the Compliance Record Form.

**STEP 8**

Review the Compliance Record Form and agree it is accurate at a board meeting.

**STEP 9**

Declare your charity's compliance (or provide your charity's reason for not complying) with the Code when submitting your annual report to the Charities Regulator.

**STEP 10**

Having considered the standards, actions and evidence (steps 3 to 7) again, complete a fresh Compliance Record Form at a board meeting every year before reporting on compliance to the Charities Regulator.



The six principles of charity governance

Charity trustees are responsible for the governance of their charity and should make sure that the following governance principles are being applied. Your charity is:



Some of these principles relate to the inner workings of the board of charity trustees and others to the external activities of the charity, but they are all equally important.

We discuss each of the six principles in turn to explain:

- why it is important; and
- how to put the principle into action using:
 - core standards, and
 - additional standards⁷.

⁷ If you are unsure about any of the information in this Code, please contact us.



Principle 1: Advancing charitable purpose

Why this principle is important

Charitable purpose has a specific meaning in charity law. The Charities Act 2009 sets out four categories of charitable purpose:

- prevention or relief of poverty or economic hardship;
- advancement of education;
- advancement of religion; and
- any other purpose that is of benefit to the community⁸.

A charity must promote at least one of these purposes and must provide public benefit.

A charity's governing document elaborates on the charitable purpose in the main object clause by describing:

- what outcomes the charity is set up to achieve;
- how it will achieve these outcomes;
- who will benefit from these outcomes; and
- where the benefits will be felt.

By law, charity trustees must ensure their charity promotes its charitable purpose only and that it is of public benefit.

⁸ See 'What is a Charity?' guidance document - available from:
<https://www.charitiesregulator.ie/media/1544/what-is-a-charity-rev-001.pdf>

Putting the principle into action

1. Core standards for advancing charitable purpose

- 1.1. Be clear about the purpose of your charity and be able to explain it in simple terms to anyone who asks.
- 1.2. Consider whether or not any private benefit arises (see glossary on pages 28 to 36). If a private benefit arises, consider if it is reasonable, necessary and ancillary to the public benefit that your charity provides.
- 1.3. Agree an achievable plan for at least the next year that sets out what you will do to advance your purpose.
- 1.4. Make sure your charity has the resources it needs to do the activities you plan. If you don't have the resources, you need to show a plan for getting those resources.
- 1.5. From time to time, review what you are doing to make sure you are still:
 - acting in line with your charity's purpose; and
 - providing public benefit.

Additional standards

- 1.6. Develop your charity's strategic plan and associated operational plans.
- 1.7. Make sure there is an appropriate system in place to:
 - monitor progress against your plans; and
 - evaluate the effectiveness of the work of your charity.
- 1.8. From time to time, consider the advantages and disadvantages of working in partnership with other charities, including merging or dissolving (winding up).



Principle 2: Behaving with integrity

Why this principle is important

Ethics are fundamental in the charity sector. Statements about ethos can undoubtedly play an important role, but it is when these values are lived out that they are at their most powerful. Charity trustees have the power to create an ethical culture and set a tone where agreed values are reflected in everything the charity does. The behaviour of individual charity trustees is very important; they must lead by example.

The legal duty to act in the best interests of the charity means that charity trustees must:

- be independent; and
- not act in their own personal interest or the interest of other individuals or bodies.

This principle also means that charity trustees should maintain confidentiality about sensitive board matters. However, this requirement for confidentiality does not apply if it becomes necessary for a charity trustee to inform the Charities Regulator about any matter which could threaten the future of the charity.

Putting the principle into action

2. Core standards for behaving with integrity

- 2.1. Agree the basic values that matter to your charity and publicise these, so that everyone involved understands the way things should be done and how everyone is expected to behave.
- 2.2. Decide how you will deal with conflicts of interests and conflicts of loyalties. You should also decide how you will adhere to the Charities Regulator's guidelines on this topic⁹.
- 2.3. Have a code of conduct for your board that is signed by all charity trustees. It must make clear the standard of behaviour expected from charity trustees. This includes things like maintaining board confidentiality and what to do in relation to:
 - gifts and hospitality; and
 - out-of-pocket expenses.

There are no additional standards for this principle as behaving with integrity applies equally to all charities, whatever their size or complexity.

9 See 'Managing Conflicts of Interest' guidance document - available from:
<https://www.charitiesregulator.ie/media/1417/managing-conflicts-of-interest-may-2018.pdf>



Principle 3: Leading people

Why this principle is important

The most essential resource of any charity is its people. This means people should feel valued and have clarity around their own roles and the roles of others. Charity trustees are responsible for providing leadership to volunteers, employees and contractors. This includes taking their duty of care towards these people seriously and promoting a culture of respect.

As employers, charities with paid staff also have particular legal responsibilities.

Putting the principle into action

3. Core standards for leading people

- 3.1. Be clear about the roles of everyone working in and for your charity, both on a voluntary and paid basis.
- 3.2. Make sure there are arrangements in place for the effective involvement of any volunteers, including what to do if any problems arise.
- 3.3. Make sure there are arrangements in place that comply with employment legislation for all paid staff including:
 - recruitment;
 - training and development;
 - support, supervision and appraisal;
 - remuneration (money paid for work) and dismissal.
- 3.4. Agree operational policies where necessary, to guide the actions of everyone involved in your charity.

Additional standards

- 3.5. Make sure to document the roles, legal duties and delegated responsibility for decision-making of:
 - individual charity trustees and the board as a whole;
 - any sub-committees or working groups;
 - staff and volunteers.
 - 3.6. Make sure that there are written procedures in place which set out how volunteers are:
 - recruited, supported and supervised while within your charity; and
 - the conditions under which they exit.
 - 3.7. Decide how you will develop operational policy in your charity. You also need to decide how your charity trustees will make sure that the policy is put in place and kept up to date.
-



Principle 4: Exercising control

Why this principle is important

All charities, no matter what their complexity, must abide by all legal and regulatory requirements that are relevant to the work they do. The charity trustees are responsible for making sure this happens. Charity trustees must understand that the governing document of a charity is a legally binding document in its own right.

The trustees are also responsible for a charity's funds and any property or other assets that it holds. As much as is possible, they must also consider and reduce risks to which their charity is exposed.

It is essential that you exercise proper control of your charity. This goes a long way to keeping the confidence of:

- regulators;
- funders;
- beneficiaries; and
- the general public.

Putting the principle into action

4. Core standards for exercising control

- 4.1. Decide if your charity's current legal form and governing document are fit for purpose. Make changes if necessary, telling the Charities Regulator in advance that you are doing so.
- 4.2. Find out the laws and regulatory requirements that are relevant to your charity and comply with them.
- 4.3. If your charity raises funds from the public, read the Charities Regulator's guidelines¹⁰ on this topic and make sure that your charity adheres to them as they apply to your charity.
- 4.4. Make sure you have appropriate financial controls in place to manage and account for your charity's money and other assets¹¹.
- 4.5. Identify any risks your charity might face and how to manage these.
- 4.6. Make sure your charity has appropriate and adequate insurance cover.

Additional standards

- 4.7. Have written procedures to make sure that you comply with all relevant legal and regulatory requirements.
- 4.8. Make sure there is a formal risk register that your board regularly reviews.
- 4.9. Consider adopting additional good practice standards that are relevant to the particular work that your charity does.

10 See 'Guidelines for Charitable Organisations on Fundraising from the Public' - available from: <https://www.charitiesregulator.ie/media/1265/guidance-for-fundraising-english.pdf>

11 See 'Internal Financial Controls Guidelines for Charities' - available from: <https://www.charitiesregulator.ie/media/1081/financial-controls-guidelines-june-2017.pdf>



Principle 5: Working effectively

Why this principle is important

Running a charity well means you need capable charity trustees who work together as an effective team. Board meetings are especially important, as this is where charity trustees exercise their collective authority. It is also important that there is a good mix of skills, experience and background amongst charity trustees and that these are refreshed on an ongoing basis. It is vital that new charity trustees receive a proper induction to the charity.

Putting the principle into action

5. Core standards for working effectively

- 5.1. Identify charity trustees with the necessary skills to undertake:
 - any designated roles set out in your governing document; and
 - other roles as appropriate within the board.
 - 5.2. Hold regular board meetings. Give enough notice before meetings and provide prepared agendas.
 - 5.3. At a minimum, your board agendas should always include these items:
 - reporting on activities;
 - review of finances; and
 - conflicts of interests and loyalties.
 - 5.4. Make sure that your charity trustees have the facts to make informed decisions at board meetings and that these decisions are recorded accurately in the minutes.
 - 5.5. Consider introducing term limits for your charity trustees, with a suggested maximum of nine years in total.
-

- 5.6. Recruit suitable new charity trustees as necessary and make sure that they receive an induction.
- 5.7. Make sure all of your trustees understand:
 - their role as charity trustees;
 - the charity's governing document; and
 - this Code.
- 5.8. Commit to resolving problems and emerging issues as quickly as possible and in the best interests of your charity.
- 5.9. From time to time, review how your board operates and make any necessary improvements.

Additional standards

- 5.10. Make sure you send out board packs with enough notice and include all relevant reports and explanatory papers to enable informed decision-making.
- 5.11. Make sure that you have a charity trustee succession plan in place and consider how you can maximise diversity among your charity trustees.
- 5.12. Put in place a comprehensive induction programme for new charity trustees.
- 5.13. Conduct a regular review that includes an assessment of:
 - the effectiveness of your board as a whole, office holders and individual charity trustees;
 - adherence to the board code of conduct; and
 - the structure, size, membership and terms of reference of any sub-committees.
- 5.14. Do regular skills audits and provide appropriate training and development to charity trustees. If necessary, recruit to fill any competency gaps on the board or of your charity.



Principle 6: Being accountable and transparent

Why this principle is important

Accountability for your charity does not just mean accounting for the money you have brought in and spent (although that is clearly very important). It involves being open and transparent about all charity matters. It is about being able to:

- stand over what your charity does and how it does it; and
- justify this to any person or group who queries what your charity has done or is doing.

As an organisation set up to provide public benefit, this means you should be able to explain this to anyone who asks.

A charity's stakeholders are any individuals or groups of people who have a legitimate stake in the work of that charity. This includes:

- the people who benefit (directly or indirectly) from any services provided by the charity;
- members;
- staff and volunteers;
- partner organisations and supporters;
- funders and donors;
- regulators;
- public representatives; and
- the general public.

Being open and transparent is an important way for charities to build public trust not only in their own organisation, but also in the charity sector as a whole.

Putting the principle into action

6. Core standards for being accountable and transparent

- 6.1. Make sure that the name and Registered Charity Number (RCN) of your charity is displayed on all of your written materials, including your:
 - website;
 - social media platforms; and
 - email communications.
- 6.2. Identify your stakeholders and decide how you will communicate with them.
- 6.3. Decide if and how you will involve your stakeholders in your:
 - planning;
 - decision-making; and
 - review processes.
- 6.4. Make sure you have a procedure for dealing with:
 - queries;
 - comments; and
 - complaints.
- 6.5. Follow the reporting requirements of all of your funders and donors, both public and private.

Additional standards

- 6.6. Produce unabridged (full) financial accounts and make sure that these and your charity's annual report are widely available and easy for everyone to access.
 - 6.7. Make sure all the codes and standards of practice to which your charity subscribes are publicly stated.
 - 6.8. Regularly review any complaints your charity receives and take action to improve organisational practice.
-

Appendices

Appendix 1: Glossary of terms used

Assets

All funds held, and all property and equipment owned or held by the charity are assets.

Board

The board is the governing body of a charity. It is made up of the charity trustees. It may also be known by a different name such as the:

- committee;
- council; or
- core group.

Board packs

These are the papers that are sent out to the charity trustees before a board meeting. They should always contain:

- an agenda for the meeting; and
- draft minutes from the last meeting.

They may also include:

- written reports from staff, trustees and sub-committees;
- financial reports; and
- papers giving information about significant proposals to be discussed at the meeting.

Charitable object

A charitable object is the purpose of a charity as outlined in its governing document. It may consist of a main object and a number of ancillary objects. A main object is the primary purpose of a charity detailed in its governing document. An ancillary object is a purpose detailed in a charity's governing document that is incidental to and supports the charity's main object.

Charitable purpose

Under charity law, charitable purpose is one or more of the following:

- prevention or relief of poverty or economic hardship;
- advancement of education;
- advancement of religion; or
- any other purpose that is of benefit to the community.

Any other purpose that is of benefit to the community includes:

- integration of the disadvantaged;
- protection of the natural environment;
- promotion of health and voluntary work;
- promotion of religious or racial harmony;
- advancement of community welfare and development;
- advancement of environmental sustainability;
- advancement of conflict resolution;
- advancement of effective use of the property of charities;
- advancement of the sciences and the arts; and
- prevention or relief of the suffering of animals.

Charities Regulator

This is the Republic of Ireland's national statutory regulator for charitable organisations. The Charities Regulator is an independent authority and was established in October 2014 under the Charities Act 2009. Its main functions include setting up and maintaining a public register of charities and making sure that charities comply with the Charities Acts.

Charity

A charity is any organisation operating in the Republic of Ireland that has a charitable purpose and provides public benefit.

Organisations that are **not** charities include:

- those established only to promote athletic or amateur games or sports;
- trade unions;
- political parties;
- lobbyists;
- Chambers of Commerce;
- fundraising groups set up solely to fundraise for charities that are already registered; and
- fundraising groups set up solely to help a particular person.

Charity trustees

Charity trustees are the people who ultimately exercise control over, and are legally responsible for, the charity.

If the charity is a company, these people may also be known as directors or board members.

In an unincorporated association they may be known as committee members.

In the case of a trust it can be more complicated. If the trustees of the trust (see Trust) are the ones who decide policy and control the assets, then they are also charity trustees. However, if the trustees merely have their names on the deeds of property but cannot sell or dispose of the property without the permission of the Charities Regulator, and have no other responsibilities, they are not charity trustees.

Company Limited by Guarantee

This is the most common form of incorporated legal status for charities because:

- it is a distinct legal entity and in law is considered to be separate to its members or board members;
- it is a democratic structure – the company is controlled by the members who elect the board of directors;
- members cannot benefit from any profits made; and
- each board member's liability is limited to a nominal sum which they guarantee to pay if the company has debts on winding up.

Conflict of interests

A conflict of interest is any situation in which a charity trustee's personal interests could prevent them, or even just appear to prevent them, from making a decision in the best interests of the charity.

Example: a conflict of interest may arise if a charity trustee influences the awarding of a contract to a company owned by a family member.

It is legal to award a contract to the best qualified company, even if that company is owned by a relative of a charity trustee, but the charity trustee must not be part of the decision-making process.

Conflict of loyalties

A conflict of loyalties is when a charity trustee's loyalty to another group could prevent them, or even just appear to prevent them, from making a decision in the best interests of the charity.

Example: This might happen when the charity trustee has joined the board as a nominee of a particular group, such as members in a particular county, a funding body, or staff.

This situation could cause the charity trustee to think that they should act in the interests of the group that nominated them, rather than the charity as a whole.

Contractor

A contractor works on a 'contract for services' basis and invoices the organisation for the services provided. People such as graphic designers, consultants or lawyers would often fall into the category of contractor.

Employees are different because they have a 'contract of service' and are on the organisation's PAYE payroll.

Diversity

Diversity in the context of a board of charity trustees means the board members have a mix of skills and experience and they reflect the diversity that exists in our society.

Many charity boards are made up of people who are very similar to each other. Increasingly, diversity means considering how to attract people on to the board who are different in terms of:

- age;
- gender;
- ethnicity;
- background; and
- life experience.

It also means making sure there are no unnecessary barriers that might prevent people from joining or taking part on the board.

Fit for purpose

'Fit for purpose' is the term used in considering a charity's legal form (see Legal form below) and governing document. It asks if these are robust enough to support the charity's current operations and needs effectively.

Small charities are often unincorporated associations – associations that do not have a legal status of their own. But, if they grow in terms of income and are thinking of taking on staff they should consider becoming an incorporated entity like a company limited by guarantee (see earlier entry). An incorporated entity is established as a separate legal entity.

Governing documents can also become outdated, but still be legally binding on the charity unless they are amended (as detailed in the governing document rules).

Governing document

The governing document is the legal document outlining what a charity is and how it operates. It is usually called the 'constitution', but may also be known as the 'deed of trust' or the 'rules', depending on the charity's legal structure.

Companies limited by guarantee used to have a memorandum and articles of association, but these are now called 'constitutions'.

Legal form

Legal form refers to the type of legal status that the charity has. Many small charities are unincorporated associations, which means that the charity does not have a separate legal status of its own. The most common form of incorporated legal status for charities is a company limited by guarantee (see Company Limited by Guarantee).

Operational policy

Operational policies relate to the running of the charity rather than policy positions that are views and opinions that the charity holds.

Example: In a youth project, a policy on how to deal with substance abuse among service users would be an operational policy, while a policy on decriminalising drug use would be a public policy position.

Out-of-pocket expenses

Out-of-pocket expenses cover any costs incurred by charity trustees while carrying out their duties, provided that they were incurred 'wholly, exclusively and necessarily in the performance of their duties'¹² as charity trustees.

You should pay back expenses based on receipts from the person who paid the expense, not on a flat-rate basis.

12 Office of the Revenue Commissioners' definition

Private benefit

This is something that benefits an individual. It is acceptable for a charity to provide some private benefit, but it must be necessary and reasonable and contribute to the public benefit that the charity provides.

Example: A paid employee of a charity receives private benefit. That is acceptable if their employment is necessary to provide public benefit and their pay and conditions are reasonable.

Public benefit

This is something that benefits the public as a whole or a section of the public in Ireland or elsewhere.

Example: Raising funds for one person to receive medical treatment overseas is a private rather than a public benefit. However, raising funds to treat a number of people with a rare illness may provide public benefit, as long as everyone with that rare illness can apply to access the treatment.

Register of Charities

This is a list of all charities registered and regulated in the Republic of Ireland, and they are publicly accessible on the website of the Charities Regulator.

Standing items

Standing items appear on every board agenda and they should be discussed at every board meeting.

Example: Every board agenda should include:

- reporting on the charity's activities;
- addressing any conflicts of interests and loyalties (even if there are rarely any conflicts to declare); and
- discussion of the finances of the charity.

Succession plan

A succession plan is a way of identifying and developing new leaders who replace existing leaders as needed.

Trust

A charitable trust is a legal arrangement:

- established for a charitable purpose only;
- established under a deed of trust that requires the trustees of the trust to apply all of the property (both real and personal) of the trust to further that purpose except for money expended in the management of the trust; and
- under which none of the property is payable to the trustees of the trust other than in accordance with section 89 of the Charities Act 2009.

Appendix 2: Compliance Record Form

Please fill in this form to record:

- the actions that your charity takes to meet each standard of the Charities Governance Code; and
- the evidence that backs this up.

You should approve the Compliance Record Form at a board meeting before you report on your compliance to us.

Every year after your first report, you need to follow the 'Ten steps to reporting on compliance'. The Charities Regulator may ask to see your most recent Compliance Record Form or any earlier Compliance Record Form at any time.

The type of evidence we expect depends on the complexity of your charity.

The minimum expected of all charities would be to discuss and agree at board meetings how they will meet the standards and document their decisions in the minutes. For volunteer-only charities this will be enough to meet many of the core standards.

We would expect a charity with paid staff to provide more documentation like workplans and written policies as evidence of the actions they have taken.

We would expect more complex charities to provide more extensive documentation than other charities.

Please use the glossary when filling in the form.



Principle 1: Advancing charitable purpose

Standards	Actions our charity takes to meet the standards	Evidence of our actions
1. Core standards for advancing charitable purpose		
1.1. Be clear about the purpose of your charity and be able to explain this in simple terms to anyone who asks.		
1.2. Consider whether or not any private benefit arises (see glossary). If a private benefit arises, consider if it is reasonable, necessary and ancillary to the public benefit that your charity provides.		
1.3. Agree an achievable plan for at least the next year that sets out what you will do to advance your purpose.		
1.4. Make sure your charity has the resources it needs to do the activities you plan. If you don't have the resources, you need to show a plan for getting those resources.		

Standards	Actions our charity takes to meet the standards	Evidence of our actions
<p>1.5. From time to time, review what you are doing to make sure you are still:</p> <ul style="list-style-type: none"> ■ acting in line with your charity’s purpose; and ■ providing public benefit. 		
Additional standards		
<p>1.6. Develop your charity’s strategic plan and associated operational plans.</p>		
<p>1.7. Make sure there is an appropriate system in place to:</p> <ul style="list-style-type: none"> ■ monitor progress against your plans; and ■ evaluate the effectiveness of the work of your charity. 		
<p>1.8. From time to time, consider the advantages and disadvantages of working in partnership with other charities, including merging or dissolving (winding up).</p>		



Principle 2: behaving with integrity

Standards	Actions our charity takes to meet the standards	Evidence of our actions
2. Core standards for behaving with integrity		
2.1. Agree the basic values that matter to your charity and publicise these, so that everyone involved understands the way things should be done and how everyone is expected to behave.		
2.2. Decide how you will deal with conflicts of interests and conflicts of loyalties. You should also decide how you will adhere to the Charities Regulator’s guidelines on this topic.		
2.3. Have a code of conduct for your board that is signed by all charity trustees. It must make clear the standard of behaviour expected from charity trustees. This includes things like maintaining board confidentiality and what to do in relation to: <ul style="list-style-type: none"> ■ gifts and hospitality; and ■ out-of-pocket expenses. 		



Principle 3: Leading people

Standards	Actions our charity takes to meet the standards	Evidence of our actions
3. Core standards for leading people		
3.1. Be clear about the roles of everyone working in and for your charity, both on a voluntary and paid basis.		
3.2. Make sure there are arrangements in place for the effective involvement of any volunteers, including what to do if any problems arise.		
3.3. Make sure there are arrangements in place that comply with employment legislation for all paid staff including: <ul style="list-style-type: none"> ■ recruitment; ■ training and development; ■ support, supervision and appraisal; ■ remuneration (money paid for work) and dismissal. 		
3.4. Agree operational policies where necessary, to guide the actions of everyone involved in your charity.		

Standards	Actions our charity takes to meet the standards	Evidence of our actions
Additional standards		
<p>3.5. Make sure to document the roles, legal duties and delegated responsibility for decision-making of:</p> <ul style="list-style-type: none"> ■ individual charity trustees and the board as a whole; ■ any sub-committees or working groups; ■ staff and volunteers. 		
<p>3.6. Make sure that there are written procedures in place which set out how volunteers are:</p> <ul style="list-style-type: none"> ■ recruited, supported and supervised while within your charity; and ■ the conditions under which they exit. 		
<p>3.7. Decide how you will develop operational policy in your charity. You also need to decide how your charity trustees will make sure that policy is put in place and kept up to date.</p>		



Principle 4: Exercising control

Standards	Actions our charity takes to meet the standards	Evidence of our actions
4. Core standards in exercising control		
4.1. Decide if your charity's current legal form and governing document are fit for purpose. Make changes if necessary, telling the Charities Regulator in advance that you are doing so.		
4.2. Find out the laws and regulatory requirements that are relevant to your charity and comply with them.		
4.3. If your charity raises funds from the public, read the Charities Regulator's guidelines ¹³ on this topic and make sure that your charity adheres to them as they apply to your charity.		
4.4. Make sure you have appropriate financial controls in place to manage and account for your charity's money and other assets.		

13 See Guidelines for Charitable Organisations on Fundraising from the Public - available from: <https://www.charitiesregulator.ie/media/1265/guidance-for-fundraising-english.pdf>

Standards	Actions our charity takes to meet the standards	Evidence of our actions
4.5. Identify any risks your charity might face and how to manage these.		
4.6. Make sure your charity has appropriate and adequate insurance cover.		
Additional standards		
4.7. Have written procedures to make sure that you comply with all relevant legal and regulatory requirements.		
4.8. Make sure there is a formal risk register that your board regularly reviews.		
4.9. Consider adopting additional good practice standards that are relevant to the particular work that your charity does.		



Principle 5: Working effectively

Standards	Actions our charity takes to meet the standards	Evidence of our actions
5. Core standards for working effectively		
5.1. Identify charity trustees with the necessary skills to undertake: <ul style="list-style-type: none"> ■ any designated roles set out in your governing document; and ■ other roles as appropriate within the board. 		
5.2. Hold regular board meetings. Give enough notice before meetings and provide prepared agendas.		
5.3. At a minimum, your board agendas should always include these items: <ul style="list-style-type: none"> ■ reporting on activities; ■ review of finances; and ■ conflicts of interests and loyalties. 		
5.4. Make sure that your charity trustees have the facts to make informed decisions at board meetings and that these decisions are recorded accurately in the minutes.		

Standards	Actions our charity takes to meet the standards	Evidence of our actions
5.5. Consider introducing term limits for your charity trustees, with a suggested maximum of nine years in total.		
5.6. Recruit suitable new charity trustees as necessary and make sure they receive an induction.		
5.7. Make sure all of your trustees understand: <ul style="list-style-type: none"> ■ their role as charity trustees; ■ the charity’s governing document; and ■ this Code. 		
5.8. Commit to resolving problems and emerging issues as quickly as possible and in the best interests of your charity.		
5.9. From time to time, review how your board operates and make any necessary improvements.		
Additional standards		
5.10. Make sure you send out board packs with enough notice and include all relevant reports and explanatory papers to enable informed decision-making.		

Standards	Actions our charity takes to meet the standards	Evidence of our actions
5.11. Make sure that you have a charity trustee succession plan in place and consider how you can maximise diversity among your charity trustees.		
5.12. Put in place a comprehensive induction programme for new charity trustees.		
5.13. Conduct a regular review that includes an assessment of: <ul style="list-style-type: none"> ■ the effectiveness of your board as a whole, office holders and individual charity trustees; ■ adherence to the board code of conduct; and ■ the structure, size, membership and terms of reference of any sub-committees. 		
5.14. Do regular skills audits and provide appropriate training and development to charity trustees. If necessary, recruit to fill any competency gaps on the board of your charity.		



Principle 6: Being accountable

Standards	Actions our charity takes to meet the standards	Evidence of our actions
6. Core standards for being accountable		
6.1. Make sure that the name and Registered Charity Number (RCN) of your charity is displayed on all of your written materials, including your: <ul style="list-style-type: none"> ■ website; ■ social media platforms; and ■ email communications. 		
6.2. Identify your stakeholders and decide how you will communicate with them.		
6.3. Decide if and how you will involve your stakeholders in your: <ul style="list-style-type: none"> ■ planning; ■ decision-making; and ■ review processes. 		
6.4. Make sure you have a procedure for dealing with: <ul style="list-style-type: none"> ■ queries; ■ comments; and ■ complaints. 		

Standards	Actions our charity takes to meet the standards	Evidence of our actions
6.5. Follow the reporting requirements of all of your funders and donors, both public and private.		
Additional standards		
6.6. Produce unabridged (full) financial accounts and make sure that these and your charity's annual report are widely available and easy for anyone to access.		
6.7. Make sure all the codes and standards of practice to which your charity subscribes are publicly stated.		
6.8. Regularly review any complaints your charity receives and take action to improve organisational practice.		

Appendix 3: Resources

Charities Regulator	www.charitiesregulator.ie
Companies Registration Office	www.cro.ie
Data Protection Commission	www.dataprotection.ie
Health and Safety Authority	www.hsa.ie
Office of the Director of Corporate Enforcement	www.odce.ie
Office of the Revenue Commissioners	www.revenue.ie
Workplace Relations Commission	www.workplacelrelations.ie

Document Reference number: CE CDE 8.2.1 001 Rev 000

November 2018

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Charities Governance Code Compliance Record Form - SAMPLE

Note: The Charities Regulator has a general interest in promoting compliance by charity trustees with their duties in the control and management of charities arising from section 14(1)(b) of the Charities Act 2009. This document is an information tool only to help charity trustees with the implementation of the Charities Governance Code and the completion of the Compliance Record Form. This document is not a substitute for professional advice. It does not contain an exhaustive list of possible actions or evidence and charity trustees need to understand all laws, regulatory requirements and governance standards applicable to their charity. This document is for guidance only and organisations should complete their own Compliance Record Form.

Legal Disclaimer:

This document is 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. It is published as part of a suite of guidance, intended to provide support to charity trustees to meet their legal duties, by putting in place systems, processes and policies which ensure charities are managed in an effective, efficient, accountable and transparent way.

This document is not, nor is it intended to be, a definitive statement of the law and it does not constitute legal advice. This document is not a substitute for professional advice from an appropriately qualified source. The Charities Regulator recommends that charity trustees consult their governing document or obtain their own independent legal advice where necessary. The Charities Regulator accepts no responsibility or liability for any errors, inaccuracies or omissions in this document.

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Where a particular standard is not applicable to your charity - explain why.

Action: Charity trustees discuss and document reasons for not-applying certain standards and this is regularly reviewed at trustee meetings.

Evidence: Relevant Meeting Minutes.

SAMPLE

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Principle 1: Advancing charitable purpose **CORE STANDARDS**

1.1 Be clear about the purpose of your charity and be able to explain this in simple terms to anyone who asks.

Actions our charity takes to meet standards:	Evidence of our actions:
All charity trustees read the Charities Regulator's guidance on 'What is a Charity' as well as our charity's Governing Document.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Each charity trustee has been provided with the most recent copy of the charity's governing document, understands it and refers to it as necessary.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Charity's main object (as per the governing document) is included at the top of every board agenda and our governing document is available for reference at board meetings.	Secretary's copy of the Board papers for each meeting held in [2020].
Our charitable purpose and objectives are clearly stated in [the Annual Report, Website, etc...]	Website/ Facebook page [enter as appropriate]. Annual Report

1.2 Consider whether or not any private benefit arises ([see glossary](#)). If a private benefit arises, consider if it is reasonable, necessary and ancillary to the public benefit that your charity provides.

Actions our charity takes to meet standards:	Evidence of our actions:
Charity trustees had a meeting to discuss what private benefit, if any, arises and agreed it is necessary, reasonable and ancillary to the public benefit. For example: Charity trustees agreed that employees' pay and conditions are reasonable and are in line with the relevant benchmark salary scales. Charity trustees understand expenses that can be claimed and they are in line with the public service rates.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> State benchmark salary scales used. Travel and subsistence expenses for charity trustees are in line with Civil Service Rates as per Revenue Guidelines regarding voluntary work: https://www.revenue.ie/en/employing-people/employee-expenses/travel-and-subsistence/civil-service-rates.aspx

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1.3 Agree an achievable plan for at least the next year that sets out what you will do to advance your purpose.

Actions our charity takes to meet standards:	Evidence of our actions:
Our planned activities and budget for the next year has been agreed and documented (see the Charities Regulator's ‘Guidance Note on Planning’ , ‘Annual plan template’ and ‘Annual budget template’).	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Annual plan and budget for the year ended [Insert Date] <i>Note: For very small charities a separate documented plan may not be required. However, you should discuss and agree your plans and the resources required. This should be recorded in board meeting minutes.</i>

1.4 Make sure your charity has the resources it needs to do the activities you plan. If you don't have the resources, you need to show a plan for getting those resources.

Actions our charity takes to meet standards:	Evidence of our actions:
Charity trustees review resources (financial and non-financial) at board meetings.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Charity trustees discuss and agree how to maintain/increase resources including any fundraising activities.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Charity trustees review the annual plan and track progress at board meetings.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>

1.5 From time to time, review what you are doing to make sure you are still:

- acting in line with your charity's purpose; and
- providing public benefit.

Actions our charity takes to meet standards:	Evidence of our actions:
Our activities and governing document are regularly reviewed to ensure we continue to act in line with our charitable purpose and provide public benefit	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> The date of the last review/ update [Insert Date]

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Principle 1: Advancing charitable purpose **ADDITIONAL STANDARDS**

1.6 Develop your charity's strategic plan and associated operational plans.

Actions our charity takes to meet standards:	Evidence of our actions:
Our strategic plan incorporating clear targets and outcomes has been developed and approved by the charity trustees every three years.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Strategic plan for the years [20XX – 20XX]
Our strategic plan is supported by operational plans and budgets, as well as defined key performance indicators.	List all your operational plans <i>For example:</i> <i>Staffing and Resource Plan, Fundraising Plan, etc.</i>

1.7 Make sure there is an appropriate system in place to:

- monitor progress against your plans; and
- evaluate the effectiveness of the work of your charity.

Actions our charity takes to meet standards:	Evidence of our actions:
Strategic plans are included in board agendas. Charity Trustees review progress against targets set out in the strategic plan, on a regular basis.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Annual report on monitoring and evaluation for the year [2020]
Regular updates and reports presented to charity trustees.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Operational progress reports Management accounts Strategy implementation status report Annual Budgets, etc.
Charity trustees regularly review the sustainability of our income sources in the short, medium and long term and identifies diversified income streams	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
We identify and map our activities against our organisational purpose and the needs of our beneficiaries to ensure they are consistent.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>

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1.8 From time to time, consider the advantages and disadvantages of working in partnership with other charities, including merging or dissolving (winding up).

Actions our charity takes to meet standards:

Evidence of our actions:

Charity trustees consider the extent to which our organisation works in partnership with other organisations.

Minutes of Meeting dated [Insert Date]
(List all relevant minutes)
Written partnership agreement (if relevant)

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Principle 2: Behaving with Integrity **CORE STANDARDS**

2.1 Agree the basic values that matter to your charity and publicise these, so that everyone involved understands the way things should be done and how everyone is expected to behave.

Actions our charity takes to meet standards:	Evidence of our actions:
Charity trustees discuss and agree the basic values that matter to our charity.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes).</i> Vision, mission and values statement. <i>Examples of values include: a commitment to excellent service, innovation, diversity, creativity, honesty and integrity, etc.</i>
We periodically revisit our vision, mission and values to ensure that they are still relevant and work well.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes).</i>
Codes of conduct for charity trustees, employees and volunteers are agreed and documented. (see the Charities Regulator's guidance on ' Code of Conduct for Charity Trustees ', ' Code of Conduct for Employees ', ' Code of Conduct for Volunteers ')	[Charity Name] Code of Conduct for Charity Trustees [Charity Name] Code of Conduct for Employees [Charity Name] Code of Conduct for Volunteers

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2.2 Decide how you will deal with conflicts of interests and conflicts of loyalties. You should also decide how you will adhere to the Charities Regulator’s guidelines on this topic.

Actions our charity takes to meet standards:	Evidence of our actions:
Conflict of Interest policy is agreed and documented in line with the Charities Regulator’s Guidance on ‘Managing Conflicts of Interest’, Appendix A – Conflict of Interest Policy, Appendix B – Template of Register of interests	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> [Charity Name] Conflicts of Interest Policy
Register of Interests is maintained and regularly updated.	Up-to-date Register of interests.
Conflicts of interest is a standing item on the agenda, with any declared conflicts of interest included in the minutes.	Chair reminds charity trustees to declare any conflict of interest in each board meeting (see first agenda item).
Conflicts are identified and managed as they arise in accordance with our Conflicts of Interest Policy.	Minutes of Meeting dated [Insert Date] <i>(Note: Minutes of meetings where identified conflicts were discussed, and how they would be managed was agreed, in accordance with the policy)</i>

2.3 Have a code of conduct for your board that is signed by all charity trustees. It must make clear the standard of behaviour expected from charity trustees. This includes things like maintaining confidentiality and what to do in relation to:

- gifts and hospitality; and
- out-of-pocket expenses.

Actions our charity takes to meet standards:	Evidence of our actions:
A Code of Conduct for Charity Trustees agreed and documented in line with the Charities Regulator’s guidance on ‘Code of Conduct for Charity Trustees’.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Each charity trustee formally signs up and adheres to the Code of Conduct.	Signed Codes of Conduct for all Charity Trustees

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Principle 3: Leading People **CORE STANDARDS**

3.1 Be clear about the roles of everyone working in and for your charity, both on a voluntary and paid-basis.

Actions our charity takes to meet standards:	Evidence of our actions:
Board roles and responsibilities for the charity are discussed, agreed and documented.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Approved board roles and responsibilities
Charity trustees understand their legal duties and responsibilities. (see the Charities Regulator's guidance on 'Legal duties of charity trustees')	Charity trustee induction programme Training programme for charity trustees Attendance at relevant conferences/ networking events.
Key officers such as the Chairperson and Secretary have specific functions assigned to them, which are clearly documented and understood. (see the Charities Regulator's guidance on 'The Role of the Chairperson' and 'The Role of the Secretary')	Approved board roles and responsibilities
Key staff/ volunteer roles and responsibilities are discussed, agreed and documented.	Approved key roles for staff/ volunteers

3.2 Make sure there are arrangements in place for the effective involvement of any volunteers, including what to do if any problems arise.

Actions our charity takes to meet standards:	Evidence of our actions:
Induction procedures for volunteers are agreed and documented.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Volunteer induction procedures
Charity trustees discussed and agreed who will act as the point of contact/supervisor for volunteers.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
We hold a meeting of volunteers once or twice a year, where their contribution to our charity is recognised and where any issues can be raised.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>

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3.3 Make sure there are arrangements in place that comply with employment legislation for all paid staff including:

- recruitment;
- training and development;
- support, supervision and appraisal;
- remuneration (money paid for work); and dismissal.

Actions our charity takes to meet standards:	Evidence of our actions:
Induction procedures for employees are agreed by the board of charity trustees.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Employee induction process
Charity trustees discussed, agreed and documented employment policies and procedures. Charity trustees seek legal advice from external HR consultants where necessary.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Current Employment Policies <i>(Note: list all your policies and procedures e.g. recruitment policy, induction procedures, attendance policy, grievance and disciplinary procedures, supervision and appraisal procedures, etc.)</i> Details of external HR consultants (if applicable) <i>List any other employment-related documents</i>
Staff meetings are held once or twice a year where their contribution to our charity is recognised and where any issues can be raised.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
The Charity is registered as an employer with Revenue Commissioners.	Tax registration
Staff appraisals and evaluations are carried out on a regular basis.	Staff appraisal/ evaluation forms.

3.4 Agree operational policies where necessary, to guide the actions of everyone involved in your charity.

Actions our charity takes to meet standards:	Evidence of our actions:
Discuss and agree the operational policies covering key aspects of the charity's operations. (See the Charities Regulator's 'General note on other legal and regulatory requirements')	Minutes of Meeting dated [Insert Date]. <i>(List all relevant minutes)</i> Current operational policies <i>(Note: list all operational policies applicable to your charity e.g. travel and subsistence policy, recruitment policy, child and vulnerable adult protection; health and safety; complaints and grievance procedures (internal and external); data protection; stakeholder communications; risk management; conflicts of interest; etc.)</i>
Review and update existing policies as necessary.	Minutes of Meeting dated [Insert Date]. <i>(List all relevant minutes)</i>

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Principle 3: Leading People **ADDITIONAL STANDARDS**

3.5 Make sure to document the roles, legal duties and delegated responsibility for decision-making of:

- individual charity trustees and the board as a whole;
- any sub-committees or working groups;
- staff and volunteers.

Actions our charity takes to meet standards:	Evidence of our actions:
We ensure that key staff/volunteers understand their responsibilities and lines of authority, communication and reporting with the board of charity trustees. Their roles and responsibilities discussed, agreed and documented.	Approved Organisation Chart A full suite of role profiles for trustees, staff and volunteers.
Charity trustees understand their legal duties and responsibilities.	Charity trustee induction programme Training programme for charity trustees Attendance at relevant conferences/ networking events.
We update the terms of reference for the board and each of its sub-committees to make it explicit where monitoring lies within the organisation.	Terms of references for the board and any sub-committees

3.6 Make sure that there are written procedures in place which set out how volunteers are:

- **recruited; supported and supervised while within your charity; and**
- **the conditions under which they exist.**

Actions our charity takes to meet standards:	Evidence of our actions:
Written volunteer recruitment policy is in place and all volunteers are properly trained, supported and supervised in line with our policies and procedures.	[Charity Name] Volunteer recruitment policy [Charity Name] Volunteer Induction Programme

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3.7 Decide how you will develop operational policy in your charity. You also need to decide how your charity trustees will make sure that the policy is put in place and kept up-to-date.

Actions our charity takes to meet standards:	Evidence of our actions:
<p>We ensure that new employees/ volunteers/ contactors are trained and familiar with our policies and procedures, and that existing staff receive appropriate training.</p> <p>Policies and procedures are discussed regularly at team meetings to ensure that employees/ volunteers remain aware of the importance of the policies and procedures.</p> <p>All our policies and procedures are in a single manual, and copies readily available to all employees/ volunteers.</p> <p>All supervisors/ managers/ trustees must 'lead by example' in implementing policies and procedures. It is crucial that our expectations are demonstrated through modelling and leadership at all levels of management.</p> <p>Policies and procedures are reviewed periodically.</p>	<p>Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i></p> <p>Records of training and induction.</p> <p>Schedule and agenda for team/ staff/ volunteer meetings.</p> <p>Internal policies/ Procedures manual</p>

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Principle 4: Exercising Control **CORE STANDARDS**

4.1 Decide if your charity's current legal form and governing document are fit for purpose. Make changes if necessary, telling the Charities Regulator in advance that you are doing so.

Actions our charity takes to meet standards:	Evidence of our actions:
Our governing document is regularly revisited to ensure current activities fall within the defined objectives and the charity's purpose remains relevant and valid.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Charity trustees are satisfied that our current legal form and governing document are best suited taking into account our charitable purpose, planned activities and how we propose to fund this activities.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Charity trustees regularly review our legal structure and any changes to the charities legal form and governing document are communicated to the Charities Regulator in advance. (see the Charities Regulator's 'Guidance on winding up a charity')	Minutes of Meeting dated [Insert Date] <i>(set out any other relevant correspondence and documentation such as correspondence with the Charities Regulator, details of assets to be transferred, updated constitution, etc.)</i>

4.2 Find out the laws and regulatory requirements that are relevant to your charity and comply with them.

Actions our charity takes to meet standards:	Evidence of our actions:
The charity trustees understand the legal and regulatory framework for our charity and are satisfied that our charity meets its legal, regulatory and contractual obligations and any constitutional requirements (see Charities Regulator's 'General note on 'other' Legal and Regulatory requirements') .	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> (List laws and regulations applicable to your charity e.g. Charities Act; Companies Act; Revenue Commissioners; GDPR; Garda Vetting; Employment Law; compliance requirements set out by Tusla, HSE, Pobal; etc.) Registration with appropriate bodies (e.g. The Charities Regulator, Revenue Commissioners) See relevant filings, for example annual reports, financial statements, tax filings and the Register of Charities

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4.3 If your charity raises funds from the public, read the Charities Regulator’s guidelines¹ on this topic and make sure that your charity adheres to them as they apply to your charity.

Actions our charity takes to meet standards:	Evidence of our actions:
The Charities Regulator’s ‘Guidelines for Charitable Organisations on Fundraising from the Public’ have been discussed and considered by the board of Charity Trustees. The board of charity trustees is committed to complying with the principles set out in the Guidelines.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Fundraising Policy/ Procedures
The board of charity trustees regularly monitors compliance with the fundraising guidelines.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Our fundraising staff/ volunteers are provided with appropriate training and support.	Details of training and support provided to staff and/ or volunteers

4.4 Make sure you have appropriate financial controls in place to manage and account for your charity’s money and other assets.

Actions our charity takes to meet standards:	Evidence of our actions:
We agreed and implemented internal financial controls for income, expenditure, banking, assets and investments in line with the the Charities Regulator’s ‘Internal Financial Controls Guidelines’ .	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Documented financial policies and procedures
Financial controls are regularly reviewed and monitored.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Financial review conducted on a regular basis at board meetings.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Any internal control flaws and unusual transactions reviewed and discussed at board meetings.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>

¹ See Guidelines for Charitable Organisations on Fundraising from the Public - available from: <https://www.charitiesregulator.ie/media/1265/guidance-for-fundraising-english.pdf>

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4.5 Identify any risks your charity might face and how to manage these.

Actions our charity takes to meet standards:	Evidence of our actions:
Specific risks are identified and analysed in terms of likely occurrence and severity of impact in line with the Charities Regulator's 'Guidelines on Risk Management for charities'	Minutes of Meeting dated [Insert Date] (List all relevant minutes)

4.6 Make sure your charity has appropriate and adequate insurance cover.

Actions our charity takes to meet standards:	Evidence of our actions:
The charity has appropriate and adequate insurance cover. <i>For example:</i> <i>The organisation has adequate insurance- public liability, employers' liability etc.</i>	Minutes of Meeting dated [Insert Date] (List all relevant minutes) Insurance Policy.
We use the timetable of key dates at each board meeting to confirm when insurance is due and that it is in place.	Minutes of Meeting dated [Insert Date] (List all relevant minutes) Date schedule
Each policy is reviewed annually before renewal to ensure organisation is complying with the terms of the insurance contract.	Minutes of Meeting dated [Insert Date] (List all relevant minutes) Next renewal date [Insert Date]

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Principle 4: Exercising Control **ADDITIONAL STANDARDS**

4.7 You should have written procedures to make sure that you comply with all relevant legal and regulatory requirements.

Actions our charity takes to meet standards:	Evidence of our actions:
We create and regularly review our policies and procedures which may include: <ul style="list-style-type: none"> • Data protection • Finance • Fundraising • Health and Safety • HR and Employment • Insurance • Record Keeping • Safeguarding 	List of relevant policies and procedures.
We ensure that all agreements and contracts are regularly reviewed and kept securely, and contractors are properly supervised and managed, to protect our organisation's interests.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>

4.8 Make sure there is a formal risk register that your board regularly reviews.

Actions our charity takes to meet standards:	Evidence of our actions:
Risk register maintained and regularly reviewed in the light of changing circumstances and influences. (see the Charities Regulator's Risk Register Template)	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Risk Register
Risk Management policy is in place and a risk register is updated on a regular basis and monitored by the board.	Risk Management Policy.

4.9 Consider adopting additional good practice standards that are relevant to the particular work that your charity does.

Actions our charity takes to meet standards:	Evidence of our actions:
We are fully compliant with the Charities SORP.	Financial Statements

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Principle 5: Working Effectively **CORE STANDARDS**

- 5.1 Identify charity trustees with the necessary skills to undertake:**
- any designated roles set out in your governing document; and
 - other roles as appropriate within the board.

Actions our charity takes to meet standards:	Evidence of our actions:
Existing range of skills and experience of charity trustees is considered regularly with any significant gaps identified and filled (see the Charities Regulator's 'Guidance on Succession Planning').	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Succession plan
Charity trustee roles and responsibilities discussed, agreed and documented.	Approved key roles for volunteers
Job descriptions for new posts are developed and advertised widely and openly.	Existing job descriptions/ advertised posts

- 5.2 Hold regular board meetings. Give enough notice before meetings and provide prepared agendas.**

Actions our charity takes to meet standards:	Evidence of our actions:
Board Meetings are held every [five] weeks.	Minutes of Meeting dated [Insert Date]. <i>(List all relevant minutes)</i> Board meetings/ AGM timetable
Meeting notices, agendas and other relevant papers are provided to the board members by the secretary at least five days in advance of meetings (see the Charities Regulator's guidance on 'The role of the Secretary of a charity' and 'The role of the Chairperson of a charity').	Secretary's copy of the Board papers for each meeting held in [Insert Year]
Meetings are called and run in accordance with the governing document and, if relevant, company law.	Secretary's copy of the Board papers for each meeting held in [Insert Year]

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5.3 At a minimum, your board agendas should always include these items:

- reporting on activities;
- review of finances; and
- conflicts of interests and loyalties.

Actions our charity takes to meet standards:	Evidence of our actions:
The following items are always on our board agendas: <ul style="list-style-type: none"> • reporting on activities • review of finances • conflicts of interests and loyalties (See the Charities Regulator’s guidance on ‘Guidance note on minute taking’)	Minutes of meetings and records of decisions
Minutes are taken of board meetings and all other formal decisions of the board are properly recorded.	Minutes of meetings and records of decisions
Consistent minutes of meetings are kept that record attendance, decisions and actions (see ‘Appendix A – Explanatory sample board minutes’ and ‘Appendix B – Board Minutes Template’).	Minutes of meetings and records of decisions

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5.4 Make sure that your charity trustees have the facts to make informed decisions at board meetings and that these decisions are recorded accurately in the minutes.

Actions our charity takes to meet standards:	Evidence of our actions:
Regular and clear reports are received on the charity's activities and finances.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> <i>(List various reports provided to charity trustees e.g. management accounts, etc.)</i>
Board papers provide the level of detail that is necessary for the board to understand the impact of the charity's current position, and to make sound decisions.	Secretary's copy of the Board papers for each meeting held in [20XX]

5.5 Consider introducing term limits for your charity trustees, with a suggested maximum of nine years in total.

Actions our charity takes to meet standards:	Evidence of our actions:
Our governing document has specific reference to terms of office (recommended no more than 9 years)	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Governing Document
Length of service of board members and any requirements for meeting attendance is in line with the governing document. Terms of office for board members are staggered.	List of board members with appointment dates and due retirement dates is maintained
Charity trustees are appointed, resign, or retire according to our governing document and we keep appropriate records regarding trustees with details of when their term is up and if they are eligible for re-appointment.	List of board members with appointment dates and due retirement dates

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5.6 Recruit suitable new charity trustees as necessary and make sure they receive an induction.

Actions our charity takes to meet standards:	Evidence of our actions:
Existing range of skills and experience is considered regularly with any significant gaps identified and filled as necessary (see the Charities Regulator's 'Guidance on succession planning')	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Copy of adverts seeking persons with specific experience to serve as charity trustees
Recruitment and induction process agreed and documented (see the Charities Regulator's 'Guidance on Induction and Recruitment of prospective charity trustees').	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Recruitment Policy/ Procedures Induction pack (see 'Board induction checklist')
Potential charity trustees are aware of the time commitment of the role from the outset.	Induction Programme
Board induction and training takes place for all board members.	Induction programme
Recruitment and selection process discussed and documented.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Recruitment policy/ procedures
Due diligence carried out on all prospective charity trustees.	Recruitment policy/ procedures

5.7 Make sure all of your trustees understand:

- their role as charity trustees;
- the charity's governing document; and
- this Code.

Actions our charity takes to meet standards:	Evidence of our actions:
Our governing document is regularly revisited to ensure that the board of charity trustees is aware of the specific powers laid down in our constitution.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Key role descriptions for charity trustees are understood and documented	Approved key roles and responsibilities
All charity trustees read and discussed the Charities Governance Code at a meeting of the charity's Board	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>

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5.8 Commit to resolving problems and emerging issues as quickly as possible and in the best interests of your charity.

Actions our charity takes to meet standards:	Evidence of our actions:
Any problems are brought to the attention of the board and any actions and resolutions are agreed and documented. Unscheduled meetings are held where necessary.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
We ensure that enough time is allocated for discussion. We ensure that all meetings are quorate i.e. the required minimum number of charity trustees for the meeting to go ahead are present, and our governing document sets out rules for making decisions in an emergency or when meetings are not quorate. Our chair has support, training and access to advice.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>
Key issues are escalated to the board for decision and it is clear where decision-making lies for each area of the charity's activities/business.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> A scheme of delegation
A regular review of key issues and areas of interest to the board is undertaken.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>

5.9 From time to time, review how your Board operates and make any necessary improvements.

Actions our charity takes to meet standards:	Evidence of our actions:
Annual board appraisal is carried out to address key areas of working.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Board appraisal forms
Particular areas for annual review are discussed and agreed. Future improvements considered and agreed.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i>

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Board performance is reviewed on a regular basis and includes an audit of skills, knowledge and experience of the board as a whole, the chair, individual board members, sub-committees, training and recruitment plans.

Board performance review forms.

SAMPLE

Charities Governance Code Compliance Record Form - SAMPLE

Principle 5: Working Effectively **ADDITIONAL STANDARDS**

5.10 Make sure you send out board packs with enough notice and include all relevant reports and explanatory papers to enable informed decision-making.

Actions our charity takes to meet standards:	Evidence of our actions:
Decision-making processes are clearly documented, approved and communicated	Secretary's copy of the Board papers for each meeting held in [20XX]
Regular and clear reports are received on the charity's current financial position and its future sustainability.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> <i>(List various reports provided to charity trustees e.g. management accounts, etc.)</i>
Charity trustees receive regular information regarding our organisation's activities, assets and resources, and progress against targets.	Secretary's copy of the Board papers for each meeting held in [2020]

5.11 Make sure that you have a charity trustee succession plan in place and consider how you can maximise diversity among your charity trustees.

Actions our charity takes to meet standards:	Evidence of our actions:
Our governing document details a transparent system for both the recruitment and removal of trustees, with fixed terms of office and an effective and manageable board size. Our trustees are appointed, resign or retire according to our governing document and we keep appropriate records of trustees with details of when their term is up and if they are eligible to stand again.	Succession plan List of all trustees' names and addresses, when they came into office and when they resign. Up to date register of members and directors Charities Regulator is informed of any changes to our directors/ trustees
Our recruitment process is formal, rigorous and transparent, and based on merit and objective criteria to ensure a diverse pool of candidates.	Recruitment Policy
The adverts are open long enough to attract the right people, using multiple channels and tailored marketing, thinking about whether any of your requirements could prevent certain individuals from applying.	Recruitment Policy Copy of recruitment adverts for specific roles
The board have also added diversity to their risk register to ensure it remains a priority.	Risk Register

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5.12 Put in place a comprehensive induction programme for new charity trustees.

Actions our charity takes to meet standards:	Evidence of our actions:
New trustees receive a full induction, which includes a copy of our governing document and the Charities Governance Code. They understand their roles and responsibilities, and if possible are linked with an existing trustee to act as a mentor.	Induction Programme for charity trustees
Board induction and training takes place for all board members	Induction Programme for charity trustees

5.13 Conduct a regular review that includes an assessment of:

- the effectiveness of your board as a whole, office holders and individual charity trustees
- adherence to the board code of conduct; and
- the structure, size, membership and terms of reference of any sub-committees.

Actions our charity takes to meet standards:	Evidence of our actions:
Board appraisals and evaluations are carried out on a regular basis (at least once every 12 months). This can be through peer assessment. Open to assessment and feedback from members (if applicable) and other stakeholders e.g. funders, beneficiaries, staff	Board appraisal/ evaluation forms Member/Stakeholder feedback
The board's terms of reference reflect good practice, are documented and available to members and stakeholders. The board is an appropriate size to be effective and support delivery of outcomes (recommended not more than 12 members). A skills matrix is maintained so gaps can be identified and addressed.	Board terms of reference Board skills matrix

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5.14 Do regular skills audits and provide appropriate training and development to charity trustees and staff. If necessary, recruit to fill any competency gaps on the board of your charity.

Actions our charity takes to meet standards:	Evidence of our actions:
Our performance and the composition and skills of the board is reviewed on a regular basis.	Annual board review which includes an audit of the skills, knowledge and experience of our board as a whole, the chair, individual board members, committees, training and recruitment plans.
Our capacity and capability is developed and improved with ongoing support and training	Continually working to develop our board through access to training opportunities and regular board away days which offer us an opportunity to work together as a team, identify board objectives and consider our strategic plan.
Staff appraisals and evaluations were carried out on a regular basis (at least every 6 months)	Staff appraisal/ evaluation forms
Skills audit is also used to assess the skills and expertise of the board, to identify any gaps and ensure the board 'make best use of the brilliant people around the table.'	Annual board review
An internal board review is in place.	Internal board review

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Principle 6: Being Accountable **CORE STANDARDS**

6.1 Make sure that the name and Registered Charity Number (RCN) of your charity is displayed on all of your written materials, including your:

- **website;**
- **social media platforms; and**
- **email communications.**

Actions our charity takes to meet standards:	Evidence of our actions:
Our charity name and Registered Charity Number as entered on the Register of Charities are clearly displayed on all our written materials including website, social media platforms and email communications. This is monitored by the board of charity trustees on a regular basis.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> See our website/ Facebook page. Sample emails Sample letters

6.2 Identify your stakeholders and decide how you will communicate with them.

Actions our charity takes to meet standards:	Evidence of our actions:
Our communications' procedures are agreed and implemented (see the Charities Regulator's 'Guidance on Charity Communications') .	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Communication policy/ documented procedures
We are clear about who our beneficiaries and key stakeholders are.	Accurate and up to date register of members, records of service users, details of funders, etc.
We produce an annual report with details of our organisational purpose, accounts and activities every year, which is widely available and easy to access on our website.	Annual Report Website

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6.3 Decide if and how you will involve your stakeholders in your:

- planning;
- decision-making; and
- review processes.

Actions our charity takes to meet standards:	Evidence of our actions:
We hold an annual meeting with our members (if applicable) in line with our governing document to report on our activities.	AGM minutes
We host or attend relevant seminars/ networking events.	Schedule of events/ attendance sheets

6.4 Make sure you have a procedure for dealing with:

- queries;
- comments; and
- complaints.

Actions our charity takes to meet standards:	Evidence of our actions:
Communications policy agreed, implemented and communicated widely (see the Charities Regulator's 'Guidance on Charity Communications').	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> [Charity Name] Communication policy/ documented procedures.
Complaints and feedback policy/ procedures are agreed, documented and communicated.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> [Charity Name] Complaints policy/ documented procedures. A record of all related feedback

6.5 Follow the reporting requirements of all of your funders and donors, both public and private.

Actions our charity takes to meet standards:	Evidence of our actions:
We discuss specific compliance and reporting requirements set by funders and donors.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Service Level Agreements

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We discuss and agree procedures for reporting and compliance.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> [Charity Name] Communication policy/ documented procedures.
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Principle 6: Being Accountable **ADDITIONAL STANDARDS**

6.6 Produce unabridged (full) financial accounts and make sure that these and your charity's annual report are widely available and easy for everyone to access.

Actions our charity takes to meet standards:	Evidence of our actions:
We produce comprehensive annual report and full financial statements which are publically available from our website.	Website link Annual Report Financial Statements

6.7 Make sure all the codes and standards of practice to which your charity subscribes are publicly stated.

Actions our charity takes to meet standards:	Evidence of our actions:
We state our compliance with Charities SORP and the Charities Governance Code in our annual reports and on our website.	Website link Annual Report Financial Statements

6.8 Regularly review any complaints your charity receives and take action to improve organisational practice.

Actions our charity takes to meet standards:	Evidence of our actions:
Board of charity trustees receives a regular report on the number and type of complaints received.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Reports to the Board of Charity Trustees
We follow the procedure set out in our Complaints Policy. The policy is reviewed and updated on a regular basis.	Minutes of Meeting dated [Insert Date] <i>(List all relevant minutes)</i> Complaints Policy

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Document Reference number: CE CDE 8.2.1 001 Rev 001

December 2019

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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"> • numerical control over boxes and tins • satisfactory sealing of boxes and tins so that any opening prior to recording cash is apparent • regular collection and recording of proceeds from collecting boxes • dual control over counting and recording of proceeds • public collections are undertaken within legal requirements for public collections
Other cash receipts	<ul style="list-style-type: none"> • clear directions to staff on how to handle cash donations • advice to donors on where to make donations securely
Postal receipts	<ul style="list-style-type: none"> • unopened mail kept securely • dual control over the opening of mail • immediate recording of donations on opening of mail or receipt • agreement of bank paying-in slips to record of receipts by an independent person • rotation of post opening staff
Receipts over the internet	<ul style="list-style-type: none"> • sending a confirmation of receipt to the donor • controls over the writing up of daybooks
Text giving	<ul style="list-style-type: none"> • IT controls to ensure texts received are processed correctly with a full audit trail maintained

Table 2: other donations

<i>Source</i>	<i>Examples of controls</i>
Gift aid	<ul style="list-style-type: none"> • establish procedures to ensure donations are initially recorded correctly with tax compliance issues being met • regular checks and follow-up procedures to ensure due amounts are received • regular checks to ensure all tax repayments have been obtained • structured archive system in place to ensure documentation is retained for 7 years • procedures for the sale of donated goods on behalf of donors where gift aid is to be claimed on the sale proceeds.
Legacies	<ul style="list-style-type: none"> • comprehensive correspondence files maintained in respect of each legacy, and numerically controlled searches of agency reports of legacies receivable • regular reports and follow-up procedures undertaken in respect of outstanding legacies • security of chattels received as legacies and procedures to establish their value and proper realisation
Donations in kind/ donated services	<ul style="list-style-type: none"> • in case of charity shops, separation of recording, storage and sale of stock • immediate recording of donated assets for use by the charity • procedures for recording donated services • logging of donated goods for distribution received which are only recognised in the accounts when distributed.

Practice Note 11 December 2008

Table 3: other income

<i>Source</i>	<i>Examples of controls</i>
Fund-raising activities	<ul style="list-style-type: none"> • records maintained for each fund-raising event • other controls maintained over receipts appropriate to the type of activity and receipt (as set out in tables 1 and 2) • prenumbered tickets for ticket income • controls maintained over expenses as for administrative expenses • reconciliation of financial aspects of the fundraising database to the general ledger
Grants and loans, including those from government bodies	<ul style="list-style-type: none"> • regular checks that all sources of income or funds are fully utilised and appropriate claims made • ensuring income or funds are correctly applied in accordance with the terms of the grant or loan • comprehensive records of applications made and follow-up procedures for those not discharged • appropriate controls procedures if stipulated by the funding agreement

Table 4: fixed assets

<i>Source</i>	<i>Examples of controls</i>
Existence of assets	<ul style="list-style-type: none"> • a register of fixed assets, including donated assets
Valuation	<ul style="list-style-type: none"> • donated tangible fixed assets recorded at their current value at the date of the gift and then depreciated in line with other assets • donated fixed asset investments recorded at their marketable value at the time of the gift

Table 5: use of funds

	<i>Examples of controls</i>
Restricted funds	<ul style="list-style-type: none"> • records maintained to identify relevant income, expenditure and assets • appropriate allocation of income generated by restricted funds • terms controlling application of funds • oversight of application of fund monies by independent personnel or trustees
Grants to beneficiaries	<ul style="list-style-type: none"> • records maintained, as appropriate, of requests for material grants received not paid to beneficiaries and their treatment • appropriate checks made on applications and applicants for grants, and that amounts paid are intra vires • 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 • 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.
Related party transactions	<ul style="list-style-type: none"> • annual declarations of interests received from all trustees • Register of interests maintained

Practice Note 11 December 2008

Table 6: Branch operations

Location	
Head office	<ul style="list-style-type: none"> • 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 • prompt investigation of any report of the misuse of the charity's name • proper acknowledgements of remittances to and from abroad • clarity of instructions and guidelines as to receipt and transfer of income to identify the point at which it belongs to the main charity • controls over recruitment and appointment of staff to run branch operations • controls regarding the opening of bank accounts and the transfer of funds between bank accounts • defined authorisation limits and responsibilities for local staff in ordering and paying for goods and services • if the amounts involved are material, periodic checks by internal audit or head office personnel.
Branch	<ul style="list-style-type: none"> • internal controls of equivalent standard to those of the main charity in any branch where the trustees of the charity have direct control • existence of an accounts manual and the standardisation of procedures at all branches • proper acknowledgements of remittances to and from abroad • 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 • 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.



An Rialálaí
Carthanas

Charities
Regulator

Internal Financial Controls Guidelines for Charities

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 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? ¹		

¹ 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) ² ?		
b) Does the charity adequately identify, distinguish and report upon unrestricted, restricted & designated income to enable adequate reporting upon both income and reserves?		

2 Charity SORP

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?
a) Does the charity have a written policy in place, approved by the trustees, which covers the following minimum items: <ul style="list-style-type: none"> - Who is entitled to claim expenses; - What expenses may be eligible for payment; - The timeframe for submission of expenses; - Any rates or limits on payments, for example, subsistence allowances or mileage rates; - The procedure for submitting expense claims, including requirements for the use of standardised claim forms; - What supporting documentation is required to validate expense claims submitted, for example, receipts; - Any insurance requirements, for example, motor insurance; - Authorisation levels; - Methods of payment, excluding the use of any cash payments; - Responsibility for processing claims and what records must be maintained; - Frequency of review of the policy. 		
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 ³ the following: <ul style="list-style-type: none"> - Name and address of the director or employee; - Date of the journey/expense; - Reason for the journey/expense; - Amount claimed; - Kilometres involved; - Starting point, destination and finishing point of the journey; - Basis for the reimbursement of travel and subsistence expenses, for example, where a worker needs an overnight stay away from home <p>Note: 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?		

³ 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 ⁴ 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"> - the latest management accounts; - a comparison of budget vs actual financial results; - explanations for variances between budgeted and actual financial results; and - details of cash movements, including closing bank, investment and loan balances. 		
d) Do the trustees carry out an annual review of internal financial controls?		

⁴ 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

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.charitysorp.org/>



Document Reference
CE GLS 08.2.1 001 Rev 000

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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

	Small Co	Small Group
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

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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 ¹ /Trustees ²	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 ³	123456
Registered Office	Construction Place, Builders Lane, Dunblock Any County

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

¹ State nationality of directors if not Irish

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

³ 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 XXXX⁴. The company's 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 Authority⁵. 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 personnel⁶:

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 secretary⁷

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)

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

⁵S.1.27 of Charities SORP requires this detail

⁶ 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.

⁷ The names of the persons who were directors during the financial year should be included for periods commencing on or after 1st 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*⁸

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

Principal Activities and Objectives⁹

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 to¹⁰:

- 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 etc¹¹.

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 are¹²:

- 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.

⁸ Required by S.1.27 of Charities SORP

⁹ 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

¹⁰ S.1.17 of Charities SORP – requires disclosure of the objective and activities of the charity

¹¹ 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.

¹² 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 are¹³:

- 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:

	Target	Actual
	2017	2017
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.¹⁴

Our Volunteers¹⁵

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.

¹³ 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.

¹⁴ 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.

¹⁵ 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 members¹⁶ 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 Review¹⁷ and Financial Results¹⁸

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 end¹⁹. 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 year²⁰.

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 holds²¹.

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.

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

¹⁷ 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

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

¹⁹ 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

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

²¹ 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 premises²².

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) ²³

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.

²² 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.

²³ 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 Performance²⁴

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 below²⁵:

	Target	Actual
	2017	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 policy²⁶

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 agreements²⁷.

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

²⁵ 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

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

²⁷ 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)²⁸.

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 employment²⁹.

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 Trustees³⁰

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.

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

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

²⁹ Required by S.1.51 of Charities SORP for large charities only

³⁰ 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 training³¹

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

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 staff³²

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 Developments³³

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

Or

³¹ Required by S.1.51 of Charities SORP for large charities only

³² 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.

³³ 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

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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 Uncertainties³⁴

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 Management³⁵

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

³⁴ S.327(1) Companies Act 2014 & S.151 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.

³⁵ 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.

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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 date³⁶

Post year end the company etc. etc.

Research and Development³⁷ (If applicable)

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

Political donations³⁸ (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 Creditors³⁹ (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 Records⁴⁰

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.

³⁶ 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

³⁷ 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

³⁸ 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.

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

⁴⁰ S.326(1)(c) of the Companies Act 2014

OmniPro Sample SORP Charity Company Limited by Guarantee

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Directors'/Trustees' Report

Directors Compliance Statement⁴¹

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 Information⁴²

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 board⁴³

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

⁴¹ 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.

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

⁴³ 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

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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 Ireland⁴⁴] 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 2019. 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 business⁴⁵.

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 jurisdictions⁴⁶.

On behalf of the board⁴⁷

Mr A Director
Director

Ms B Director
Director

DATE: _____

⁴⁴ Deemed best practice for firm's regulated by Chartered Accountants Ireland

⁴⁵ Include where no separate statement on going concern is made by the directors

⁴⁶ Include only if accounts are available on the company website

⁴⁷ 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 ⁴⁸

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](#)⁴⁹ and notes to the financial statements, including a summary of significant accounting policies set out in note [x]⁵⁰. 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 2019.

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]⁵¹ to the financial statements]⁵², 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.

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

⁴⁹ 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.

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

⁵¹ 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.

⁵² 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 information⁵³

The other information comprises the information included in the annual report⁵⁴, 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 audited⁵⁵;
- 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.

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

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

⁵⁵ 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. 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.⁵⁶

Signed by:

Personal name of auditor
 For and on behalf of:
 Compliant Accountant & Co⁵⁷

Date: _____

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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⁵⁶ Paragraph included as best practice

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

⁵⁸ 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

		Unrestricted	Restricted	2017 ⁶⁰	Restated ⁵⁹
	Notes	Funds	Funds	€'000	2016 €'000
Income from⁶¹:	4				
Donations and legacies ⁶²	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 ⁶³	9	1	-	1	2
Other income ⁶⁴ (for illustrative purposes)	10	-	-	-	-
Total income		4,276	150	4,426	4,007
Expenditure on:					
Raising funds	11	552	-	552	1,636
Charitable activities	12	700	50	750	1,275
Other (for illustrative purposes)		-	-	-	-
Total expenditure		1,252	50	1,302	2,910
Net gain on investments ⁶⁵	15	3	-	3	3
Net income	16	3,027	100	3,127	1,100
Transfer between funds⁶⁶		-	-	-	-

⁵⁹ 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.

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

⁶¹ 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.

⁶² 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.

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

⁶⁴ 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

⁶⁵ 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

⁶⁶ S2.26 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 ⁶⁷	-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes ⁶⁸	-	-	-	-
Other gains/ (losses) ⁶⁹	-	-	-	-
Net movement in funds	3,027	100	3,127	1,100

Reconciliation of funds:

Total funds brought forward	3,000	719	3,719	2,669
Total funds carried forward	6,027	819	6,846	3,719

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

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

⁶⁹ 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 Sheet⁷⁰ For the Year ended 31 December 2017

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

⁷⁰ 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.

⁷¹ 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.

⁷² 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 Sheet⁷³ 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 by⁷⁴:

Mr A Director/Trustee
Director/Trustee

Ms B Director/Trustee
Director/Trustee

DATE: _____

⁷³Under 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.

⁷⁴ 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 Funds⁷⁵ 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
Balance at 31 December 2016	719	450	2,550	3,719
Balance at 1 January 2017	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)	-	-	-	-
Balance at 31 December 2017	819	1450	4,577	6,846

⁷⁵ Not specifically required under the SORP if the entity has no share capital

OmniPro Sample SORP Charity Company Limited by Guarantee

Statement of Cashflows⁷⁶ For the Year ended 31 December 2017

	Notes	31-Dec 2017 €'000	31-Dec 2016 €'000
Net cash flows from operating activities	32	3,913	388
Cash flows from investing activities			
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)	-
Net cash flows from investing activities		(2,613)	(98)
Cash flows from financing activities			
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)		-	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		1,300	290
Cash and cash equivalents at beginning of year		500	210
Cash and cash equivalents at end of year	33	1,800	500

⁷⁶ 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 2019** (CHANGE TO 2015 IF NOT PERIOD BEGINNING ON OR AFTER 1 Jan 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)⁷⁷.** 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 entity⁷⁸ incorporated in Ireland with a registered office at XXXX and its company registration number is XXX^{79, 80}.

The significant accounting policies⁸¹ adopted by the Company and applied consistently⁸² are as follows:

(a) Basis of preparation

The Financial Statements are prepared on the going concern basis⁸³, 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 Ireland⁸⁴]** as modified by the Statement of Recommended Practice "Accounting and Reporting by Charities" effective 1 January 2015 and the Companies Act 2014⁸⁵.

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

⁷⁷ Delete if there is no adjustment required

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

⁷⁹ 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.

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

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

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

⁸³ 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.

⁸⁴ Deemed best practice for firm's regulated by Chartered Accountants Ireland

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

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

continued financial support from its principal funder the company has the necessary resources to continue trading for the foreseeable future⁸⁶.

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 contract 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

⁸⁶Sch 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.

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

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 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.

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

Freehold premises are stated at cost⁸⁷ less accumulated depreciation and accumulated impairment losses

OR

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).

⁸⁷ 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

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.

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

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

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'.

(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 Benefits⁸⁸ [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

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

⁸⁸ 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

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.

(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) Provisions⁸⁹

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

[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**

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

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 ⁹⁰ [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

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

⁹⁰ 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

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 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 policy⁹¹**

DISCLOSE CHANGE IN ACCOUNTING POLICY

(x) **Change in accounting estimate⁹² DISCLOSE AS REQUIRED**

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

⁹¹ 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.

⁹² 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
Fixed assets			
Tangible assets	1,500	-	1,500
Investments	996	-	996
	2,496	-	2,496
Current assets			
Stocks	-	-	-
Debtors	1,300	-	1,300
Cash at bank and in hand	500	-	500
	1,800	-	1,800
Creditors: amounts falling due within one year	(577)	-	(577)
Net current assets	1,223	-	1,223
Total assets less current liabilities	3,719	-	3,719
Capital grants	(719)	719	-
Provision for liabilities	-	-	-
Total net assets	3,000	719	3,719
The funds of the charity:			
Restricted funds	-	719	719
Unrestricted funds	3,000	-	3,000
Total charity funds	3,000	719	3,719

STATEMENT OF FINANCIAL ACTIVITIES

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES⁹³

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 below⁹⁴.

(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^{95,96,97}

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

Required by S3.40 of Charities SORP

Add or delete as appropriate

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

⁹⁶ 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

⁹⁷ 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 LEGACIES⁹⁸

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

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 ¹⁰¹ (for illustrative purposes)	50	200
Performance related grants from government (see note 7) ¹⁰²	150	-
Sale of own produced goods by beneficiaries (for illustrative purposes)	-	-
Counselling	200	300
Other performance related grants (for illustrative purposes)	-	-
	1,300	1,500

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)

⁹⁸ Expand as required as split to be shown for each type.

⁹⁹ 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.

¹⁰⁰ 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.

¹⁰¹ Include within this heading if the shop income is the primary purpose trade

¹⁰² 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

7. GOVERNMENT GRANTS¹⁰³

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	2016
				€'000	€'000
XX County Council	XXXX	No	XXX	160	-
HSE etc. etc.	XXXX	No	XXX	40	-
				200	-

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

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)**

¹⁰³ 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

¹⁰⁴ 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

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

¹⁰⁶ 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

9. INVESTMENT INCOME

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

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	2016
	€'000	€'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	-	-
	-	-
	-	-

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 FUNDS¹⁰⁸¹⁰⁹

	2017	2016
	€'000	€'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
Investment management costs	XXX	XXX
	552	1,636
	552	1,636

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)**

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

¹⁰⁸ 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

¹⁰⁹ 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

12. EXPENDITURE ON CHARITABLE ACTIVITIES¹¹⁰

	Charity Shop	Grants	Advice and Information	Membership	Counselling	2017 Total
	€'000	€'000	€'000	€'000	€'000	€'000
Costs directly allocated to activities						
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
Total	XX	XX	XX	XX	XX	750
Total 2016	XX	XX	XX	XX	XX	1,275

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				
	XX	XX	750	1,275

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)**

¹¹⁰ 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 COSTS¹¹¹

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
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
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
Total		20	5	5	5	32	49	25	141
Total 2016		XX	XX	XX	XX	XX	XX	XX	XX

¹¹¹ 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 GIVEN¹¹²

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

During the year the charity advanced material grants to 2 institutions:¹¹⁴¹¹⁵¹¹⁶

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

¹¹² 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.

¹¹³ 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.

¹¹⁴ 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.

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

¹¹⁶ 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)

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Notes to the Financial Statements

15. NET GAIN ON INVESTMENT ASSETS

	2017	2016
	€'000	€'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	2016
	€'000	€'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 ¹¹⁷	-	-
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	-	-
Auditors' remuneration ¹¹⁸		
Audit	13,000	13,000
Non audit assurance services	3,000	3,000
Other financial services	-	-
Tax Advisory	3,225	3,225
	3,225	3,225

¹¹⁷ 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.

¹¹⁸ S.9.23 Charities SORP requires disclose 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 COSTS¹¹⁹

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 follows¹²⁰:

	2017	2016
	€'000	€'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 company¹²¹.

OR

There were 6 employees (2016:X) whose total employee benefits (excluding employer pension costs) for the year fell within the below categories¹²²:

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

¹¹⁹ 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

¹²⁰ 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.

¹²¹ 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.

¹²² 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.**

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(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 X¹²³¹²⁴.

18. DIRECTORS REMUNERATION AND TRANSACTIONS¹²⁵

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 below¹²⁶:

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 year¹²⁷.

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)¹²⁸.

¹²³ 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.

¹²⁴ 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.

¹²⁵ As required by Section 305 to 312 of CA 2014

¹²⁶ 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

¹²⁷ 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.

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

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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 ASSETS¹²⁹

	Land & Buildings €'000	Office Equipment €'000	Motor Vehicles €'000	Computer Equipment €'000	Total €'000
Costs¹³⁰					
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
Depreciation					
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
Net book value					
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 stated¹³¹}.

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

¹³⁰ As required by S10.15 & 10.16 of Charities SORP.

¹³¹ 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].¹³²

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

	2017	2016
	€	€
Original cost	XXX	XXX
Accumulated depreciation	(XXX)	(XXX)
Net book amount	XXX	XXX

Include the below if the option to 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. INVESTMENTS¹³³¹³⁴

	2017	2016
	€'000	€'000
Shares in associated undertakings ¹³⁵ - 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
	1,000	996

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

¹³³ Comparatives now required for movements in fixed assets (Para 5 Schedule 3 CA 2014)

¹³⁴ 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.

¹³⁵ 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% of more of the ordinary share capital are as follows¹³⁶¹³⁷

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

Company Name	Country of Incorporation ¹³⁸	Details of investment ¹³⁹	Proportion held by company	Registered Office ¹⁴⁰	Principle Activity
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:¹⁴¹

	2017	2016
	€'000	€'000
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)¹⁴². There were no dividends receivable from this company during the year.

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

¹³⁷ 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.

¹³⁸ If the company is unincorporated, the address of the principal place of business must be included

¹³⁹ 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

¹⁴⁰ 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

¹⁴¹ 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

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

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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) ¹⁴³.

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	2017	2016
	€'000	€'000
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 account¹⁴⁴. 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	2017	2016
	€'000	€'000
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.

¹⁴³ Required by S28.18 of Charities SORP

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

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(iii) Investment properties

	2017	2016
	€'000	€'000
Investment property at fair value ¹⁴⁵ 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. DEBTORS¹⁴⁶¹⁴⁷

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

¹⁴⁵ 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.

¹⁴⁶ 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

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

¹⁴⁸ 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.

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

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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 YEAR¹⁵⁰

	2017	2016
	€'000	€'000
Bank loans and overdrafts	-	-
Trade creditors	500	400
Amounts payable on public benefit entity concessionary loans (see note 23) ¹⁵¹	-	-
Deferred income (see note 26) ¹⁵²	-	-
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 ¹⁵³	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.¹⁵⁴

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

¹⁵⁰ 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.

¹⁵¹ 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.

¹⁵² 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.

¹⁵³ 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'.

¹⁵⁴ Section 11 requires terms of creditors etc. to be disclosed.

¹⁵⁵ Section 11 requires terms of creditors etc. to be disclosed.

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24. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (IF ANY) ¹⁵⁶

	2017	2016
	€'000	€'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) ¹⁵⁷

	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 ¹⁵⁸</u>	-	-	-	-	-
Term Loan					
	-	-	-	-	-

The bank facilities¹⁵⁹ 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.

¹⁵⁶Sch 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.

¹⁵⁷ 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 < 1year where security has been given.

¹⁵⁸ 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

¹⁵⁹ 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.

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26. DEFERRED INCOME¹⁶⁰

	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
Split of deferred income:	-	-
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 LIABILITIES¹⁶¹

	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	-	-

¹⁶⁰ 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.

¹⁶¹ 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

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(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 FUNDS¹⁶²

	General Funds	Designated Funds	Restricted Funds	Total
	€'000	€'000	€'000	€'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
At 1 January 2016 as restated	1,800	50	769	2,619
Net income for the year as previously stated	750	400	-	1,150
Prior year adjustment – change in accounting policy (see note 2)	-	-	(50)	(50)
Net income/(expense) for the year as restated	750	400	(50)	1,100
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 FUNDS¹⁶³

	General Funds	Revaluation Funds	Designated Funds	Restricted Funds	Total Funds
	€'000	€'000	€'000	€'000	€'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
	General Funds	Revaluation Funds	Designated Funds	Restricted Funds	Total Funds
	€'000	€'000	€'000	€'000	€'000
Tangible assets	-	-	-	819	4,000

¹⁶² 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.

¹⁶³ Required by S2.29 of Charities SORP

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Investments	1,000	-	-	-	1,000
Current assets	2,600	-	-	-	2,600
Current liabilities	(754)	-	-	-	(754)
Long term liabilities	-	-	-	-	-
Net assets at 31 December 2016	4,527	-	1,500	819	6,846

30. MOVEMENTS IN FUNDS¹⁶⁴

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

	At 1 January 2016 as restated €'000	Income €'000	Expenditure €'000	Transfers €'000	Gain and Losses €'000	At 31 December 2016 €'000
Restricted Funds:						
Capital Grants	719	150	(50)	-	-	819
Counselling service (for illustrative purposes only)	-	-	(-)	-	-	-
<i>Total restricted funds</i>	719	150	(50)	-	-	819
Unrestricted funds						
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>	3,000	4,276	(1,252)	-	-	6,027
TOTAL FUNDS	3,719	4,526	(1,302)	-	3	6,846

Purposes of Restricted Funds

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

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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.¹⁶⁵

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.

31. FINANCIAL INSTRUMENTS¹⁶⁶

	Note	2017 €'000	2016 €'000
Financial assets that are equity instruments measured at fair value			
Investments in listed shares	21	1,000	996
Financial assets that are equity instruments measured at cost less impairment			
Investments in unlisted shares	21	XXX	XXXX
Financial assets that are debt instruments measured at amortised cost			
Trade and other debtors	22	150	500
Cash and short term deposits		1,800	500
Investment in Government bonds	21	XXX	XXX
Financial liabilities measured at amortised cost			
Trade creditors	24	500	400
Finance leases	24	XXX	XXXX
Bank loans	24&25	XXX	XXXX
Accruals for goods and services	24	200	100

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

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

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

Company's income, expense, gains and losses in respect of financial instruments are summarised below:

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	2016
	€'000	€'000
Net income for the period ¹⁶⁷	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

33. ANALYSIS OF CASH & CASH EQUIVALENT¹⁶⁸

	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.¹⁶⁹

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).

¹⁶⁷ 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').

¹⁶⁸ 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.

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

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

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 date¹⁷⁰.

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 resources¹⁷¹. The company has designated funds for the purchase of equipment for €XXX. Included within creditors is €XXX in relation to this cost¹⁷².

36. RETIREMENT BENEFITS INFORMATION¹⁷³

	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 less of the current employees]. The **expense as been fully allocated to the unrestricted fund as these costs were incurred on unrestricted activities¹⁷⁴ 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).¹⁷⁵

¹⁷⁰ S21.43 of Charities SORP requires this to be disclosed.

¹⁷¹ S7.44 of Charities SORP requires this to be disclosed.

¹⁷² As required by 7.46 of SORP.

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

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

¹⁷⁵ 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.

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

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. CONTINGENCIES¹⁷⁶

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 €XXXX 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 €XXXXXX¹⁷⁷.

There were no unfulfilled commitments or conditions from non-exchange transactions that have not been recognised in income¹⁷⁸.

38. PROVISIONS AVAILABLE FOR SMALL ENTITIES¹⁷⁹

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 TRANSACTIONS¹⁸⁰

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 below¹⁸¹:

¹⁷⁶ 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.

¹⁷⁷ 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.

¹⁷⁸ S6.31 of Charities SORP –requirement to disclose details of same.

¹⁷⁹ 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.

¹⁸⁰ S9.13 to 9.22 of Charities SORP requires disclosures of related party balances.

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

	2017	2016
	€	€
Key management compensation		
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 creditors¹⁸². €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.

During the year the charity purchased €XX from its subsidiary company Charity Co. Limited. An amount of €XX was payable at the year end¹⁸³.

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 VOLUNTEERS¹⁸⁴

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 PARTY¹⁸⁵ (FOR ILLUSTRATIVE PURPOSES)

¹⁸¹ 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.

¹⁸² 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.

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

¹⁸⁴ S9.13 to 9.22 of Charities SORP requires disclosures of related party balances.

¹⁸⁵ 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

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.

**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
Total grants from							€XXXX				€XXX

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

government bodies											
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
Income from other sources							€XXXX				€XXXX
Total for period							€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 _____.

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Section 2: Accounting Issues for Charities under SORP & FRS 102

Introduction

What's covered in this section?

- The principal adjustments where a change in accounting policy is required on adoption of FRS 102 Charities SORP from FRS 102
- Certain accounting requirements for charities applying either Full FRS 102 or Charities SORP
- General accounting examples under FRS 102 and Charities SORP
- Provision of a detailed guide on the differences between FRS 102 and FRS 102 charities SORP: and Old Irish GAAP/FRSSE and FRS 102 charities SORP
- Note from an accounting perspective – much of SORP is a replica of FRS 102 (Section 34 etc.). In general, not many accounting adjustments on transition

Note throughout this section we refer to FRS 102 and FRS 102 Charities SORP. Where something cannot be applied under the Charities SORP we have identified this.

Income recognition (S.5 of SORP)

Income/expenditure recognition the same under SORP as was required under Section 34 of FRS 102 with the 4 exceptions as detailed in part 5 of this section.

General rule – income recognised when charity has:

- Entitlement
 - It is probable future economic activities will flow
 - It can be reliably estimated
- 1) Specific rule - Cash Donations
- Recognised on a receivable basis assuming general conditions are met
- 2) Specific rule - Legacies – recognise when:
- There is grant of probate; and
 - The executors have established that there is sufficient assets in the estate, after settling liabilities; and
 - Any conditions attached to the legacy are either within the control of the charity or have been met

Example 1: Legacies (Section 34 of FRS 102 & Section 5 of SORP)

Charity A has been informed by a solicitor that it has been identified as a beneficiary of a persons will. The solicitor has stated that as of yet the amount of the legacy is not certain as it has not gone through probate, expenses have still to be paid and the interest is in the residue of the estate. The solicitor has stated a figure of CU100k - CU150k however this is only indicative.

Can the charity recognise any income in the current year?

The rules for recognition of legacies are (PBE34B.5 to 7 of FRS 102):

- There is grant of probate; and
- The executors have established that there is sufficient assets in the estate, after settling liabilities; and

- Any conditions attached to the legacy are either within the control of the charity or have been met

On this basis, the charity cannot recognise income in the current year as although there is entitlement to the funds and although it is probable economic benefits will flow, the amount of the legacy cannot be measured reliably hence it should not be recognised at that time. In addition there is no grant of probate.

However a contingent asset would need to be included in the notes detailing the legacy

Example 2: Legacies (Section 34 of FRS 102 & Section 5 of SORP)

If we take example 1 and this time assume that the executor has determined that a payment will be made to the charity following the agreement of the estate's accounts and that a reliable estimate of CU100k can be given.

Can the charity recognise any income in the current year?

Yes as long as the likelihood of receipt is probable (as reliable estimate and entitlement has been established) the legacy would be recognised as income in the SOFA/I&E/P&L in the current year. The journals would be as follows assuming it will be receivable within 12 months of year end:

	CU	CU
Dr legacy debtor	100,000	
Cr donations and legacy income in SOFA/income/turnover in I&E		100,000

If we assume that the executor believes it will not be received until 24 months after the recognition of income, there would be a requirement to present value the CU100,000 at a discount rate equal to the rate the charity could get on a deposit account for a similar length. Assume the PV is CU85,000 and CU9,000 and CU6,000 of this unwinds in the first and second year after recognition. The journals would be to:

	CU	CU
Dr legacy debtor	85,000	
Cr donations and legacy income in SOFA		85,000
Being journal to recognise income at present value.		

Then the below journal should be posted to reflect the unwinding of the discount:

	CU	CU
Dr legacy debtor	9,000	
Cr donations and legacy income in SOFA OR interest income in P&L/I&E		9,000

Example 3: Legacies (Section 34 of FRS 102 & Section 5 of SORP)

If we take example 2 and 6 months later it transpires that only CU60,000 will be received.

What are the journals required (ignoring present valuing):

The journals required are to:

	CU	CU
Dr donations and legacy income in SOFA/ Income or turnover in I&E/P&L	40,000	
Cr legacy debtor		40,000

Example 4: Legacies (Section 34 of FRS 102 & Section 5 of SORP)

Charity A has been notified by an executor that a payment will be made.

Can this be recognised in income?

Yes this should be recognised at that time.

Example 5: Legacies (Section 34 of FRS 102 & Section 5 of SORP)

If we take example 4 and assume the notification was received post year end but before the accounts are authorised for issue. In this case can the charity recognise this legacy in income for the current year even though notification was not received until after year end?

Answer: It depends – If it is clear that the payment had been agreed by the executor prior to the end of the reporting period, it should be recognised as income and included as a receivable.

Example 6: Legacies (Section 34 of FRS 102 & Section 5 of SORP)

Charity A has been informed by an executor that it is entitled to a house on the death of a life tenant. Can the charity recognise the market value of the house at that time?

Answer: No. It can only recognise it in income once the life tenant dies. However it should be disclosed as a contingent asset.

3) Donated goods and services (Section 34 of FRS 102 & S.6 of SORP)

Donated goods and services – recognise when:

- Entitlement
- It is probable future economic activities will flow
- It can be reliably estimated

Income should be recognised on the above basis unless it is impractical to value the goods/services given the low value or the costs outweigh the benefits to the readers in which case it should be measured when sold

If recognised initially on receipt, then recognise credit in income and a corresponding debit in expenses/stock/fixed assets as applicable

If fair value cannot be determined easily then determine the value by:

- Assessing cost to the donor; or
- The expected resale value after deducting costs to sell

If fair value recognised in stock initially, then on the future same:

- Post the debit for the recognition of stock to income & set against sale amount

If fair value donated services – recognise at the fair value to charity (what would charity have to pay if they got someone else)

Donated time of volunteers is not required to be recognised

- In assessing whether a person is volunteer or a person providing services & hence income to be recognised determine if:
 - The person perform a business of the service that they provide to the charity; or

- The person is only ancillary to other charity staff

Example 7: Donated goods or services – fixed assets

Charity A received a gift in the form of a property which will be used for the purposes of its trade.

In this case under Section 6.6 of SORP or Section PBE34.67 to 34.70 & PBE34.1 of FRS 102 income should be recognised when the charity:

- Has entitlement; and
- Can reliably measure the asset/gift; and
- It is probable economic benefits will flow to the charity.

It should initially be measured at fair value unless it is impractical to measure. Assume the fair value of this asset was CU500,000

The journals required once the recognition criteria are met are as detailed below:

	CU	CU
Dr Tangible fixed assets	500,000	
Cr donations and legacies in the SOFA OR Turnover/income in I&E or P&L		500,000

From then on, the asset is depreciated over its useful economic life as would be the case for any other fixed asset. Note if a restriction was imposed as part of the gift that it cannot be disposed the fair value should be adjusted downwards to reflect this restriction.

If this was a property which had sitting tenants and the charity decided to continue to lease it out then this would be classified as an investment property and included within investments in the financial statements for SORP accounts or within tangible fixed assets under FRS 102 and would have to be carried at fair value. There would be no depreciation instead the movement would be recognised in the line 'gain/loss on investments' in the SOFA for SORP Accounts or in the P&L/I&E possibly within other operating income if just FRS 102 accounts are prepared.

Example 8: Donated goods or services – donated goods held for resale – impractical to measure

Charity A operates a charity shop as one of the activities of the charity and receives donated goods which it then sells on.

In this case under Section 6.6 of SORP or Section PBE34.67 to 70 & PBE34.1 to 2 of FRS 102, income should be recognised when the charity:

- Has entitlement; and
- Can reliably measure the asset/gift; and
- It is probable economic benefits will flow to the charity.

It should initially be measured at fair value unless it is impractical to measure or would result in undue cost given the value of the donated goods. If this is the case the donated goods should be recognised when sold. If fair value cannot be determined then the value placed on it should be obtained by:

- Assessing the cost of the item to the donor
- Or goods which are expected to be sold, the estimate resale value after deducting costs to sell

If we assume that it is impractical to measure given the low value of the goods, then on initial receipt, income should not be recognised instead under S6.10 of SORP or S,PBE34.70 of FRS 102, the income is recognised when sold. Assume for this example this item was sold for CU50. The journals required on sale would be to:

	CU	CU
Dr Bank	50	
Cr income from other trading activities in the SOFA* / Turnover/income in P&L/I&E		50

* Note if the shop is the primary purpose of the charity then the Credit would go to 'income from charitable activities'.

Note if we assume that these were goods which were used by the Charity itself as opposed to being sold on, the following journals would be required:

	CU	CU
Dr expenditure on charitable activities in the SOFA OR Administrative expenses in P&L/I&E	50	
Cr income from other trading activities in the SOFA* OR Turnover/income in P&L/I&E		50

* Note if the shop is the primary purpose of the charity then the Credit would go to 'income from charitable activities'.

Example 9: Donated goods or services – donated goods held for resale – practical to measure

If we take example 8 and this time assume that the goods can be measured. Assume the fair value of the donated good was CU1,000 and the cost of onward sale is CU50.

Given that it can be measured assuming the recognition rules (e.g. on receipt) have been met the journal would be to:

	CU	CU
Dr stock on the balance sheet	950	
Cr income - donations in the SOFA OR Turnover/income in P&L/I&E		950

Note as this is recognised in stock it should be reviewed for impairment and impairment booked if required (required by Section 10 & Section 12 of SORP OR S.27 of FRS 102).

For FRS 102 SORP

	CU	CU
Dr income from other trading activities in the SOFA* OR Turnover/income in P&L/I&E	950	
Dr bank/debtors	1,000	
Cr stock on balance sheet		950
Cr income from other trading activities in the SOFA OR Turnover/income in P&L/I&E		1,000

* Note if the shop is the primary purpose of the charity then the Credit would go to 'income from charitable activities'.

	CU	CU
FRS 102 – Non SORP assuming no element of SORP adopted Dr cost of sales/administrative expenses	950	
Cr stock on the balance sheet		950
Dr Bank	1,000	
Cr Turnover/income in P&L/I&E		1,000

Example 10: Donated goods or services – donated goods held for resale – Other trading activities not main charitable activity

Charity A's primary purpose is to provide knowledge and support to persons effected by a certain physical condition. It also carried on shops where donated goods are provided. The income from the shops in the year was CU1,000 and the expenses were CU 800 which includes wage costs.

The journals required under FRS 102 (non-SORP) are:

	CU	CU
Dr Bank	1,000	
Cr Turnover/income		1,000
Dr administrative expenses	800	
Cr Bank		800

The journals required under **FRS 102 SORP** are:

	CU	CU
Dr income from other trading activities in the SOFA	800	
Dr bank/debtors	200	
Cr income from other trading activities in the SOFA		1,000

Example 11: Donated goods or services – donated services

The rules with regard to recognition of income where services are provided are similar to where donated goods are received as detailed in the examples above. However where services or facilities are given for the charity's own use they should be measured initially at the value to the charity (i.e. the amount the charity would have to be pay if it were to -pay for this facility service in the open market). Income should be recognised when the service or facility is received.

Charity A received the services of an electrician to repair wiring in the charity's premises at no charge. If the charity were to get an electrician it would cost the charity CU2,000. Therefore the journals required are:

	CU	CU
Dr expenditure on charitable activities in the SOFA OR administrative expense in P&L/I&E	2,000	
Cr donations in the SOFA OR Income/Turnover in P&L/I&E		2,000

If this work related to the construction of its premises it may be possible to capitalise this cost and then depreciate.

If this time we assume the charity obtains an office rent free. Then the journal would be to:

	CU	CU
Dr expenditure on charitable activities in the SOFA OR administrative expense in P&L/I&E	2,000	
Cr donations in the SOFA OR Income/Turnover in P&L/I&E		2,000

Here S.6.31 of SORP or PBE34.74 of FRS 102 requires disclosure of amounts and nature of non-exchange transactions recognised in the accounts.

Note the donated time of volunteers is not required to be recognised in the financial statements (usually individuals who do not perform a business on their own account in the service they provide).

4) Grants of all natures (including optional grants) – Performance model

NOTE FULL FRS 102 SORP ONLY PERMITS THE PERFORMANCE MODEL TO BE UTILISED FOR GRANTS. FRS 102 GIVES A CHOICE TO EITHER APPLY THE PERFORMANCE MODEL OR THE ACCRUALS MODEL

Grants of all natures (including capital grants) – note change here from full FRS 102

- a) If there are no performance conditions attached then recognise (ignore restriction on how the funds are to be used):
- Immediately assuming the charity has:
 - Entitlement
 - Probable economic benefits will flow
 - Can be reliably measured
 - Even if costs have not been incurred the income must be recognised in the SOFA (applies to capital grants also)
 - If there are performance conditions attached then recognise:
 - Only when the performance conditions are met
 - Even if costs have not been incurred the income must be recognised in the SOFA (applies to capital grants also)
- b) Example of performance conditions:
- service level conditions, or
 - a set number of output to be done, or
 - opening hours of facilities, or
 - number of meals to be provided
 - Requirement to employ a certain number of staff for a set period
- c) Terms attaching to a grant which can be ignored when looking if the performance conditions have been met:
- Rules restricting the use of the funds
 - Conditions that allow for the recovery of the grant by the donor of any unexpended part of a grant:
 - Terms which are within the charity's control & there is sufficient evidence that the terms will be met. Examples include:
 - Submission of accounts or certification of expenditure

- The requirement to hold it for charitable purposes and if sold to invest in charitable activities (as this is stated in the charity constitution then this is a given)
- d) Accruals model with regard to government grants cannot be used under FRS 102 SORP (however it can be used if FRS 102 non SORP accounts are being prepared).
- Must be recognised in income when performance conditions are met (regardless if costs have not been incurred).

e) Accrual model FRS 102 only (cannot be utilised under FRS 102):

the accruals model recognises the grant so as to match it with the costs incurred. So for revenue type grants such as training grants, the grant could be recognised in income in any of the following ways:

- Matched against direct training costs
- Taken over a period of time against salary for the employees expected to benefit from the training
- Taken systematically over a straight line basis
- Taken when cash is received

As can be seen there will be judgement required as to which best meets the company requirements. It is vital that the company applies the policy chosen consistently and discloses this in the accounting policies.

Example 12: Accruals model - capital grant – depreciable asset (applicable for FRS 102 only and not Charities SORP)

Charity A received a grant of CU100,000 towards the cost of constructing its premises for provision of its charitable activities. This grant was provided on condition that the charity construct a specialist treatment unit for a certain type of beneficiary a number of years ago and on condition that it continue to be used by the charity for that purpose and if it is sold the disposals proceeds must be utilised for charitable purposes.

The useful life of the premises itself is 50 years.

In this case, the amount to be recognised each year will be based on the 50 year life as this is the life that the asset is depreciated over. Hence there is a matching of the depreciation charge on the property with amortisation of the grant. The total grant to be released each year is CU2,000 (CU100,000/50yrs). The journals required are:

	CU	CU
Dr Bank	100,000	
Cr Deferred Revenue/Grant Liability		100,000

Being journal to recognise receipt of the funds

	CU	CU
Dr Accumulated Amortisation on Grant Liability	2,000	
Cr Grant Amortisation – Other income		2,000

Being journal to recognise the release of the grant each year for 50 years.

If the above was a grant on land, which is non-depreciable, it is likely that this should be released over the terms of the building constructed on it.

Example 13: Accruals model (applicable for FRS 102 only and not Charities SORP) – capital grant

Charity A received a grant of CU100,000 towards the cost of constructing its premises. A condition of the grant is that the Charity continues to utilise the manufacturing plant for a period of 20 years. As part of the grant they are required to maintain employment for 3 years.

In this particular case, judgement will have to be made as to whether in substance this is a capital grant or a revenue grant. All facts would have to be reviewed. However, given the large grant and the fact that it is principally towards the cost of the plant, in this particular case it would be treated as a capital grant and accounted for accordingly.

Example 14: Accruals model (applicable for FRS 102 only and not Charities SORP) – revenue grant

If in example 12, the above was a Capital Assistance Scheme loan from a local authority to purchase a property to be used to house beneficiaries of the charity. This loan is mortgaged on the property. As part of the loan the charity is required to keep the properties in good structural order and proper repair and ensure that they are used for the charities purpose and let to eligible persons and rented to beneficiaries at fair rates. If the above conditions are met the loan will be forgiven after 20 years of receipt. If repayment is not made if requested the provider can take steps to recover the loan through the mortgage held.

In this case the loan is considered government assistance. The journals required under the accruals model would be the same as above.

Note if this was a Capital Assistance loan which was not from a government agency it would be accounted as a concessionary loan under Section 11 of FRS 102 – the journals would differ as the loan would remain at 100k for the 20 years until forgiven.

Example 15: Accruals model (applicable for FRS 102 only and not Charities SORP) – revenue grant

Charity A obtained a grant for the cost of carrying out research which will go on for three years. The total amount of the grant was CU100,000. It was conditional on using the funds for this service and no other conditions were imposed. The costs are expected to incurred over the 3 year life evenly. Under the accruals model the income would be recognised evenly over a 3 year period (i.e. CU33,333 per annum). The journals required are to:

	CU	CU
Dr Bank	100,000	
Cr Deferred revenue		66,667
Cr Income in P&L/I&E		33,333

Example 16: Performance model (applicable for FRS 102 and Charities SORP) – revenue grant

Charity A obtained a grant for the cost of carrying out research which will go on for three years. The total amount of the grant was CU100,000. It was conditional on using the funds for this service and no other conditions were imposed. The costs are expected to incurred over the 3 year life evenly. As it is probable that the conditions for this grant will be met (which are within the control of the charity), and given that there are no other performance conditions, under the performance model the full grant should be recognised in income on receipt.

The journals required are to:

	CU	CU
Dr Bank	100,000	
Cr Donations in SOFA OR Income in P&L/I&E		100,000

Example 17: Performance model – Revenue Grant

Charity A received a Capital Assistance Scheme loan of CU100,000 from a local authority to purchase a property to be used to house beneficiaries of the charity. This loan is mortgaged on the property. As part of the loan the charity is required to keep the properties in good structural order and proper repair and ensure that they are used for the charities purpose and let to eligible persons and rented to beneficiaries at fair rates. If the above conditions are met the loan will be forgiven after 20 years of receipt. If repayment is not made if requested the provider can take steps to recover the loan through the mortgage held.

As these are loans which are considered repayable unless certain conditions are met, it comes within the remit of Section 5 of SORP. As the charity must maintain the property to certain conditions and ensure they are let to eligible persons at a fair rate these would reflect performance conditions. Therefore the loan cannot be released to income until the 20 year period is over and all of the performance conditions have been met. This loan would be shown as a creditor greater than one year and only released as a donation on the expiry of the 20 years assuming all the conditions are met. This is supported by Section 11 of FRS 102 & Section 11 of SORP which specifically states that a liability cannot be derecognised until there is formal forgiveness of the loan received.

The journals required on initial receipt are:

	CU	CU
Dr Bank	100,000	
Cr Government Capital Assistance loans – Loans > 1 year		100,000
Being journal to defer income on initial recognition		

The journals required on expiry of 20 years

	CU	CU
Dr Loans in ‘creditors: amounts falling due within one year’	100,000	
Cr Donations & Legacies – unrestricted fund in SOFA OR Income in I&E/P&L		100,000
Being journal to release the loan once it has been forgiven		

Note if this was a loan which was not from a government agency it would be accounted as a concessionary loan – the journals would remain the same.

Example 18: Capital grants (FRS 102 and FRS 102 SORP – performance model)

Assume that a capital grant has been received by the charity in the year of CU50,000. The conditions of the grant states that the grant is conditional on the charity providing 100% occupancy for five years with the amount reducing for each of these 5 years.

Assume the 100% occupancy was achieved in year one.

Under this method the following would be the journals under the performance model:

	CU	CU
Dr bank	50,000	
Cr income from charitable activities - restricted fund (CU50,000/5 yrs* 1 yr gone)		10,000

Cr deferred revenue	40,000
Being journal to defer the amount over the 5 year period	

If the condition of the grant stated that the full amount of the grant is repayable if the 5 year condition is not met, then no income would be recognised until the end of year 5.

Example 19: Capital grants (FRS 102 and FRS 102 SORP – performance model) – Example of adjustment on transition from Accruals model to performance model when Charities SORP first adopted

If we take example 18 and this time assume the grant was received in the comparative year prior to adoption of the SORP. Assume that the asset to which it relates is depreciated over 10 years (CU5,000 per year on grant element of cost) and that the accruals model was applied under full FRS 102. The carrying amount of the grant liability at 31 December 2015 was CU45,000.

Journals for year ended 31 December 2015:

	CU	CU
Dr expenditure on charitable activities in SOFA with the reversal of amortisation – restricted column (assuming the amortisation was originally posted to restricted expenses as opposed to income). This then gets recognised in the restricted fund in the ‘funds of the charity’ section of the balance sheet which reflects the depreciation on the cost element of the asset covered by the grant	5,000	
Cr Government grants on balance sheet (CU50,000-CU45,000)		5,000
Being journal to reverse previous amortisation charged on the grant under accruals model		
	CU	CU
Dr Government grants on balance sheet (CU50,000-CU40,000)	10,000	
Cr income from charitable activities in SOFA with the release of grant for 1 year – restricted column. This then gets recognised in the restricted fund in the ‘funds of the charity’ section of the balance sheet which reflects the depreciation on the cost element of the asset covered by the grant		10,000
Being journal to reflect the restatement of the prior year balances due to the change of accounting policy for recognition of 1/5 th of grant in the year		

Example 20: Grants and performance conditions

A grant was to be provided to a charity subject to the Charity obtaining matching funds to allow the construction to be completed. Given that this is a performance related condition the grant cannot be recognised in income until the matching funding is obtained by the charity. The journal to defer would be to Dr Bank and Cr Deferred revenue.

Example 21: Grants and performance conditions

A grant was to be provided to a charity subject to the Charity obtaining planning permission to allow the construction to be completed. Given that this is a performance related condition the grant cannot be recognised in income until planning permission is obtained by the charity.

Example 22: Grants and performance conditions

A grant was provided by the HSE to a charity on condition that a certain service level must be achieved throughout the year. Given that this is a performance related condition the grant cannot be recognised in income until the service conditions have been met.

Example 23: Grants and performance conditions

A grant is provided subject to the charity providing a number of work placements in a particular period. In this case the income can only be recognised in the specified period in which the work placements are completed (i.e. the grants restricts when the work placements can be given). In this case the grant would be deferred until this period has elapsed and the requirements have been met.

This is similar where a number of training weeks are specified as part of the grant.

Example 24: Grants and performance conditions

A multi-period grant has been approved for a charity. However it will only be paid on the basis of agreed budgets. On this basis the charity cannot recognise the income until the grant provider has approved the budgets.

Example 25: Grants and the performance model (Example of adjustment on transition from Accruals model to performance model when Charities SORP first adopted)

Charity A applied a policy of recognising grants on an accruals basis under FRS 102. For the year ended 31 December 2016 the charity has decided to apply Charities SORP FRS 102 for the first time. At the 31 December 2014 and 2015 the charity held a liability for deferred capital grants on the balance sheet of CU769,000 and CU719,000 respectively (as the government grants were released to the income and expenditure statement over the life of the asset). These grants were provided on condition that the charity construct a specialist treatment unit for a certain type of beneficiary a number of years ago and on condition that it continue to be used by the charity for that purpose and if it is sold the disposals proceeds must be utilised for charitable purposes.

The amortisation credit recognised in the income and expenditure in the 2015 financial statements was CU50,000.

On adoption of the SORP the charity is required to change its accounting policy from the accruals basis to the performance basis. Given that the grants was given for a specific purpose this is a restricted grant and therefore should be recognised in a restricted fund.

From the facts above it is evident that under the performance basis the charity has complied with grant conditions and therefore the grant should have been recognised in full a number of years ago if the performance basis had of been applied. The requirement that the charity has to continue to use the property for charitable purposes does not prevent it from being recognised as this is within the control of the charity and the charity has full intention to abide by this condition.

The adjustments required are as follows:

Journals for year ended 31 December 2015:

	CU	CU
Dr Government grants on balance sheet	769,000	
Cr restricted fund in the 'funds of the charity' section of the balance sheet		769,000
Being journal to reflect the restatement of the prior year opening reserve balance due to the change of accounting policy		

	CU	CU
Dr expenditure on charitable activities in SOFA with the reversal of amortisation – restricted column (assuming the amortisation was originally posted to expenses as opposed to income). This then gets recognised in the restricted fund in the 'funds of the charity' section of the balance sheet which reflects the depreciation on the cost element of the asset covered by the grant	50,000	
Cr Government grants on balance sheet		50,000
Being journal to reflect the restatement of the prior year results for the reversal of amortisation charged on government grants due to the change of accounting policy and instead reflect this as depreciation		

OR

	CU	CU
1) Dr income with the reversal of amortisation (assuming the amortisation was originally posted to income as opposed to expenses).	50,000	
2)*Dr expenditure on charitable activities – restricted fund	50,000	
2) Cr expenditure on charitable activities		50,000
1) Cr Government grants on balance sheet		50,000
Being journal to reverse the amortisation of the capital grant recognised in 2016 and reflect the depreciation on the cost element of the asset covered by the grant being shown in the restricted fund.		

*Journal 2 above reflects the reclassification of depreciation on the cost element of the asset covered by the grant from unrestricted as previously reported under FRS 102 to restricted. This then gets recognised in the restricted fund in the 'funds of the charity' section of the balance sheet.

The journals required in the 2016 year assuming the 2016 trial balance was not prepared under SORP and the above journals were posted to reserves etc.:

	CU	CU
Dr expenditure on charitable activities in SOFA with the reversal of amortisation – restricted column (assuming the amortisation was originally posted to expenses as opposed to income). This reflects the depreciation on the cost element of the asset covered by the grant. Then this gets recognised in the restricted fund in the 'funds of the charity' section of the balance sheet	50,000	
Cr Government grants on balance sheet		50,000
Being journal to reverse the amortisation of the capital grant recognised in 2016		

OR

	CU	CU
1) Dr income with the reversal of amortisation (assuming the amortisation was originally posted to income as opposed to expenses).	50,000	
1) Cr Government grants on balance sheet		50,000
2) Dr expenditure on charitable activities - restricted fund	50,000	
2) Cr expenditure on charitable activities - unrestricted fund		50,000

Being journal to reverse the amortisation of the capital grant recognised in 2016 and reflect the depreciation on the cost element of the asset covered by the grant being shown in the restricted fund

*Journal 2 above reflects the reclassification of depreciation on the cost element of the asset covered by the grant from unrestricted as previously reported under FRS 102 to restricted. This then gets recognised in the restricted fund in the 'funds of the charity' section of the balance sheet.

Example 26: Grants and the performance model (Example of adjustment on transition from Accruals model to performance model when Charities SORP first adopted):

If in the above example (example 25) a grant was received in the 2015 year for CU769,000 and the only condition of the grant/donation was that it was to be used to purchase a fixed asset and that fixed asset was not purchased by the year end, the full grant should still be recognised in the SOFA. It is irrelevant that the expenditure has not been incurred. Assume that in 2016 the money was spent and the asset was put into use and amortisation of CU50,000 was credited to the income and expenditure account in that year. Assume 31 December 2016 is the first time preparing SORP accounts.

In that case the journal would be to:

Journals for year ended 31 December 2015:

	CU	CU
Dr Government grants on balance sheet	769,000	
Cr restricted fund in the line 'Donations and legacies' in the SOFA (this then gets recognised in the restricted fund in the 'funds of the charity' section of the balance sheet). This reflects the depreciation on the cost element of the asset covered by the grant. Then this gets recognised in the restricted fund in the 'funds of the charity' section of the balance sheet.		769,000

Being journal to reflect the restatement of the prior year results and the opening reserve balance due to the change of accounting policy

There is no reversal of an amortisation credit here as the asset had not been put into use.

The journals required in the 2016 year assuming the 2016 trial balance was not prepared under SORP and the above journals were posted to reserves etc.:

	CU	CU
Dr expenditure on charitable activities in SOFA with the reversal of amortisation – (assuming the amortisation was originally posted to expenses as opposed to income).	50,000	
Cr Government grants on balance sheet		50,000

Being journal to reverse the amortisation of the capital grant recognised in 2016

OR

	CU	CU
Dr income with the reversal of amortisation (assuming the amortisation was originally posted to income as opposed to expenses).	50,000	
Cr Government grants on balance sheet		50,000
Being journal to reverse the amortisation of the capital grant recognised in 2016		

Example 27: Capital grants and the performance model (Example of adjustment on transition from Accruals model to performance model when Charities SORP first adopted)

If we take example 25 and this time assume that the grant/donation was provided on condition that it was used to construct a facility which could be used by the charity for general purposes as opposed to being used for specific purpose.

In this instance initially on receipt of the funds these would be classed as restricted funds. However once the building was constructed given that the grant only provided that it be used for general charity purposes the funds initially recognised in restricted funds could then be transferred to unrestricted funds in the transfer line in the SOFA. Applying this to the above example on adoption of FRS 102 SORP the journals would be:

Journals for year ended 31 December 2015:

	CU	CU
Dr Government grants on balance sheet	769,000	
Cr unrestricted fund in the 'funds of the charity' section of the balance sheet		769,000
Being journal to reflect the restatement of the prior year opening reserve balance due to the change of accounting policy		

	CU	CU
Dr expenditure on charitable activities in SOFA with the reversal of amortisation – unrestricted column (assuming the amortisation was originally posted to expenses as opposed to income). This then gets recognised in the unrestricted fund in the 'funds of the charity' section of the balance sheet which reflects the depreciation on the cost element of the asset covered by the grant	50,000	
Cr Government grants on balance sheet		50,000
Being journal to reflect the restatement of the prior year results for the reversal of amortisation charged on government grants due to the change of accounting policy and instead reflect this as depreciation		

OR

	CU	CU
Dr income with the reversal of amortisation (assuming the amortisation was originally posted to income as opposed to expenses).	50,000	
Cr Government grants on balance sheet		50,000
Being journal to reverse the amortisation of the capital grant recognised in 2015		

The journals required in the 2016 year assuming the 2016 trial balance was not prepared under SORP and the above journals were not posted to reserves:

CU	CU
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Dr expenditure on charitable activities in SOFA with the reversal of amortisation – unrestricted column (assuming the amortisation was originally posted to expenses as opposed to income). This reflects the depreciation on the cost element of the asset covered by the grant. This then gets recognised in the unrestricted fund in the ‘funds of the charity’ section of the balance sheet.	50,000	
Cr Government grants on balance sheet		50,000
Being journal to reverse the amortisation of the capital grant recognised in 2016		
OR		
	CU	CU
Dr income with the reversal of amortisation (assuming the amortisation was originally posted to income as opposed to expenses).	50,000	
Cr Government grants on balance sheet		50,000
Being journal to reverse the amortisation of the capital grant recognised in 2016		

Example 28: Performance model – Revenue Grant – Example of adjustment on transition from Accruals model to performance model when Charities SORP first adopted

Charity A previously applied the accruals model to grants. In previous years Charity A obtained a grant for the cost of carrying out research which will go on for three years. The total amount of the grant was CU100,000. It was conditional on using the funds for this service and no other conditions were imposed. The costs are expected to be incurred over the 3 year life evenly. Under the accruals model the income was recognised evenly over a 3 year period (i.e. CU33,333 per annum).

The Charity has decided to adopt Charities SORP for year ended 31 December 2016. At this stage 2 of the 3 years have elapsed. The deferred income on the FRS 102 balance sheet at 31 December 2014 and 2015 was CU66,667 and CU33,333 respectively. Under SORP performance model as there are no performance conditions this would have been recognized as income immediately.

Journals for year ended 31 December 2015:

	CU	CU
Dr Deferred revenue on balance sheet	66,667	
Cr restricted fund in the ‘funds of the charity’ section of the balance sheet		66,667
Being journal to reflect the restatement of the prior year opening reserve balance due to the change of accounting policy		
	CU	CU
Dr Donation & Legacies in SOFA - restricted column	33,333	
Cr Deferred revenue on balance sheet		33,333
Being journal to reflect the reverse the release of the grant under the accruals model under FRS 102 - as grant fully released on receipt under performance model. This assumes under FRS 102 there was a donations heading under FRS 102		

Journals for year ended 31 December 2016 assuming the above were brought forward for reserves and 2016 TB prepared under full FRS 102 (non SORP):

	CU	CU
Dr Donation & Legacies in SOFA - restricted column	33,334	
Cr Deferred revenue on balance sheet		33,334
Being journal to reflect the reverse the release of the grant under the accruals model under FRS 102 - as grant fully released on receipt under performance model. This assumes under FRS 102 there was a donations heading under FRS 102		

Example 29: Performance model – Revenue Grant – Example of adjustment on transition from Accruals model to performance model when Charities SORP first adopted

Charity A received a Capital Assistance Scheme loan of CU100,000 from a local authority to purchase a property to be used to house beneficiaries of the charity. This loan is mortgaged on the property. As part of the loan the charity is required to keep the properties in good structural order and proper repair and ensure that they are used for the charities purpose and let to eligible persons and rented to beneficiaries at fair rates. If the above conditions are met the loan will be forgiven after 20 years of receipt. If repayment is not made if requested the provider can take steps to recover the loan through the mortgage held.

Under full FRS 102 the accruals model was adopted and the loan/grant was written off over the life of the loan in line with the depreciation rate on the related property. The carrying value of the loan at 1 January 2015 and 31 December 2015 was CU90,000 and CU88,000 respectively (2k per annum).

As these are loans which are considered repayable unless certain conditions are met, it comes within the remit of Section 5 of SORP. As the charity must maintain the property to certain conditions and ensure they are let to eligible persons at a fair rate these would reflect performance conditions. Therefore the loan cannot be released in income until the 20 year period is over. This loan would be shown as a creditor greater than one year and only released as a donation on the expiry of the 20 years assuming all the conditions are met. This is supported by Section 11 of FRS 102 & Section 11 of SORP which specifically states that a liability cannot be derecognised until there is formal forgiveness of the loan received.

Journals required in the 31 December 2015 year end:

	CU	CU
Dr Restricted fund in funds of the charity (100k-90k)	10,000	
Cr Government Capital Assistance loans – Loans > 1 year		10,000
Being journal to reflect the restatement of the prior year opening reserve balance due to the change of accounting policy		
	CU	CU
Dr Donations and legacies in Restricted fund section of SOFA (100k-90k)	2,000	
Cr Government Capital Assistance loans – Loans > 1 year		2,000
Being journal to reflect the restatement of the prior year comparative due to the change of accounting policy		

The journals required in year ended 31 December 2016 assuming the 2016 TB was prepared in accordance with Full FRS 102 and the above journals were posted to reserves etc.

	CU	CU
Dr Donations & Legacies – unrestricted fund in SOFA	2,000	
Cr Loans in 'creditors: amounts falling due within one year'		20,000
Being journal to reflect reversal of accruals model journals		

Example 30: Adoption of the performance model – revenue grant – Example of adjustment on transition from Accruals model to performance model when Charities SORP first adopted

Charity A decided to adopt Charities SORP FRS 102 for the year ended 31 December 2016. The company received a government revenue grant on 1 January 2014 of CU10,000 for the cost of employing 10 employees. A condition of the grant states that the employees must be kept on for a

minimum of 2 years. Under FRS 102 the charity applied the accruals model as its accounting policy. As a result charity A recognised the full CU10,000 in 2014 on the basis that the conditions of the grant were likely to be achieved and that the CU10,000 grant was recognised in income to set against the first years cost of the employees.

On adoption of the SORP an adjustment is required to the comparative year to reflect the change in accounting policy from an accruals basis for government grants to a performance basis. The adjustments required are as follows:

At 1 January 2015

	CU	CU
Dr General fund – unrestricted	10,000	
Cr Deferred Revenue		10,000
Being journal to recognise the deferral of the grant under the performance model as the grant cannot be recognised in the SOFA until after 31 December 2016.		

Year ended 31 December 2015

No journals required other than the carry forward of the opening balance sheet journal above.

Year ended 31 December 2016

	CU	CU
Dr Deferred Revenue	10,000	
Cr donations and legacies		10,000
Being journal to derecognise the grant liability as the performance conditions are met		

5) Change in Accounting Policy – possible adjustments on transition

Income/expenditure recognition the same under SORP as was required under Section 34 of FRS 102 with the below exceptions:

- Government grants must be recognised under the performance basis. FRS 102 gave a choice to use the accruals basis or the performance basis – note only applied to government grants.
- Investment property must be carried at fair value. FRS 102 provided a get out if it could not be valued without undue cost or effort it could be carried at cost less impairment.
- Investment in associates/joint ventures must be carried at either cost less impairment or fair value through P&L. The option for FV through OCI is N/a.
- Self-constructed assets which are not complete cannot be classified as investment property

If applied any of above policies not permitted under SORP (unless it is felt a true and fair override is justified - unlikely) then a change of accounting policy is required to restate the comparative year and the opening balance sheet at the start of that year for the new accounting policy. Disclosures required:

- Detail nature of change
- The reason for the change and how this provides more reliable and relevant information
- The amount of adjustment for each line item in FS's affected for the current period, prior period and aggregate amt relating to period before those presented (if practicable, and if not practicable state why)
- Have word 'restated' over each note to which a change occurred
- Note change in accounting policy in SOCE if presented and in any event in the 'The analysis of Net Funds' note

Main adjustments will be where capital grants were accounted for under accruals model under FRS 102/FRSSE.

See examples 11 to 14 above for an example of the journals required for a change in accounting policy for recognising grants on a performance basis when previously they were recognised on an accruals basis. See illustration on the disclosure requirements in the financial statements which utilises the figures in example 11 above.

Example 31: Example prior period adjustment disclosure for a change in accounting policy from the accruals model to the performance model for government grants

PRIOR PERIOD ADJUSTMENT – CHANGE IN ACCOUNTING POLICY

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 2014 and 2013 of CU719,000 and CU769,000 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 CU719,000 and CU769,000 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, (CUXXX) and 201X (CUXXX) respectively.
- the amortisation credited/recognised in income **OR** in expenses in the year ended 31 December 2014 of CU50,000 on capital grants accounted for under the accruals model being reversed.
- the depreciation of CUXXXX 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 CUXXX 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 CU100,000 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 CU55,000 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:

BALANCE SHEET	As previously stated 2014 CU'000	Prior year Adjustment CU'000	As Restated 2014 CU'000
Fixed assets			
Tangible assets	1,500	-	1,500
Investments	996	-	996
	2,496	-	2,496
Current assets			
Stocks	-	-	-
Debtors	1,300	-	1,300
Cash at bank and in hand	500	-	500
	1,800	-	1,800
Creditors: amounts falling due within one year	(577)	-	(577)
Net current assets	1,223	-	1,223
Total assets less current liabilities	3,719	-	3,719
Capital grants	(719)	719	-
Provision for liabilities	-	-	-
Total net assets	3,000	719	3,719
The funds of the charity:			
Restricted funds	-	719	719
Unrestricted funds	3,000	-	3,000
Total charity funds	3,000	719	3,719

STATEMENT OF FINANCIAL ACTIVITIES

	As previously stated 2014 CU'000	Prior year Adjustment CU'000	As Restated 2014 CU'000
Income from:			
Donations and legacies	2,400	-	2,400
Charitable activities	1,500	-	1,500
Other trading activities	105	-	105
Investments	2	-	2
Other income	-	-	-
Total income	4,007	-	4,007
Expenditure on:			
Raising funds	1,636	-	1,636
Charitable activities	1,225	50	1,275
Total expenditure	2,860	50	2,910
Net gain on investments	3	-	3
Net income for financial year	1,150	50	1,100
Transfer between funds	-	-	-
Net movement in funds	1,150	50	1,100
Reconciliation of funds:			
Total funds brought forward	1,850	769	2,669
Total funds carried forward	3,000	-	3,719

Example 32: Investment property – on transition to SORP

Under full FRS 102 a charity adopted the policy of recognising investment properties at cost less depreciation and amortisation as opposed to carrying them at fair value with movements in the fair value recognised in the SOFA on the basis that to value these at fair value would result in undue cost or effort. The SORP does not permit the cost model the fair value model must be used.

The charity is adopting the FRS 102 Charities SORP for the year ended 31 December 2016.

The total carrying amount at 31 December 2015 was CU80,000 after an accumulated depreciation charge of CU20,000. Assume CU10,000 was charged as depreciation in 2015. This was classified with PPE under full FRS 102.

Assume the market value at the start and end of comparative year was CU120,000 and CU130,000 respectively.

Journals required at 31 December 2015

	CU	CU
Dr investment property in PPE (CU120k-CU90k)	30,000	
Cr General fund - unrestricted (CU120k-CU90k)		30,000
Dr investment property in PPE (CU130k-(CU80k+CU30k))	20,000	
Cr depreciation		10,000
Cr gain on investment in SOFA		10,000
Being journal to reflect investment property at fair value and the reversal of the depreciation charge for the change in accounting policy including the restatement at the date of transition.		
	CU	CU
Dr investments with investment property	130,000	
Cr tangible fixed assets – PPE		130,000
Being journal to reflect reclassification from PPE to investments		

Example 33: Investment property

Charity A purchased an investment property at a cost CU100,000. The market value at the year end date was CU130,000 respectively.

Under Section 16 of FRS 102 & Section 10 of FRS 102 SORP investment property must be held at fair value at year period end with movement in the fair value recognised in the P&L. Investment property is classified as investments in FRS 102 SORP but classified as within property, plant and equipment under FRS 102.

Journals required at 31 December 2015

	CU	CU
Dr Investments on balance sheet OR investment property in PPE (CU130k-CU100k)	30,000	
Cr Gain on investments in SOFA OR Other operating income in P&L/I&E		30,000
Being journal to reflect investment property at fair value		

6) Financial assets & liabilities (S.11 of SORP)

- a) Rules are as per FRS 102 (Section 11 & 12 & 34)
- b) Financial instruments – basic financial instruments examples (definition as per Section 11):

- c) Bank loans/overdrafts at market rate – state amount advanced less transaction costs where material and amortise over life of loan on the effective interest rate basis;

Example 34: Loans with transaction costs/arrangement fees incurred

Charity A received a loan of CU14,000,000 on 16 April 2015 from a bank at market rates. Arrangement fees of CU420,000 were incurred. The loan must be repaid by 31 March 2021 with interest charged as per below and repayments as per below.

Note if the arrangement fee is not material it can be expensed immediately.

Under Section 11 of SORP & S.11 of FRS 102 the journals required on initial recognition are:

	CU	CU
Dr bank	14,000,000	
Cr bank loan		14,000,000

Dr bank loan	420,000	
Cr bank		420,000

Being journal to reflect the receipt of the loan and the payment of the arrangement fee which is set against the loan .

The CU420,000 arrangement fee is released to the SOFA within the line ‘expenditure on charitable purposes’ as an interest cost over the life of the loan on the effective interest rate basis. If non SORP accounts then it would be shown as an interest cost in the P&L. Through the use of an excel formula we determined the effective interest rate to be 2.5783%. The journal in the current year would be to (see table below back up for the numbers):

	CU	CU
Dr expenditure on charitable activities – interest cost OR Interest cost in P&L/I&E	106,937	
Cr bank loan		106,937

Being journal to reflect the release of the arrangement fee for April 2015 to December 2016 under the effective interest method.

Period Ending	Opening Balance	Interest for Period at the above rate	Payment of interest	Amount to be released - arrangement fees	Capital repayments	Closing Balance
01/04/2015	13,580,000	-	-			13,580,000
30/06/2015	13,580,000	350,135	(336,000)	14,135		13,594,135
30/09/2015	13,594,135	350,500	(336,000)	14,500		13,608,635
31/12/2015	13,608,635	350,873	(336,000)	14,873		13,623,508
31/03/2016	13,623,508	351,257	(336,000)	15,257		13,638,765
30/06/2016	13,638,765	351,650	(336,000)	15,650		13,654,415
30/09/2016	13,654,415	352,054	(336,000)	16,054		13,670,469
31/12/2016	13,670,469	352,468	(336,000)	16,468		13,686,937
31/03/2017	13,686,937	352,892	(336,000)	16,892		13,703,829
30/06/2017	13,703,829	353,328	(336,000)	17,328		13,721,157
30/09/2017	13,721,157	353,775	(336,000)	17,775		13,738,932
31/12/2017	13,738,932	354,233	(336,000)	18,233		13,757,164
31/03/2018	13,757,164	354,703	(336,000)	18,703		13,775,867
30/06/2018	13,775,867	355,185	(336,000)	19,185		13,795,053
30/09/2018	13,795,053	355,680	(336,000)	19,680	(400,000)	13,414,732
31/12/2018	13,414,732	345,874	(326,400)	19,474	(400,000)	13,034,206
31/03/2019	13,034,206	336,063	(316,800)	19,263	(400,000)	12,653,469
30/06/2019	12,653,469	326,246	(307,200)	19,046	(400,000)	12,272,516
30/09/2019	12,272,516	316,424	(297,600)	18,824	(400,000)	11,891,340
31/12/2019	11,891,340	306,596	(288,000)	18,596	(400,000)	11,509,936
31/03/2020	11,509,936	296,762	(278,400)	18,362	(400,000)	11,128,298
30/06/2020	11,128,298	286,923	(268,800)	18,123	(400,000)	10,746,421
30/09/2020	10,746,421	277,077	(259,200)	17,877	(400,000)	10,364,297
31/12/2010	10,364,297	267,224	(249,600)	17,624	-	10,381,921
31/03/2021	10,381,921	267,679	(249,600)	18,079	(10,400,000)	0.00
	0	0				
	0	-00		420,000		

- d) Debtors/creditors – no financing arrangement and at normal credit terms if <12 months then at the amount of invoice (no present valuing) = at the amount receivable/payable present valued using a deposit interest rate;
- e) Cash = amount held
- f) Investment in non-puttable shares = transaction cost initially and subsequently at fair value – movement go through line 'loss/gain on investments' in SOFA;
- g) Loans given by charity at market rates – state at amount advanced less repayments etc.
- h) Loans given by the charity/to the charity at a non-market rate which further the charitable activities of the charity = Choice under S.21 of SORP to either recognise:
1. Initially based on the discounted amount using a market based rate on a similar loan and & subsequently hold it at amortised costs releasing to SOFA on the effective interest rate basis;
 2. Initially based on the actual amount advanced/received with no discounting and subsequently at the actual amount after repayments/impairments etc.

Example 35: Concessionary loans – option not to discount

Charity A received a loan from a third party/subsidiary company for CU100,000 which is interest free or below market interest rates and not repayable on demand (repayable in 5 years time). This loan was

provided to further the charitable activities (e.g. to purchase a building to be used to provide charitable services).

In this instance the entity has a choice to carry this loan at amortised cost (discounting at a market rate of interest on initial recognition as a finance arrangement exists) under the rules of Section 11 of FRS 102 and the Charities SORP (assuming it meets the requirement of a basic financial instrument) or apply Section 21 of Charities SORP or Section 34 of FRS 102 to carrying this loan on initial recognition at the transaction amount i.e. the amount of the loan received less transaction costs – no discounting required.

In order to classify as a concessionary loan it must have been received/given in order to advance the charitable objectives of the charity.

If this was a loan given to a beneficiary at favourable rates it would be classified as a programme related investment/social investment.

Based on the above facts this loan meets the definition of a concessionary loan so the initial recognition journals are:

	CU	CU
Dr bank	100,000	
Cr loan		100,000

Being journal to reflect the receipt on initial recognition. No discounting is required.

The above loan is defined as programme related loans under SORP and should be disclosed as such. Note where a concessionary loan exists, the accounting policy must be disclosed as well as it being highlighted as a concessionary loan and the terms of same should be disclosed.

Extract from the accounting policies note

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.

Extract from the notes to the financial statements with regard to concessionary loans:

1. DEBTORS¹²

	2015	2014
	CU'000	CU'000
Trade debtors	100	500
Amounts due on public benefit entity concessionary loans ³	-	-
Amount receivable from non-exchange transactions ⁴	-	-

¹ 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

² S19.68 of Charities SORP – where debtors are due after more than one year these should be split out

³ 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.

⁴ As this is not a financial instrument there is only a need to present value where settlement is delayed.

Legacies	50	-
Other debtors	-	-
Accrued income	-	-
Prepayments	650	800
	<u>800</u>	<u>1,300</u>

The fair values of trade and other receivables approximate to their carrying amounts. Trade debtors are stated after provisions for impairments of CUXXX (2014: CUXXX).

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

2. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR⁵

	2015 CU'000	2014 CU'000
Bank loans and overdrafts	-	-
Trade creditors	500	400
Amounts payable on public benefit entity concessionary loans (see note 23) ⁶	-	-
Deferred income (see note 26) ⁷	-	-
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 ⁸	54	77
	<u>754</u>	<u>577</u>

3. DETAILS OF BORROWINGS (IF ANY)⁹

	Within 1 year CU'000	Between 1 & 2 years CU'000	Between 2 & 5 years CU'000	After 5 years CU'000	Total CU'000
<u>Repayable other than by instalments</u>					
Bank Overdrafts	-	-	-	-	-
Public benefit entity concessionary loans	-	-	-	-	-
Finance Leases	-	-	-	-	-
<u>Repayable by instalments¹⁰</u>	-	-	-	-	-
Term Loan					

⁵ Creditors to be split out at a minimum as per below. S10.82 of Charities SORP

⁶ 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.

⁷ 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.

⁸ 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 it should be shown within the line 'taxation and social security'.

⁹ 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 debt repayable in installments.

¹⁰ 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 CA 2014

The bank facilities¹¹ 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 2015/2016. 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.

Example 36: Concessionary loans – option to discount

If we take example 25 above and this time assume the alternative treatment was applied then the difference between the discounted amount and the amount received would be shown as income initially and unwinding would be posted to the line ‘cost of charitable activities in the SOFA as an interest cost over the life of the loan in line with the effective interest method.

Calculated EIR	5.00%			
Period Ending	Opening Balance	Interest for Period at the above rate	Cashflow	Closing Balance
31/12/2016	78,342	3,919		82,261
31/12/2017	82,261	4,115		86,377
31/12/2018	86,377	4,321		90,698
31/12/2019	90,698	4,537		95,236
31/12/2020	95,236	4,764	(100,000)	-0

NOTE WHERE OPTION ONE IS CHOSEN S.21.26 OF SORP REQUIRES THAT WHERE THE AMOUNT IS REPAYABLE WITHIN ONE YEAR OR IS REPAYABLE ON DEMAND IT DOES NOT NEED TO BE DISCOUNTED (I.E. THE RULES IN NUMBER 2 APPLY).

	CU	CU
Dr bank	100,000	
Cr loan		78,342
Cr Income from donations and legacies in the SOFA OR Turnvoer/ income in P&L/I&E		21,658
Being journal to reflect the receipt on initial recognition		
	CU	CU
Dr cost of charitable activities – Interest expense in the SOFA OR Interest expense in P&L/I&E	3,919	
Cr loan		3,919
Being journal to recognise the unwinding of the interest in the first year		

- i) Bonds issued at premium/discount = hold at amortised cost and release premium/discount over life of lease on the effective interest rate basis.

Example 37: Bonds issued at discount/premium

Charity A acquired a capital guaranteed government bond for CU950,000 on 30 April 2016 and matures on 16 March 2021. The bond was for CU1 million and had a coupon rate of 5% with commission costs of CU2,000.

¹¹ 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

This should be accounted for under Section 11 of FRS 102 and Section 11 of Charities SORP. The discount should be amortised into the SOFA/P&L/I&E over the life of the bond on the effective interest rate basis and held at amortised cost. The effective interest rate is calculated by mathematical formula. It is a rate of .0693% per month as per below.

Table 1

Period Ending	Opening Balance	Interest for Period at .0693%	Cashflow	Closing Balance
30/04/2016	952,000	-		952,000
31/05/2016	952,000	660		952,660
30/06/2016	952,660	660		953,320
31/07/2016	953,320	661		953,981
31/08/2016	953,981	661		954,642
30/09/2016	954,642	662		955,304
31/10/2016	955,304	662		955,966
30/11/2016	955,966	663		956,628
31/12/2016	956,628	663		957,291
31/01/2017	957,291	663		957,955
28/02/2017	957,955	664		958,619
31/03/2017	958,619	664		959,283
30/04/2017	959,283	665		959,948
31/05/2017	959,948	665		960,613
30/06/2017	960,613	666		961,279
31/07/2017	961,279	666		961,945
31/08/2017	961,945	667		962,612
30/09/2017	962,612	667		963,279
31/10/2017	963,279	668		963,947
30/11/2017	963,947	668		964,615
31/12/2017	964,615	669		965,283
31/01/2018	965,283	669		965,952
28/02/2018	965,952	669		966,622
31/03/2018	966,622	670		967,292
30/04/2018	967,292	670		967,962
31/05/2018	967,962	671		968,633
30/06/2018	968,633	671		969,304
31/07/2018	969,304	672		969,976
31/08/2018	969,976	672		970,648
30/09/2018	970,648	673		971,321
31/10/2018	971,321	673		971,994
30/11/2018	971,994	674		972,668
31/12/2018	972,668	674		973,342
31/01/2019	973,342	675		974,016
28/02/2019	974,016	675		974,691
31/03/2019	974,691	676		975,367
30/04/2019	975,367	676		976,043
31/05/2019	976,043	676		976,719
30/06/2019	976,719	677		977,396
31/07/2019	977,396	677		978,074
31/08/2019	978,074	678		978,752
30/09/2019	978,752	678		979,430
31/10/2019	979,430	679		980,109
30/11/2019	980,109	679		980,788
31/12/2019	980,788	680		981,468
31/01/2020	981,468	680		982,148
29/02/2020	982,148	681		982,829
31/03/2020	982,829	681		983,510
30/04/2020	983,510	682		984,191
31/05/2020	984,191	682		984,874
30/06/2020	984,874	683		985,556
31/07/2020	985,556	683		986,239
31/08/2020	986,239	684		986,923
30/09/2020	986,923	684		987,607
31/10/2020	987,607	684		988,291
30/11/2020	988,291	685		988,976
31/12/2020	988,976	685		989,662
31/01/2021	989,662	686		990,347
28/02/2021	990,347	686		991,034
31/03/2021	991,034	687		991,721
30/04/2021	991,721	687		992,408
31/05/2021	992,408	688		993,096
30/06/2021	993,096	688		993,784
31/07/2021	993,784	689		994,473
31/08/2021	994,473	689		995,162
30/09/2021	995,162	690		995,852
31/10/2021	995,852	690		996,542
30/11/2021	996,542	691		997,233
31/12/2021	997,233	32 691		997,924
31/01/2022	997,924	692		998,615
28/02/2022	998,615	692		999,307
31/03/2022	999,307	693	(1,000,000)	0

The journals required to account for this in the year ended 31 December 2016 are:

Journal 1:

	CU	CU
Dr investment-government bond	5,291	
Cr investment income in SOFA OR Other Income in P&L/I&E		5,291
Being journal to unwind the discount on the bond up to 31 December 2016 so as to come to CU 957,291		

Note when the coupon on the government bond is paid in the year, you will continue to recognise the full 5% in income i.e.

Journal 2:

	CU	CU
Dr bank	50,000	
(CU1,000,000 * 5%)		
Cr investment income in SOFA OR Other Income in P&L/I&E		50,000

At each period end the charity must review the bond for indicators of impairment which are given in Section 11. Where these are present they should be written down to the market value of bond/recoverable amount.

If come the following year the impairment has been reversed the previous impairment booked should be reversed back up to the amount it would have been stated at as if no impairment were carried out.

If we assume at 31 December 2016 or prior to the sign off of the accounts, the market value of the bond was CU940,000, then an impairment of CU17,291 (CU957,291-CU940,000) should be booked.

The Journal required would be:

	CU	CU
Dr loss on investment in SOFA OR Impairment of investments in Admin in P&L/I&E	17,291	
Cr Government bond		17,291
Being journal to reflect the temporary impairment of the bond		

From that date on you need to calculate the effective interest rate that will bring the CU940,000 to CU1,000,000 by the end of the bonds life. Effective interest rate calculated at 0.0983% through the use of a mathematical formula. See the amount to be released per month in the calculation below:

Table 2

Period Ending	Opening Balance	Interest for Period at 0.0983%	Cashflow	Closing Balance
31/12/2016	940,000	-		940,000
31/01/2017	940,000	924		940,924
28/02/2017	940,924	925		941,848
31/03/2017	941,848	925		942,774
30/04/2017	942,774	926		943,700
31/05/2017	943,700	927		944,627
30/06/2017	944,627	928		945,556
31/07/2017	945,556	929		946,485
31/08/2017	946,485	930		947,415
30/09/2017	947,415	931		948,346
31/10/2017	948,346	932		949,278
30/11/2017	949,278	933		950,210
31/12/2017	950,210	934		951,144
31/01/2018	951,144	935		952,079
28/02/2018	952,079	936		953,014
31/03/2018	953,014	936		953,951
30/04/2018	953,951	937		954,888
31/05/2018	954,888	938		955,827
30/06/2018	955,827	939		956,766
31/07/2018	956,766	940		957,706
31/08/2018	957,706	941		958,647
30/09/2018	958,647	942		959,589
31/10/2018	959,589	943		960,532
30/11/2018	960,532	944		961,476
31/12/2018	961,476	945		962,420
31/01/2019	962,420	946		963,366
28/02/2019	963,366	947		964,313
31/03/2019	964,313	948		965,260
30/04/2019	965,260	948		966,209
31/05/2019	966,209	949		967,158
30/06/2019	967,158	950		968,109
31/07/2019	968,109	951		969,060
31/08/2019	969,060	952		970,012
30/09/2019	970,012	953		970,965
31/10/2019	970,965	954		971,919
30/11/2019	971,919	955		972,875
31/12/2019	972,875	956		973,830
31/01/2020	973,830	957		974,787
29/02/2020	974,787	958		975,745
31/03/2020	975,745	959		976,704
30/04/2020	976,704	960		977,664
31/05/2020	977,664	961		978,624
30/06/2020	978,624	962		979,586
31/07/2020	979,586	963		980,549
31/08/2020	980,549	964		981,512
30/09/2020	981,512	964		982,477
31/10/2020	982,477	965		983,442
30/11/2020	983,442	966		984,408
31/12/2020	984,408	967		985,376
31/01/2021	985,376	968		986,344
28/02/2021	986,344	969		987,313
31/03/2021	987,313	970		988,283
30/04/2021	988,283	971		989,255
31/05/2021	989,255	972		990,227
30/06/2021	990,227	973		991,200
31/07/2021	991,200	974		992,174
31/08/2021	992,174	975		993,149
30/09/2021	993,149	976		994,124
31/10/2021	994,124	977		995,101
30/11/2021	995,101	978		996,079
31/12/2021	996,079	979		997,058
31/01/2022	997,058	980		998,038
28/02/2022	998,038	981		999,018
31/03/2022	999,018	982	(1,000,000)	0

If we assume that at the 31 December 2017 the impairment had reversed. Then a journal would be required to reverse the previous impairment as follows

	CU	CU
Dr investments – government bond (balance if no impairment had of been booked = CU965,283 as per table 1 above less carrying amount at 31 Dec 2017 of CU951,144 as per table 2 above)	14,139	
Cr gain/loss on investments in SOFA OR Reversal of Impairment in administrative expenses in P&L/I&E		14,139
Being journal to reflect reversal of previous impairment		

Note: If the bond was purchased at a premium (i.e. purchased the bond for CU1,050,000) then the journals in journal 1 should be reversed so as to release the premium as a debit against income in the P&L for SORP accounts and for FRS 102 non SORP accounts it would be a debit to interest costs.

- j) Non-puttable ordinary and preference shares carried at fair value.

Example 38: Listed investments (Section 11 of SORP & FRS 102)

Charity A had an investment in ordinary shares which were listed on the stock exchange. The fair value at 31/12/16 was CU11,000 and CU9,000 at 31/12/17. Assume these are unrestricted assets.

As these are listed investments which meet the definition for financial assets, they need to be recognised at fair value in the SOFA or P&L/I&E. The journal required is:

	CU	CU
Dr 'Loss on investments' line in SOFA OR Fair value movement on listed investments in Administration expenses in P&L/I&E or separate on face of P&L (CU11,000 prior carrying amount – CU9,000)	2,000	
Cr Investments at Fair Value		2,000
Being journal to reflect the movement in fair value during the year		

If this was an investment in shares which could not be reliably measured in line with Section 11 of FRS 102 valuation requirements it should be carried at cost less impairment

- k) Complex financial instruments are as per Section 12 of FRS 102. See section 12 of FRS 102 for further details. Examples of complex instruments for charities and therefore need to be fair valued at each year end are; collective investment funds; funds whose performance is linked to the stock exchange; with profit bonds etc.

Example 39: Investments held at fair values (Section 11 of SORP & S.11 & 12 of FRS 102)

The Charity holds an investment that must be carried at fair value under FRS 102 (e.g. listed shares, complex financial instruments such as with profit bonds, perpetual bonds, collective investments, bonds linked to ISEQ etc.). These are classified as complex financial instruments under Section 12 of FRS 102. The fair value of this investment at 1 30 September 2014 and 30 September 2015 was CU1,020,000 and CU990,000 respectively.

The investment cost CU1,000,000 purchased in year ended 30 September 2014.

The journals required are:

At 30 September 2014

	CU	CU
Dr investments (1,020,000-1,000,000)	20,000	
Cr Investment income in SOFA – Unrestricted fund OR Fair value gain on investments in other operating income/other income		20,000
Being journal to reflect investment at fair value		

At 30 September 2015

	CU	CU
Dr investment income in (SOFA – Unrestricted fund (1,020,000-CU990,000)	30,000	
Cr investment		30,000
Being journal to reflect investment at fair value		

Example 40: Fair valuing complex financial instruments (Section 11 of SORP & S.11 & 12 of FRS 102)

Charity A holds the following investment:

- Investment CU1 million linked to fund paying out on maturity capped at 20% (with profit bond)
- Underlying counterparty Bank of Ireland
- Remaining term - 4 years to maturity
- Current fund price +25% (2015 +12%)
- Probability of income being received – very good > 90%
- Absolute return fund, performance positive last 10 years, low volatility in price
- Current yield on BoI 2020 senior bond 0.29% (2015 1.37%)

Investment	1,000,000	
Year to maturity	4	
	<u>2016</u>	<u>2015</u>
Yield BoI 2020 bond	0.29%	1.37%
Likely income on maturity	20%	8%
Discounted Value	<u>1,186,180</u>	<u>1,008,966</u>

This is one way to value this investment

Example 41: Fair valuing complex financial instruments (Section 11 of SORP & S.11 & 12 of FRS 102)

Charity A holds the following investment:

- Investment CU1 million linked to basket of stocks
- Underlying counterparty Spanish B rated Bank
- Remaining term - 6 years to maturity
- 2 stocks down > 50%, likelihood of income 0%
- Current yield on Spanish Bank 2022 senior bond 0.87% (2015 1.45%)

Investment	1,000,000	
Year to maturity	6	
	<u>2016</u>	<u>2015</u>
Yield 2022 bond	0.87%	1.45%
Likely income on maturity	0%	0%
	<hr/>	
Discounted Value	<u>949,353</u>	<u>904,140</u>

- l) Requirement to review financial assets for impairment in line with Section 11 and book impairment if required. Reverse impairment if the indicator reverses but not reverse it above what it would have been stated at had no impairment arose.
- m) Required to carry listed investments at fair value (see example 27A)

7) Programme related assets (S.21 of SORP – no applicable for FRS 102 non SORP)

Programme related investment (PRA) defined in SORP as:

- Asset held by charity which provides investment funding to individuals or organisations in order to directly further charitable objectives, any financial return is secondary
 - If such assets exist and are tangible in nature carry within tangible fixed assets (TFA's) and depreciate (even if rental income is earned) e.g. providing use of building to another organisation who in turn provide a service to charities beneficiaries)
 - If such assets exist and are tangible in nature but it forms part of the charity's own building it will also be classed as TFA's
 - If such an assets is non-puttable ordinary shares it should be held at FV or at cost less impairment if it cannot be measured reliably
 - Gains/loss recognised in other income in SOFA
 - Impairment recognised in 'expenditure on charitable activities; in SOFA
- If investment not originally classed as a programme related asset but a financial asset it cannot be classed as a PRA subsequently.

8) Mixed motive investment defined in SORP (not dealt specifically within FRS 102) as:

- Asset held similar to programme related investment but the charitable cause is not the primary motive, there is both a financial return & charitable motive
- If a mixed use property is used by the charity and some of the property is rented out, then each element should be separated; with value of rental element held as an investment property and balance as PPE unless it is impractical to apportion.

- If such assets exist and are tangible in nature carry within tangible fixed assets and depreciate (even if rental income is earned) where it is. providing use of building to another organisation who in turn provide a service to charities beneficiaries
 - If such an asset is non-puttable ordinary shares it should be held at FV or at cost less impairment if it cannot be measured reliably
 - Gains/loss recognised in 'gains/losses on investments' in SOFA
-

9) Fund Accounting (S.2 of SORP – not required under FRS 102 non SORP)

This has already been discussed in Section 1A of this guide: Presentation of SORP financial statement's (see section 1 (D) (2)).

- Types of funds:
 - Restricted
 - Unrestricted
 - Endowment
 - Revaluation
- Restricted income/fund = income received of any kind where the donor has specifically included a condition that the funds/legacies/gift provided must be used for a specific purpose
 - If the donor merely expresses a form of non-binding preference as to use of the funds then they are not restricted
 - If fundraising carried out and it is stated that the funds will be used for a specific purposes then this would be restricted
 - Where capital grant received toward cost of building etc. need to assess if it is given for a specific premises which is to be used for a specific purpose within charity or if it can be used generally for charity
 - If can be used generally then once building is constructed it can be moved from restricted to unrestricted
 - If it is for specific purpose then needs to be kept in restricted and depreciation each year on building to be included in restricted expenses
- Unrestricted = where no condition attached to the gift etc. other than it be used for the charitable purpose
- Note designated funds go within the unrestricted fund column – designated funds are set up by the trustees, there is no legal requirement stating funds cannot be used for any purpose
- What charities need to do?
 - Review funds in existence at start of comparative year when SORP accounts first prepared to ascertain whether they are restricted, unrestricted or endowment funds

Then classify the income and expenses accordingly in the SOFA

Example 42: Fund accounting (S.2 of SORP – not required under FRS 102 non SORP)

Charity A made a surplus of CU100,000 in the year in the restricted fund. The trustees have decided to transfer CU20,000 of this to a designated fund to provide for the future cost to purchase equipment.

What are the journals required?

	CU	CU
Dr general fund	20,000	
Cr designated fund for equipment		20,000
Being journal to reclassify within funds		

If required it may also be appropriate to transfer to a separate bank account but not necessarily required.

This would be shown in the movement in funds note in the financial statements.

If we take this example and this time assume that the directors determined that they would transfer the CU20,000 to an unrestricted fund in order to fund a deficit on that account. In this case the journals would be to:

	CU	CU
Dr general fund	20,000	
Cr Restricted fund		20,000

This transfer would be shown on the face of the SOFA within the ‘transfers’ line.

Even if there was no surplus for the year in unrestricted fund and there was excess funds forward you could still make a transfer from unrestricted to restricted funds.

Example 43: Fund accounting (S.2 of SORP – not required under FRS 102 non SORP)

Charity A received a grant towards the cost of purchase of a fixed asset. The condition of the grant was that it must be used to purchase the asset and if the asset was sold the proceeds must be used for charitable purposes. The asset can be used for all charitable activities. The value of the grant was CU100,000.

In this case on initial receipt the journal would be to:

	CU	CU
Dr bank/debtor	100,000	
Cr Donations and legacies in SOFA –restricted fund		100,000

Once the funds are used to purchase the fixed assets the journal would be to:

	CU	CU
Dr restricted funds	100,000	
Cr unrestricted funds		100,000
Being journal to reflect transfer. Note this would be shown in the ‘transfer’ line in the SOFA		

10) Fixed assets (S.10 of SORP)

Choice in relation to tangible fixed assets, heritage assets, intangible assets to carry at:

- cost less depreciation and impairment; or
- apply a revaluation policy such that the class chosen is carried at revaluation less depreciation and impairment

Revaluation option – under take revaluation so that carrying amount does not differ materially from fair value

- for land & buildings can be carried out on a rolling basis over 5 year period (**FRS 102 does not state this it merely says that each period end should reflect fair value**)
- Valuation would usually be performed by professional valuer – can use internal staff

For SORP accounts movement in revaluation recognised in 'gain or loss on revaluation of fixed assets' in SOFA. For FRS 102 non-SORP revaluation uplift recognised in other comprehensive income.

Recognise loss on disposal, impairment in cost of charitable activities for SORP but within admin expenses or shown separately if non SORP FRS 102 accounts prepared.

10a) Heritage assets (S.18 of SORP) –

Asset held principally for historic, artistic, scientific, geophysical or environmental qualities that is held principally for its contribution to knowledge and experience

Artistic or historic importance is not enough it must contribute to knowledge and experience.

Examples

- School operating in a historic building cannot classify as a historic asset as it is merely used as a facility for teaching.
- If it is used incidentally for service or admin purposes but principally held for contribution to knowledge and experience, it is a heritage asset
- Heritage assets include abbeys, monasteries, cathedrals and historic churches where a contribution to knowledge is ancillary to faith or other purposes

If a charity does not have a preservation or conservation purposes can only account for the asset as a heritage asset if the asset:

- Has historic, artistic, scientific, technological, geophysical or environmental policies; and
- Contributes to knowledge and culture through retention or use; and
- Is accessible to the public for viewing

Heritage assets should be shown separately under fixed assets in balance sheet

Measured initially at cost or valuation if donated. If valuation cannot be determined due to costs, depreciated replacement cost could be used

If reliable estimate cannot be determined then not included on balance sheet and disclosures provided.

See example disclosure below:

Table 1: Analysis of heritage assets

Basis of capitalisation	At valuation Group A	At cost Group B	Total
	CU	CU	CU
Carrying amount at beginning of the reporting period	X	X	X
Additions	X	X	X
Disposals	(X)	(X)	(X)
Depreciation/Impairment	(X)	(X)	(X)
Revaluation	X	-	X
Carrying amount at reporting date	X	X	X

Table 2: Summary analysis of heritage asset transactions

	2015	2014	2013	2012	2011
	CU	CU	CU	CU	CU
Purchases					
Group A					
Group B					
Donations					
Group A					
Group B					
Total additions					
Charge for impairment					
Group A					
Group B					
Total Charge for impairment					
Disposals					
Group A					
Group B					
Proceeds from disposals					
Group A: carrying amount					
Group B: carrying amount					
Total disposals					
Proceeds from disposals					
Group A: sale proceeds					
Group B: sale proceeds					
Total sale proceeds					

See revaluation example below

Example 44: Revaluation policy on tangible fixed assets (Section 10 of SORP & Section 17 of FRS 102)

Charity A has adopted a policy of revaluation on its PPE. The company purchased an asset for CU500,000 at the start of year 1 and determined the useful life to be 20 years. By the end of year one, there were indications of a change in market conditions and a valuation exercise was performed which showed the market value at CU525,000. At the end of year 4, a further valuation was performed as the difference in fair value and the carrying value was material, at this time the value was reduced to CU300,000. In year 8, a further valuation was performed which indicated a fair value of CU600,000.

Assume the depreciation on the revalued amount is transferred from the revaluation reserve to general unrestricted fund on a year by year basis as the depreciation is charged as required by company law. Assume the asset is not a restricted asset.

Company A would account for the changes in value in the following way:

At end of year 1:

The carrying value of the asset is CU475,000 (i.e. CU500,000 less depreciation for one year of CU25,000 (CU500,000/20yrs))

	CU	CU
Dr fixed assets	50,000	
Cr 'Gains/losses on revaluation of fixed assets in SOFA/revaluation reserve' OR Revaluation of tangible fixed assets in Other Comprehensive income & revaluation reserve		50,000

From then on CU27,632 will be charged in depreciation (CU525,000/19yrs left). The difference between this and the CU25,000 that would have been charged on historic cost basis will be transferred from the general reserve.

At end of year 4:

The carrying value of the asset is CU442,104 (i.e. CU525,000 less depreciation of CU27,632 for three years totaling CU82,896)

	CU	CU
Dr expenditure on charitable activities line in SOFA OR revaluation of tangible fixed assets in P&L/I&E	100,000	
Dr 'Gains/losses on revaluation of fixed assets in SOFA/revaluation reserve' OR Revaluation of tangible fixed assets in Other Comprehensive income & revaluation reserve	42,104	
Cr fixed assets (CU442,104-CU300,000)		142,104

From then on the carrying amount of CU300,000 will be depreciated over the remaining life of 16 years (CU18,750 per annum).

Note 1: From the end of year 1 to end of year 4 for the depreciated asset, the additional depreciation charged of CU2,632 per annum (CU27,632-CU25,000) – (CU7,896 in total) as a result of the revaluation would have been transferred from the general unrestricted fund to the revaluation reserve. Hence carrying amount at end of year 4 in revaluation reserve was CU42,104.

At end of year 8:

The carrying value of the asset is CU225,000 (i.e. CU300,000 less depreciation of CU18,750 for 4 years totaling CU75,000)

	CU	CU
Dr fixed assets (CU600,000 – CU225,000)	375,000	
Cr expenditure on charitable activities line in SOFA / reversal of impairment on tangible fixed assets (note 1) (€100,000 previously posted-€25,000 See Note 1 below)		75,000
Cr 'Gains/losses on revaluation of fixed assets in SOFA/revaluation reserve' OR Revaluation of tangible fixed assets in Other Comprehensive income & revaluation reserve (€375,000-€75,000)		300,000

From then on the carrying amount of €600,000 will be depreciated over the remaining life of 12 years (€50,000 per annum).

Note 1:

The amount that can be credited to the SOFA is reduced by the additional depreciation that would have been charged had the asset not been revalued downward in the past i.e. original cost prior to downward revaluation of €500,000 / useful life of 20 years= €25,000 * 4 years = €100,000. This compares to depreciation charged while the asset was being depreciated on the reduced amount of €75,000 (year 5 to year 8 – €U300,000/UEL of 16 years* 4 years) = €25,000

Transfer of depreciation on revalued amount from profit and loss reserves/general fund

Taking the example above, at the end of year 2 for the depreciated asset, the additional depreciation charged of CU2,632 (CU27,632-CU25,000) as a result of the revaluation must be transferred from general fund OR P&L reserves to the revaluation reserve. The transfer should be shown in the movement on revaluation reserve note.

	Year 2
	CU
Revaluation Reserve at 01/01/Year 2	50,000
Transfer from Profit & Loss Reserve (CU2,632-263)	<u>(2,632)</u>
Revaluation Reserve at 31/12/Year 2	<u>44,368</u>
	CU
Profit and Loss Reserves at 01/01/Year 2	XXX
Transfer to Revaluation Reserve	<u>2,632</u>
Profit and Loss Reserves Reserve at 31/12/Year 2	<u>XXXXX</u>

11) Investment in subsidiaries, associates, JV's (S.28, 29 & S.24 of SORP / S.9, 14 & 15 of FRS 102)

- In entity financial statements, measured at:
 - cost less impairment; or
 - Fair value with movement recognised in 'gains/losses on investments' in SOFA **OR** in Other Comprehensive Income
 - **OR ONLY APPLICABLE IF APPLYING FRS 102 BUT NOT SORP** - Fair value with movement recognised in P&L/I&E
- In Consol financial statements for associates and jointly controlled entities, measured under:

- Equity method

12) Retirement and post-employment benefits (S.17 of SORP & S.28 of FRS 102)

Defined contribution scheme:

- If pension contributions not payable within 12 months of YE then present value required.
- If a commitment to fund a deficit, the amount should be recognised on the balance sheet when committed
- Costs included within the cost of charitable activity and split by restricted/unrestricted funds as appropriate.

Defined benefit plan-

- Recognised for a pension at present value of liabilities less fair value of pension assets
- Actuarial gains/losses recognised in line 'other recognised gains and losses' line in SOFA
- the net interest to be recognised in the SOFA calculated on the net liability/asset using the relevant discount rate for liabilities.
- Multi-employer scheme – can be treated as a defined contribution scheme if the portion of assets and liabilities cannot be identified. If commitment made to fund a deficit then this must be recognised as a liability.
- Past service costs recognised immediately
- Group schemes – requirement for at least 1 company in group to recognise DB scheme (i.e. the entity legally responsible for scheme)
 - If contractual agreement to share between the group then each entity recognises their portion of DB scheme

Requirement to accrue for holiday pay

Example 45: Holiday pay accrual – carry forward of holiday leave including payment on leaving (S.17 of SORP & S.28 of FRS 102)

Charity A has 20 employees. The charity provides 20 days annual leave per year (which is earned throughout the year) and employees can carry forward any unused leave to a future period and is entitled to be paid for the untaken leave if they leave the charity. At 31 December 2016, 10 of the employees had taken only 15 days and 2 employees had taken 17 days. The average pay rate per employee is CU100 per day assuming they are all in the same grade. Assume the rate of ER PRSI is 10%. The entity assumes that all employees will stay on to take the unused leave. The accrual required to be booked at 31 December 2016 is:

$(10 \text{ employees at CU100 per day for 5 days}) + (2 \text{ employees at CU100 per day for 3 days}) = (10 * CU100 * 5) + (2 * CU100 * 3) = CU5,600$ (plus ER PRSI assumed of 10% being CU560) = CU6,160

Example 46: Holiday pay accrual (S.17 of SORP & S.28 of FRS 102)

If we take example 32 and this time assume based on past experience only 90% of employees will remain on the following year based on past experience. In this case even though we believe 90% will stay on, we cannot accrue 90% of the cost as the employees are entitled to be paid in cash on leaving.

Example 47: Holiday pay accrual – no cash payment for untaken holidays on leaving (S.17 of SORP & S.28 of FRS 102)

If we take example 32 and this time assume the Charity does not pay employees for any unused holidays on leaving. If based on past experience, 10% of employees leave in the following year and usually do not take all the unused holiday entitlement. In this case as a cash payment is not required, at the year-end an accrual should be created as follows:

$((10 \text{ employees} * 90\%) \text{ at CU100 per day for 5 days}) + ((2 \text{ employees} * 90\%) \text{ at CU100 per day for 3 days})$
 $= ((10 * .9) * \text{CU}100 * 5) + ((2 * .9) * \text{CU}100 * 3) = \text{CU}5,040$ (plus ER PRSI assumed 10% being CU504) = CU5,544

Example 48: Holiday year differs to accounting year (S.17 of SORP & S.28 of FRS 102)

Charity A has a 30 June year end. It has 20 employees. The holiday entitlement runs on a calendar year. Management expect all employees will take their annual leave within the calendar year. All employees are salaried and the number of working days in the year is 270 days. At 30 June all 20 employees had taken 7 days leave since 1 January. If we assume 10 of the employees are administrative staff and get paid CU30,000 per annum and the other 10 are management staff and get paid CU60,000 per year. The accrual that would be required at 30 June is as follows:

Total annual cost for 10 administrative employees = $10 * \text{CU}30,000 = \text{CU}300,000$
Total annual cost for 10 management employees = $10 * \text{CU}60,000 = \text{CU}600,000$

Total cost per day for each administrative staff = $\text{CU}30,000 / 270 \text{ days} = \text{CU}111$
Total cost per day for each management staff = $\text{CU}60,000 / 270 \text{ days} = \text{CU}222$

Total annual leave earned for all 20 employees = $20 \text{ days annual leave} / 12 \text{ months} = 1.67 \text{ earned per month} * 6 \text{ months leave earned} = 10 \text{ days}$

Total days to be accrued = $10 \text{ days earned less } 7 \text{ days taken pre } 30 \text{ June} = 3 \text{ days}$

Accrual required for admin staff = $\text{CU}111 * 3 \text{ days} = \text{CU}333 * 10 \text{ employees} = \text{CU}3,333$
Accrual required for managerial staff = $\text{CU}222 * 3 \text{ days} = \text{CU}666 * 10 \text{ employees} = \text{CU}6,666$
Employer PRSI would also be accrued on these amounts.

Example 49: Holiday year differs to accounting year (S.17 of SORP & S.28 of FRS 102)

Take example 35 but this time based on past experience management know that only 90% will take their annual leave entitlement and remaining 10% will lose the untaken leave. In this particular case the accrual would be reduced by 10% to 90%.

13) Impairment of assets (S.13 of SORP & S.27 of FRS 102)

- Applies to assets other than:
 - financial assets accounted for under Section 11 of SORP or Section 11 and 12 of FRS 102
 - Deferred tax asset
 - Employee benefits, investment properties, biological assets
- Inventory to be reviewed for impairment indicators
- Where assets are held for service potential as opposed to earn cash flows, impairment only required when:
 - The asset is physically damaged
 - Is not meeting its service requirements
 - Or demand for the service has decreased other than temporarily

Example 50: Impairment of assets (other than financial assets covered by Section 11) – Section 12 of SORP & S.27 of FRS 102

Charity A constructed a property a number of years ago which was specifically used by the charity to provide beneficiaries with a service (e.g. housing service, swimming pool). The carrying amount in the accounts is CU1,000,000

During the year there were indications of a significant reduction in the value of the property. Indications of the market value of the property is CU500,000.

The property itself continues to provide the resources it requires for its services. There has been no damage to the property and there is no indication that demand for the property and services are reducing.

Does an impairment need to be recognised in the current year financial statements?

No assuming the property is held for its service potential an impairment is only required where that property is not meeting the service requirements and the depreciation charge each year reflects the usage of the property.

As the aforementioned are the only indicators of impairment where an asset is held for service potential no impairment review is required. The property is not held specifically for financial purposes but to provide benefits to the public.

Assess for indicators of impairment which are:

- Significant decline in asset's value
- Significant changes in technology or market/ economic or legal environment which has adverse effects on charity
- As asset becoming idle or plans for disposal of an assets
- Evidence of an asset's obsolescence or physical damage
- Evidence of worse than expected results or cash flow from use of asset
- Significant decline in asset's value
- Significant changes in technology or market/ economic or legal environment which has adverse effects on charity
- As asset becoming idle or plans for disposal of an assets
- Evidence of an asset's obsolescence or physical damage

- Evidence of worse than expected results or cash flow from use of asset

When impairment indicators present carry out impairment review to assess recoverable amount

If recoverable amount > carrying amount, then no impairment and vice versa

If an impairment exists, write down asset to higher of:

- Fair value less cost to sell; or
- Value in use

Impairment recognised in expenditure on charity activities in SOFA to the activity the asset is used

- Reversal of impairment posted to expenditure on charity activities in SOFA to the activity the asset is used If conditions have reversed
- Reversal up to amount to which it would have been at had no impairment occurred

14) Business Combinations: (S.27 of SORP & Section 34 of FRS 102)

Example 51: Business Combinations: Mergers

Charity A and Charity B have a year end of 31 December 2016 and are CLG's. Charity B merged with charity A on 1 January 2017. Under Section 34 of FRS 102 and S of SORP this is required to be accounted for under merger accounting. At the date of the merger the net funds of Charity B was €100,000 split €65,000 unrestricted and €35,000 restricted (made up €150,000 assets and €50,000 liabilities). At the start of the comparative period (i.e. 1 January 2016) the net funds of Charity B was €90,000 split €60,000 unrestricted and €30,000 restricted (made up €140,000 assets and €50,000 liabilities). The income in 31/12/16 for charity B was income of €160k and costs of €150k (profit split 5k to restricted & 5k to unrestricted).

The cost of the merger was €50,000.

Section 34 PBE34.80-81 of FRS 102 and Section 27 of SORP lays out the accounting treatment for mergers.

It is a Merger only if **all** of the below apply:

- No party portrayed as acquirer or acquire;
- No significant change in class of beneficiaries of the combined entities;
- All parties are represented on the board and decisions made to conscious.

Merger accounting requires the following in the 31 December 2017 accounts:

- Charity A to recognise the net funds of charity B at 31 December 2014 in a merger reserve (there is no fair value rules – it is transferred in at the carrying amount stated in Charity B at time of transfer)
- Comparative amounts of Charity A as previously stated to be adjusted to include Charity B results in balance sheet and SOFA
- Current year amounts Charity A to be adjusted to include Charity B results in balance sheet and SOFA for the full year (regardless of when it was acquired in that year).
- Cost associated with the merger must be expensed in the 31 December 2017 year in Charity A accounts.
- If restricted funds in Charity B, then should be shown as restricted in combined charity.

Impact on 31 December 2016 accounts for Charity B

- Consideration should be given to the audit report implications where accounts are required for Charity B by the Charities Regulator or Grant provider:
- Not companies Act requirement as Co. is considered dissolved– maybe carry out agreed upon procedures – agree who signs the accounts
- Implications on audit report – present on Break up basis??
- Post balance sheet event note

Impact on 31 December 2016 accounts for Charity A

- Post balance sheet event note;

Impact on 31 December 2017 accounts for Charity A

The following journals are required to be posted to the opening balance sheet within the comparative year (31/12/16)

	CU	CU
Dr Fixed assets, debtors, etc. etc.	140,000	
Cr– Merger Reserve - unrestricted fund under heading 'funds of the charity' in Balance Sheet		60,000
Cr– Merger Reserve - restricted fund under heading 'funds of the charity' in Balance Sheet		30,000
Cr Creditors etc. etc.		50,000

Being journal to reflect the merger and get correct net assets at start of comparative period.

The following journals are required to be posted to the comparative year in Charity B books (31/12/16)

	CU	CU
Dr Fixed assets, debtors, etc. etc.	10,000	
Dr Expenditure in SOFA in relevant area in unrestricted fund column in SOFA/I&E which follow through to Merger Reserve - unrestricted fund under heading 'funds of the charity' in Balance Sheet (65k-60k)	75,000	
Dr Expenditure in SOFA in relevant area in restricted fund column in SOFA/I&E which follow through to Merger Reserve - restricted fund under heading 'funds of the charity' in Balance Sheet (34k-30k)	75,000	
Cr– Income in relevant heading in unrestricted fund column in SOFA/I&E which follow through to Merger Reserve - unrestricted fund under heading 'funds of the charity' in Balance Sheet (65k-60k)		80,000
Cr– Income in relevant heading in restricted fund column in SOFA/I&E which follow through to Merger Reserve - restricted fund under heading 'funds of the charity' in Balance Sheet (34k-30k)		80,000
Cr Creditors etc. etc.		-

Being journal to reflect the merger and get correct net assets at end of comparative period & show results in the comparative year inclusive of Charity B.

The journals required in 2017 – None assuming the trial balance incorporates the results of the combined entity from 1 January. The €50,000 expenses should be expensed into SOFA/P&L possibly as exceptional items if material.

Example 52: Business Combinations: Gifts of business etc.:

Charity A was gifted a business during the year (which was not incorporated). The excess of fair value over liabilities at the date of the gift was €100,000 (split €150k assets/€50k liabilities).

If there is a transfer which is in substance a gift then this should be recognised as income (within other income in the SOFA) if the fair value of assets exceed the fair value of liabilities at time of gift. This is stated in Section 24.33 of SORP and Section 34 PBE34.77-79 of FRS 102.

If liabilities exceed asset fair value – recognised as an expense in SOFA or P&L/I&E.

Journals required

	CU	CU
Dr Assets etc.	150,000	
Cr Liabilities etc.		50,000
Cr– Other income in SOFA		100,000
Being journal to reflect the gain on gift of business		

If in the above example, these were shares the journals would be to

	CU	CU
Dr Investment in shares on Balance sheet	100,000	
Cr– Other income in SOFA		100,000
Being journal to reflect the gain on gift of shares in business in the entity accounts		

In the consolidated financial statements, the €100,000 would be recognised as goodwill on the balance sheet and amortised.

Example 53: Business combination: Not a merger or gift – Purchase accounting method

Rules are as per Section 19 of FRS 102

15) Other items

Example 54: Insurance proceeds (Section 5 of SORP & Section 21 of FRS 102)

Charity A has a possible insurance claim for damaged property worth €100,000. At the year end a settlement letter had not been received.

Can this CU100k be recognised in the year?

No as per Section 5.55 of SORP it cannot be recognised until it is virtually certain and a letter of settlement is received from the insurer. Section 21 states that it cannot be recognised until receipt is almost certain.

	CU	CU
Dr debtor	100,000	
Cr Other income in SOFA OR Exceptional item in P&L/I&E		100,000

Example 55: Operating leases (S.10 of SORP & S.20 of FRS 102)

Charity X operates in a jurisdiction in which the consensus forecast by local banks is that the general price level index, as published by the government, will increase by an average of 10 per cent annually over the next five years. X leases some office space from Y for five years under an operating lease.

The lease payments are structured to reflect the expected 10 per cent annual general inflation over the five-year term of the lease as follows:

- Year 1 €100,000
- Year 2 €110,000
- Year 3 €121,000
- Year 4 €133,000
- Year 5 €146,000

Charity X recognises annual rent expense equal to the amounts owed to the lessor as shown above. If the escalating payments are not clearly structured to compensate the lessor for expected inflationary cost increases based on published indexes or statistics, then X recognises annual rent expense on a straight-line basis: €122,000 each year (sum of the amounts payable under the lease divided by five years).

Example 56: Rent free period

Charity A entered into a lease with a landlord for 10 years with a rent review after year 5. The rent payable on the lease per annum is CU200,000. As part of the agreement, the landlord agreed to provide the first 3 months rent free (CU200,000/12mths*3mths=CU50,000). Under Section 20, the lease incentive needs to be written off over the life of the lease. Assume the lease agreement commenced on 1 October and Company A's year end is 31 December. The journals required to be posted in Company A's TB at the 31 December are:

	CU	CU
Dr expenditure on charitable activities in rent costs in SOFA	48,750	
Administrative expenses in P&L/I&E (CU16,250* X 3 months)*	OR	
Cr Lease incentive accrual		48,750

From year 2 on, the €48,750 is written back to the profit and loss and set against the rental expense i.e. at the end of year 2 the accrual would be reduced to CU43,750 (CU48,750-CU5,000) to show the net cost of CU195,000 per annum.

If in the above example the landlord provided a contribution of CU50,000 towards the cost of fixed assets or towards the cost of relocating, the treatment would be the same.

*Calculate the actual total rental payments over the 10 years i.e. actual rent payments are only paid for 9 years and 9 months = CU200,000 *9.75 years= CU1,950,000. Therefore the total amount of rent to be charged over the life of the lease is = CU1,950,000/10 years = CU195,000 per annum or CU16,250 per month. Therefore for the first 3 months an accrual is required as no payment is made. However, this accrual is then reduced over the life of the lease such that the cost shown each year is CU195,000. **NOTE: THE DATE OF THE RENT REVIEW IS IGNORED.**

If this was given as a gift which would not be given if the entity was not a charity. The same journals would be required.

Common errors in FRS 102 SORP accounts

- Not amortising premium/discounts on bonds over life of the bond
 - Not including an 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
 - Not applying the 'assets held for service potential' and instead booking an impairment based on value in use
 - 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.
-

Conclusion

- Very little transition adjustments other than those listed above in part 5.
- Principles follow FRS 102.



**An Rialálaí
Carthanas**
Charities
Regulator

Information Note

Charities Governance Code – Reporting on Compliance in 2021

**OCTOBER
2020**

Introduction

This information note sets out how registered charities will report on their compliance with the Charities Governance Code (“the Code”) to the Charities Regulator during 2021.

At the outset, the Charities Regulator wishes to assure registered charities that it will adopt a balanced and proportionate response in relation to any charity which is not in full compliance with the Code in 2021, with an emphasis on understanding common reasons for non-compliance in order to provide charities with further guidance on meeting the standards set out in the Code in the first instance.

The Charities Regulator recognises that for some registered charities, particularly smaller charities that are run entirely by volunteers, achieving full compliance with the Code may be an incremental process. The current public health crisis has meant that no matter what particular challenge a charity is facing, its charity trustees are having to make serious decisions. With this in mind, we would like to take the opportunity to remind charity trustees that if they are meeting regularly to discuss key issues affecting their charities and are recording all decisions in writing by way of meeting minutes, then their charities are already meeting a significant number of the standards set out in the Code.

What are the key dates relating to the Code?

The Code was launched on 7 November 2018 with the aim of being proportionate and it was written with volunteer-only charities and charities with small numbers of paid staff in mind. The timeline for implementation of the Code is as follows:

2019 was a year of learning and preparation for charities to assist them in getting used to the Code. Guidance materials and templates on the Code have been made available as part of the **Charities Regulator's Governance Code Toolkit**, which is available [here](#).

2020 is the first year that charities are expected to comply with the Code.

2021 will be the first year that charities will report on their compliance with the Code.

It is important to note that charities will be required to declare their compliance status as at the date they file their Annual Report, not the date of their financial year end. This gives charities the opportunity to complete the process of implementing the Charities Governance Code right up to the date of filing their Annual Report in 2021.

How to demonstrate compliance with the Code

The Code sets out the minimum standards that charity trustees should meet to effectively manage and control their charity. The Code operates on a ‘comply or explain’ basis, meaning that charities must comply with the Code or else explain why they have not done so.

To demonstrate compliance with the Code, charities must complete the Compliance Record Form (“the Form”), and subsequently update the Form every year. On the Form, each charity needs to:

- record the actions that the charity has taken to meet each standard of the Code; and
- reference the evidence that backs this up.

The Form can also be used to explain why a charity is not in compliance with any particular standard in the Code.

Further guidance and helpful templates and sample documents relating to the Compliance Record Form are available here <https://www.charitiesregulator.ie/en/information-for-charities/charities-governance-code>

Reporting on Compliance with the Code in 2021

Under the Charities Act 2009, every charity registered in the Republic of Ireland is required to submit an Annual Report to the Charities Regulator no later than ten months after the charity's financial year end date. For example, if a charity's financial year end date is 31 December 2020, the Annual Report for that charity is due to be filed with the Charities Regulator before 31 October 2021.

When a charity files its Annual Report in 2021, it will be required to declare if, at the date of filing of the Annual Report, the charity –

- is fully compliant with the Charities Governance Code (**Declaration A**), or
- is partially compliant with the Charities Governance Code, with a free text box allowing the charity to explain what standards it is not in compliance with and why (**Declaration B**), or
- has not started implementing the Charities Governance Code, with a free text box allowing the charity to explain why it is not in compliance with the Code (**Declaration C**).

A detailed user guide on how to complete the Charities Governance Code section of the Annual Report will be made available in due course.

What will appear on the Register of Charities?

It is currently envisaged that the compliance status of charities appearing on the Register of Charities (“the Register”) will depend on the declaration submitted on the Annual Report filed by each charity during 2021 as follows:

- Any charity which declares on its Annual Report filed in 2021 that it is in compliance with the Code, **(Declaration A)**, will have that declaration publicly displayed on the Register from the date that the Annual Report is filed. This means that charities that have worked to ensure that they are compliant with the Code since it was launched in November 2018 will have that reflected on the Register during 2021.
- The compliance status of any charity that declares on its Annual Report filed during 2021 that it is in partial compliance with the Code, **(Declaration B)**, will not be publicly visible on the Register, unless that charity specifically requests that the

declaration is shown along with the reason for partial compliance. This will allow any charity that has made progress towards being fully compliant with the Code, but which may be restricted from being in full compliance for some reason that is close to being resolved, to highlight this on the Register.

- The compliance status of any charity that declares on its Annual Report filed in 2021 that it is has not started implementing the Code and is not in compliance, **(Declaration C)**, will not be visible on the Register.

It is also envisaged that it will be possible for charities to update their status on the Register in relation to their compliance with the Code following the submission of their Annual Report in 2021. This will facilitate charities who complete their journey to full compliance with the Code subsequent to the submission of their 2021 Annual Report to have this reflected on the Register.

Will compliance with the Code be monitored?

The Charities Regulator will be monitoring compliance with the Code and any explanations provided by charities for non-compliance during 2021 to determine if there are any common reasons for not achieving compliance with the Code. We will seek to address these reasons by engaging with charities, providing further guidance as part of the [Charities Governance Code Toolkit](#) and updating the [Frequently Asked Questions](#) section on the website.

It is intended that the Compliance Record Forms of a number of charities will be reviewed by the Charities Regulator during 2021 to check actual standards of compliance against the level of compliance that has been

declared. The primary purpose of this review is to inform the Charities Regulator as to any issues being encountered by charities more generally so that further guidance materials and templates to assist registered charities can be formulated where appropriate.

As noted above, the Charities Regulator will adopt a balanced and proportionate response in relation to any registered charity that is not in full compliance with the Code in 2021, with an emphasis on providing charities with advice and assistance on meeting the standards set out in the Code in the first instance.

Review

A review of reported compliance with the Code will be undertaken by the Charities Regulator towards the end of 2021, and any potential for further development of the process for compliance reporting in respect of the Code will be considered at that stage.

Document Reference No SE GLS 8.2.1 025

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Society of St Vincent de Paul

Society of St Vincent de Paul, Ireland

Reports and Consolidated Financial Statements for the year ended 31 December 2019

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

TRUSTEES REPORT

Background

The aim of the Society of St. Vincent de Paul is to tackle poverty in all its forms through home visitation, the delivery of services and the provision of practical assistance and supports to those in need.

The Society derives its inspiration from St. Vincent de Paul and our founder, Blessed Frederic Ozanam, to do something practical about poverty and social exclusion whilst ensuring that the structures which have contributed to disadvantage are removed.

We strive in a spirit of justice, charity, and respect through the personal involvement of our Members and employees, to enable those experiencing exclusion to take control of their own lives. We do not seek to impose our beliefs on the people we work with, rather we use them as the guiding inspiration for our work.

We are a Society open to all who wish to live their faith by loving and serving their neighbours. In Ireland, we welcome all people who accept the principles under which we work. We serve everyone in need, regardless of creed, race, colour, ideology, or gender.

The concept of need is broader than financial hardship, so, visiting those that are ill, the lonely and the imprisoned form a large proportion of the Society's work.

Our mission statement sets out the three core principles of what we hope to achieve, namely:

Support and Friendship: Through a person to person contact, we are committed to respecting the dignity of those we assist and fostering self-respect. We assure confidentiality at all times and endeavour to establish relationships based on trust and friendship.

Promoting Self-Sufficiency: We believe It is not enough to provide short-term material support. Those we assist are also helped to achieve self-sufficiency in the longer term and the sense of self-worth this provides. When problems are beyond our competence, we build bridges of support with others who can provide more specialised support.

Working for Social Justice: We are committed to identifying the root causes of poverty and social exclusion in Ireland and, in solidarity with those in need, to advocate and work for the changes required to create a more just and caring society.

In striving to achieve our mission, we are guided by our values which are:

- Respect
- Love of neighbour
- Joy through mission
- Personal contact with those in need
- Humility
- Empathy

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

TRUSTEES REPORT (Continued)

Activities of the Society

The Society is organised in small groups or branches, called "Conferences", often based in local parishes, which meet regularly, and their work is usually concentrated on local home visitation. Home visitation is the core activity of the Society and one in which most members are engaged in on a weekly basis.

Over the years, the Society has responded to social changes, often responding to local unmet needs, and has developed a range of additional services. Such services and activities are known as "Special Works". They comprise a significant proportion of the activities of the Society, however in recent years they have become more regulated and require professional standards and the organisation has had to manage the associated obligations regarding employment, quality standards and adherence to funding service arrangements, all within an increasingly regulated environment. Unfortunately, such services can no longer be delivered purely by voluntary effort and the obligations and responsibilities have contributed to an increased complexity and the need for appropriate governance oversight across the various Special Works activities.

The changing environment prompted the restructuring of the Society in 2014, and National Special Works structures were introduced, providing for national operational line management structures in both Homeless Services and Retail. Social Housing and other specialist services are supported on a coordinating and consultancy basis. National committees were established to give effect to the strategic direction of such activities. Throughout 2019, we have developed our national committees by inviting competent external volunteers, with appropriate skillsets, who have contributed significantly to the capacity and competency of the committees.

The national and regional committees, together with the operational structures, are ensuring more standardisation and quality in the services we provide, and more accountability to our funders and donors. The process towards the partnering, or divestment, of the Homeless Services continued in 2019 and detailed discussions have been held with a myriad of funders across the country. The day to day operational management obligations continue, and centralised resources have been enhanced, to ensure sufficient operational capacity for appropriate oversight of the activity. Additionally, the national committee approved new Terms of Reference and added new members to ensure appropriate skillsets for managing more technical matters such as building projects, etc.

The creation of separate structures for Special Works has been largely constructive and has created capacity and proficiency, whilst also addressing some of the key infrastructural deficits identified pre 2014. In late 2019 the Society decided that the time was right to commence a process of evaluation of the new structures, given the experience of the previous five years, and establish the needs for future years. NMC have mandated the National Retail Committee to commence a strategic review process which will commence in 2020, whilst Social Housing will also update their current strategy following a process of stakeholder consultation.

We do have a deficit in terms of national structures around other Special Works such as Holiday Homes and Resource Centres which will be reviewed in 2020. Additionally, the Society's involvement in childcare, and other children's and young person's services, requires coordination nationally with appropriate governance oversight which will be a priority in 2020.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

TRUSTEES REPORT (Continued)

Activities of the Society (Continued)

Home Visitation & Core Activities

The greatest asset of the Society of St. Vincent de Paul (SVP) is our volunteer members. With over 9,000 members engaging in active visitation work for the Society in 2019, the Society had over 183,000 'active clients' in the Republic of Ireland and 38,000 in Northern Ireland. The varied needs of these people and their families are met through 945 visitation conferences throughout the island of Ireland.

Supporting our Members to undertake their work is a key component of the organisational structure of the Society. SVP has 1,200 members in leadership roles, be they Conference, Area, or Regional Presidents, with many more holding officer roles. Member-to-member support is vital within the ethos of the Society and this is best represented through the Society's training programme for new and existing members.

In 2019 the National Recruitment, Training and Development team undertook an ambitious programme to bring SVP's volunteer recruitment and training online. The introduction of web-based recruitment, training tools, and continued face-to-face training will equip the Society well, as it undertakes a major recruitment drive in 2020. In 2019, 417 volunteers were trained through the direct participation of over 30 training volunteers. From August 2019, 178 additional new volunteers completed a 'blended learning' approach – completing both online modules and a face to face training session.

At local conference level, SVP's Area Presidents host Area Gathering to provide support, information, and resources for their active members. In 2019, 1,069 members from 50 areas attended one of the 38 Area Gatherings. 2019 also saw the first Education Gathering which culminated in Society wide guidance and approaches on education. The spend on education in 2019 increased to nearly €5.4 million, which reflects the prioritisation of such supports. In order to optimise support for our Area and Conference Presidents, and other officer positions in their roles, SVP began to pilot area round-table discussions in late 2019.

Recognising the challenging nature of some of SVP's volunteer work, and the often-emotional aspects of the work, a new Member Support Programme has been put in place. This is a confidential support service designed to support members resolve volunteer related concerns through telephone support, face-to-face counselling, and/or structured telephone counselling

In order to provide supports to our Members, SVP has a small, dedicated team of staff who work at regional and national level to provide up-to-date guidance and training, and to support the Society volunteer recruitment process.

Young SVP

Young SVP is the Society's Youth Development Programme designed for young people attending secondary school, YouthReach, and other educational settings, in addition to those taking part in youth groups and those at third level, be it in college/university.

The programme focuses on social action within the ethos and mission of SVP. Young people are offered opportunities to learn about SVP, social justice, and about how to engage in social action in a positive, purposeful, and meaningful way.

The Young SVP youth development team offers ongoing support to all those engaging in the Young SVP programme – whether part of a Conference, secondary school, or Young SVP group. Our Youth Development Officers (YDO) visit groups regularly through the year to work with them on a number of topics.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

TRUSTEES REPORT (Continued)

Activities of the Society (Continued)

Young SVP (Continued)

During the 2018/19 academic year, the programme operated across the East, South East, South West, Mid-West, West, and North East & Midlands regions. During this time, our team of Youth Development Officers (YDOs) delivered a total of 911 school visits across more than 209 different schools, where they informed students about the work of SVP, explored issues of social justice, and supported them in designing and delivering activities to address needs in their own communities. 9,398 young people were reached through our Guest Speaker visits, and over 5,000 chose to engage in our Developmental School's Programme taking part in workshops and designing action projects through the year. A total of 311 social action projects were completed by these Young SVP Members in 195 Young SVP Conference/groups this year, helping and supporting many people in local schools and communities. The work completed by these students was marked and celebrated across 6 different Regional Youth Days and Exhibitions, with an average of 300 participants attending each of these days.

These numbers are an indication of how healthy and vibrant our Young SVP programme has become, but numbers only tell a part of the story. To actually see our young members engaging in their workshops and their actions is inspiring and exciting and it is a real example of an organisation effecting societal change, as these young people are the decision makers of tomorrow and exposing them to the concepts of social justice will hopefully inform them in making those decisions and choices.

Social Justice

Working for Social Justice is one of three key pillars of the Society of St. Vincent De Paul's mission and requires us to challenge and address the structures that create, or perpetuate, poverty in Ireland today. Social Justice advocacy continued to be a key activity for the Society throughout 2019. The issues SVP highlight and the solutions we propose through our advocacy work are based on the experience of the people we are helping through our membership, or through analysis of both our request for help and the types and levels of our expenditure on direct assistance to households in need.

The causes and consequences of poverty seen by the Members of SVP are complex and interconnected and include:- low paid and insecure work; high cost of living; poor quality services; unemployment; low educational attainment; inaccessible or inadequate social welfare; discrimination and stigmatisation; social isolation and exclusion; and poor health and illness. Given the multifaceted nature of poverty in Ireland today, SVP has a very broad range of issues to advocate on, including: -

- Social welfare and income support for children and adults, especially for one parent families.
- Housing and homelessness, child and family homelessness, and the insecurity and poor quality of accommodation in the private rented sector.
- Energy poverty and its links with climate justice.
- Education, including the cost of school, and access to and participation in further and higher education.
- Debt and financial exclusion.

The overall objective of the Society's social justice work is to ensure that the decisions made by Government do not exacerbate poverty, but instead bring about the policy changes needed to achieve positive outcomes in the lives of those that SVP assists. Using traditional and social media, submissions to Government Departments, meeting with Civil Servants, Ministers, their Advisors, and political parties, and by working jointly with other organisations, we raise awareness of issues of concern and propose solutions.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

TRUSTEES REPORT (Continued)

Activities of the Society (Continued)

Social Justice (Continued)

The Social Justice Network of SVP Members grew and developed in 2019. In March, over 180 Conference Members responded to our survey on working poverty and the findings were highlighted in our submission to the Low Pay Commission and raised directly with the Minister for Employment Affairs and Social Protection in our meeting in July 2019. In September, we held our first Social Justice Network day, which gave members an opportunity to feed into the development of the National Social Justice Committee's short and longer-term priorities.

We published three Research Reports in 2019, which highlighted core issues of concern for SVP and provided evidence-based recommendations to policy makers.

- "Working, Parenting and Struggling" (March 2019) found that the living standards of one parent families in Ireland are among the worst in Europe, and that poverty rates among working lone parents more than doubled since 2012. It called for greater investment in childcare, housing, education, and decent employment opportunities to help lone parents and their children move out of poverty for good.
- "Housing Assistance Payment: Making the Right Impact?" (June 2019 in conjunction with Threshold) highlighted how HAP top-ups are putting families at risk of homelessness. It advocated for greater provision of social housing by the local authorities and AHBs, affordable rental, and better enforcement of regulations to address the issue of sub-standard accommodation.
- "Growing up in the Cold" (December 2019) showed that children are a group most exposed to the risk of energy poverty and that growing up in an energy poor household has a distinct negative impact on children's health outcomes. It recommended increased investment in measures to improve the energy efficiency of social housing and private rented accommodation and targeted income supports to households with children.

SVP made 13 submissions to Government and Regulators on moneylending, education costs, carbon taxes, energy and climate policy, benchmarking social welfare, the national minimum wage, child homelessness, direct provision, access to further education and training, as well as making a detailed submission on Budget 2020. We also presented submissions to the Joint Committees on Employment Affairs and Social Protection (Budget 2020 proposals), Education and Skills (school costs) and Climate Action (carbon taxes).

Budget 2020 delivered a number of key SVP asks, including increased support for working lone parents, continued improvement in income supports for children over and under 12, new funding for a free schoolbook scheme, and an increase in the capitation grant. However, given the scale of the housing crisis, the failure to increase primary social welfare payments, and the underinvestment in education and childcare, many individuals and families will continue to struggle to make ends meet.

As Ireland faces into the greatest and deepest economic recession in modern history due to the global pandemic, concern is growing among SVP Members who saw first-hand the impact that the last economic crisis had on struggling households. Our efforts now focus on avoiding a return to austerity and advocating for measures that will protect the most vulnerable for any adverse economic shocks through adequate social welfare supports, and tailored employment supports for those impacted by job losses. We will continue to challenge poverty and inequality and advocate for investment in policies which will make a difference in the lives of people who are struggling, and for a more equal and fairer society for all.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

TRUSTEES REPORT (Continued)

Activities of the Society (Continued)

Special Works Activities

In 2019, the Society continued to develop Special Works with national sub-committee assuming more governance style oversight and accountability. This, together with Regulatory and Funder requirements, allowed for a framework of more formalised reporting structures and standardised approaches to operational matters and practices. The following provides an overview in terms of the activity levels across the various Special Works in 2019.

Charity Shops Retail Services:

By the end of 2019, the Society operated 230 shops across the island of Ireland. There were new shop openings in Virginia, Moyross in Limerick, Ennis, Tullamore, Ballinteer, Skerries and shop re-locations in Nenagh, Carrickmacross and Kells. Vincent's charity shops can be found in a variety of locations including city centre, suburban settings, areas of social deprivation and within rural communities.

Whilst the shops raise vital funds to support the essential work of SVP, they are also a visual representation of SVP work within the community, and increasingly serve as a recreational hub for many members of the community wishing to reconnect with society generally. This blended offering is unique within the charity shops sector. In recognition of this work, Vincent's charity shops in Ireland won the prestigious and coveted "Community and Social Impact" award at the Charity Retail Association Conference in Nottingham, England in June 2019.

In 2019, the Society received approximately 1.4 million bags of donated clothing/textiles primarily through the network of shops, over 600 clothing banks, Church collections in the greater Dublin area, mobile collection units and corporate/home collections. Additional donated goods included fashion accessories, books, household items, collectables, furniture and multi-media items including DVD's and CD's. The Society is committed to extracting maximum value from these donations and has introduced a robust evaluation process including a first sort at our shops and a second sort in a network of Order Fulfilment Centres in Dublin, Cork, Waterford, Drogheda, Nenagh and Tralee.

Resaleable items identified in our OFC's are then sent on to shops in direct response to local demand, or are sold online, or through local auction. The vision for OFC's is to have real time access to 'sales per category' in every location, and replenish stock levels on time, in full where possible, and error free. By the end of 2019 we had installed EPOS systems into 44 shops across six regions. From a supply chain perspective this means preparing small market-relevant deliveries of cutting-edge fashion which creates urgency when delivered to each shop.

In 2019, in recognition of the need for clarification in structures across both governance and operation frameworks, the National Retail Committee produced a matrix, detailing all activities within Retail. These activities were set against a list of relevant roles from Trustee to Shop Manager. The matrix identifies who is responsible, accountable, consulted, and informed by charity shop operations. This contributed to the Society's development.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

TRUSTEES REPORT (Continued)

Activities of the Society (Continued)

Charity Shops Retail Services (Continued)

In 2019, the National Retail Team launched a pilot training programme for retail staff, including Regional Retail Managers, OFC Managers and Shop Managers called the Rendu Award, so named in honour of Blessed Rosalie Rendu. The Award is a Continuous Improvement Programme for SVP Retail, with four modules based on the four retail development pillars of:

- Customer Care
- Team Satisfaction
- Compliance
- Business Development

The Society recognises that it is the unique history and ethos of SVP, coupled with the competencies and capabilities of our shop volunteers and staff that contribute to our charity shops. The Rendu Award is a celebration of both, with most modules being accredited.

In Autumn 2019, 154 SVP shops from across the island of Ireland, participated in an eight-week trial sales campaign called "Peaks". Shops tested a pre-agreed range of campaign actions, with most shops recording a significant uplift in sales in all participating regions. Thirty-five of the participating shops had also been part of a smaller trial in 2018.

Actions included extended opening hours, enhanced instore communication to include customer appreciation events, increased activity on social media, and the preparation and sale of 'customised collections. Following on from the success of this campaign in 2019, a larger campaign is planned for 2020.

Homeless Services

The Society's emergency accommodation services continued to offer over 300 beds of emergency accommodation per night across the country in 10 Hostel Services, with additional support services through Tenancy Sustainment Officers in Cork and Limerick city, and Outreach Workers in our Carlow and Letterkenny services.

We provided a total of 110,690 spaces to our Service Users in 2019, on average 303 spaces per day. 651 people were admitted during the year, consisting of 635 adults and 16 children from five families to our Longford and Letterkenny services. These numbers include 639 additional places for the Cold Weather Initiative, in collaboration with our statutory partners, in eight separate Local Authorities and five HSE CHO offices.

In 2019, we continued to focus on implementing the Quality Standards Framework for Homeless Services, through the ongoing work of our peer-led Quality Standards Implementation Team (Q-SIT), a structure tasked with promoting and championing the quality standards across services; supporting their implementation; putting in place tools and supports; identifying priority areas for focus on improvements facilitating learning across services; identifying policy issues and gaps, and providing feedback on issues to the Trustees. The Q-SIT is currently planning a series of internal quality audits in 2020 to support the ongoing implementation of the standards, and to prepare for external inspections by the Funders in due course in 2020.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

TRUSTEES REPORT (Continued)

Activities of the Society (Continued)

Social Housing

The Society of St. Vincent De Paul/Frederic Ozanam Trust, as a registered Approved Housing Body (AHB), provided 863 Social Housing Units nationally in 2019, delivered and managed by 65 Conferences. This involves some 740 Members, supported by employees, across various schemes. In total, 943 Tenant's avail of the Society's social housing.

The Society saw the Social Housing Regulation Office recognise and commend the substantial progress achieved by the Society nationally in addressing regulatory compliance across its governance, financial management and performance management areas. The affirmed position of the National Management Council in addressing non-compliance was welcomed, with cases taken on board and addressed in a consequential manner.

The National Social Housing Committee continued to develop the Social Housing structures, including the Regional Social Housing Committee in each of the seven regions. 2019 saw the expansion of the National Social Housing Team with the appointment of a Senior Social Housing Officer (Services & Performance) and a Social Housing Administrator. At the regional level, Regional Social Housing Officer positions added for the Northwest and South East.

The national social housing team implemented several initiatives and training programmes. They included the Health & Safety Training Awareness Programme, published the Health & Safety Manual for the social housing conferences.

The year also saw first steps taken in the development of a social housing operations I.T. system. A pilot of the I.T. system is with seven Conferences in 2019/2020. In 2020 this pilot will be assessed, and a decision made re the future potential of the system.

During the year, the National Social Housing Committee approved various policy and guidance documents, including a Pre-Tenancy Training Manual, Social Housing GDPR FAQ, Conference Membership Recruitment & Renewal, Property Inspection Sheet Template, Complaints Policy & Procedure, and a Tenant Selection Shortlisting Tool.

The Society continued to work in 2019 on improving our housing standards, with emphasis on enhancing the comfort in our homes and realising cost savings for our Tenants. In terms of new developments and refurbishments, there was the addition of six new units in Ballinrobe, Co. Mayo and eight new units in Ballymote, Co. Sligo. Deep energy efficiency upgrade works were undertaken and completed on thirteen units in Garryowen, Limerick. Substantial refurbishment was undertaken on properties in Cork city, Mitchelstown, Co. Cork and Dublin. Cyclical, planned maintenance continued to be progressed by Conferences nationally, aligned to Stock Condition Surveys.

The National Social Housing Conference was held in March which focused on the work associated with the implementation of the Society's Social Housing Strategic Plan, including the strengthening and enhancing of the Social Housing Governance, Financial Viability and Performance. The event drew on many varying external speakers from the Regulation Office, AHB, and local authority sectors, in addition to national, regional, and local Society members.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

TRUSTEES REPORT (Continued)

Activities of the Society (Continued)

Resource Centres

The Society operates six Resource Centres in the following locations; Dublin, Ballina, Castleisland, Cavan, Tuam and Galway. Resource Centres have been developed over the years to provide a focal point and resource for local communities, and families, and provide a base for many activities which contribute to social cohesion in the local area. Such activities include day-care facilities, training and meeting rooms, meals on wheels' facilities, etc. Funding security for resource centres continues to be challenging and in 2018 two Resource Centres in Cork and Galway commenced a process to access Tusla funding. Following this process, the Resource Centre in Carrigtwohill, Co. Cork, transferred to an entity separate to the Society in 2019. Specific activity funding streams continue to be accessed, and local Conferences continue to fund centres given the very real value provided to local communities.

Holiday Homes

The Society operates five Holiday Homes in Wexford, Meath, Donegal, Kerry and Down. The Holiday Homes provide holidays and retreats to those families supported by the Society, and other groups who might not be in a position to enjoy such retreats.

Prison Visitor Centres

Prison Visitor Centres are operated in Cloverhill, Wheatfield and Mountjoy in Dublin, and also in the Midland's Regional Prison in Portlaoise. The Centres provide a welcoming and friendly reception for the families of prisoners, which is particularly important for children. The Centres are funded through the Irish Prison Service, and the Society.

Children/Young Adult Services

Early Childhood Services are delivered in Dublin, Waterford, Lurgan, Belfast, Carrigtwohill and Castleisland, whilst residential breaks are provided in Knockadoon in Cork and Sunshine House in Dublin. There are also six Youth Clubs in the Dublin area, providing activities and events for those young people who may not have access to the opportunity and resources available to others.

Additional Services include Day-Care Centres for the elderly, various meals on wheels' services and a Seafarer's Club in Dublin.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

TRUSTEES REPORT (Continued)

Governance

In 2019, the Society commenced a review of the organisation's adherence to the Governance Code as set out by the Charities Regulatory Authority (CRA), given the requirement to report on same in the 2020 CRA return. A committee was established by the NMC and work commenced on a review of the requirements set out in the code and the identification of the documentation/policy to support same. The committee has identified significant compliance and comprehensive policy frameworks which together with recommended enhancements will form part of the final report. This committee is due to report in early 2020 and it is expected that a standing committee will be established to oversee the implementation of the recommendations.

Support Functions

As the Trustee report provides an overview of the activities of the Society, it is also important to acknowledge the support services and functions which enable the activities to be delivered. This was borne out during the work of the Governance committee which identified the key infrastructural and policy frameworks provided through the support functions which ensure best practice, compliance and efficient operations. Such functions include, Finance, HR, IT, Communications, Internal Audit, Safeguarding and Fundraising.

Covid-19 Response

Although the accounts are in respect of 2019, it is appropriate that the experience of the Society with regard to Covid-19 is noted and referenced. This has resulted in significant challenges, upheaval and reduced income. However, due to the ongoing flexibility, enterprise and innovation, in dealing with the many day to day challenges presented, together with sound policy platforms and appropriate governance have all combined to allow for the mitigation of the potential catastrophic impact of the pandemic.

Following the introduction of National restrictions in mid-March a Covid-19 crisis group was established comprising senior members and staff which met on a daily basis for a number of months of the restrictions. This forum made the operational decisions in terms of closures, guidance and communications all of which were activity/functional specific and utilising the established and effective communication channels available within the organisation. A number of our services including Homeless, Social Housing and forms of visitation didn't cease operating. This forum was mandated by the NMC to manage the situation, however certain matters were referred to the NMC for decision making and the first full remote meeting of the NMC was held on the 21st March followed by five more meetings over the next two months to ensure that the concepts of oversight and governance was applied during the period.

As the restrictions extended into the summer, the publication of the Government roadmap allowed for reopening of certain activities including shops which was effective due to comprehensive and effective advance planning. At the time of writing we are still operating within a restricted environment but it is important to note that during this time we have not had one case of Covid-19 directly attributable to the population that we support in our Homeless service and Social Housing operations which is testament to the professionalism and commitment to all those involved.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

FINANCIAL REVIEW

The Society continues to see in our communities the need for significant support to individuals and families through Visitation Work and the Society's Special Works.

The financial statements for 2019 are in line with FRS102 and the Charities SORP. The Society depreciates property assets and capital grants are amortised over the life of the asset.

The Society continues to aim for a balance of our income with expenditure over multiple year periods. The income sources and levels are the key factors in creating the Society's capacity for the provision of direct financial assistance to individuals, families and the provision of services to recipients.

The financial outcomes for the year ended 2019 show a net deficit of €1.17 million compared to €1.25 million in 2018.

Analysis of Income

In 2019, the Society's total income, which arises from several income streams, increased to €83.3 million from €80.6 million in 2018. The Society's income is analysed in Notes 3, 4 and 5 to the Financial Statements.

The income from church collections increased to €9.4 million (2018: €9.2 million). The income from donations increased to €14.9 million (2018: €14.3 million). The income from donations and collections will vary year-on-year due to their intermittent nature and the occurrence of exceptional once-off collections or donations.

The income from legacies decreased to €8.0 million (2018: €8.5 million). The receipts from legacies are irregular, with dependency on an individual's preferences when finalising their Will, and the interim time between death and notification of the legacy.

The community charity shops turnover increased to €28.8 million (2018: €27.0 million) due to the continuous development of the existing charity shops and the opening of new charity shops.

The Society received government funding for the provision of services to recipients and other government grants of €12.5 million (2018: €12.0 million), which includes €1.45 million (2018: €1.45 million) from the Department of Housing, Planning, Community and Local Government for the Poverty Relief Fund.

Analysis of Expenditure

The Society's total expenditure in 2019 increased to €84.5 million, compared to €81.8 million in 2018. The foreign exchange gain of €648K (2018: €116K loss) arose on the translation of sterling balances. Adjusting for the currency translation, the 2019 expenditure is €85.1 million, compared to €81.7 million in 2018. The Society's expenditure is analysed in Note 6 to the Financial Statements.

Expenditure on members' visitation work, which includes assistance to individual and families, was €32.0 million (2018: €31.1 million). The increase in direct assistance is, in part, due to changes in the type of support and assistance provided, direct support developments, increased support for education, changing winter weather conditions and changing needs of those whom we serve. The SVP Members' visitation work includes non-financial support, advisory assistance, befriending and supporting access to social services.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

FINANCIAL REVIEW (Continued)

Analysis of Expenditure (Continued)

The total expenditure for Activities in furtherance of the Charity's Objectives was €42.4 million (2018: €41.1 million).

The community charity shops expenditure represents 28% of the Society's total expenditure. The community charity shops expenditure increased to €23.6 million from €22.1 million in 2018.

The provision of services to recipients, excluding shops, represents 22% of Society expenditure and principally relates to Homeless Hostels and Social Housing. The services expenditure was at €18.8 million for 2019 (2018: €18.9 million).

The Society's properties (Note 10) include social housing, hostels, holiday homes, resource centres, and retail units. Due to planned maintenance and stock condition assessments, the maintenance cost for the properties is expected to increase in future years and the Society is currently assessing the quantum of reserves which will be required to be dedicated for such expenditure.

Balance Sheet

At the 31 December 2019, the Society has a strong balance sheet, created over the 175 years of its existence and arising from a prudent approach to its activities and risks. This facilitates the Society in its wide range of visitation work and provision of services.

The Society's tangible assets are analysed in Note 10 which shows a net book value was €106.1 million, with additions during the year of €4.2 million. As stated in Note 10, the carrying cost of properties for accounting purposes is based upon the deemed valuation of these assets completed in 2012. As noted below the Society had €80.8 million of Property Valuation Reserves at 31 December 2019 (Note 19). In addition, the NMC reviewed the depreciation rate for owned properties considering the impact of stock condition surveys carried out in Social Housing and findings from property valuation reviews.

The cash at bank and in hand at 31st December 2019 was €84.6 million compared to €83.8 million in 2018 which is further considered in Note 14. The Society has a pension surplus of €51k (2018: €155k).

Creditors amounts falling due within one year were €7.6 million (2018: €6.8 million) and Creditors amounts falling due after more than one year were €32.1 million (2018: €33.3 million). Included in the creditors are capital grants net of amortisation at €33.5 million (2018: €34.8 million).

The Society's reserves were €154.4 million (2018: €155.4 million). As explained in Notes 18 & 19, total reserves can be analysed as €5.4 million (2018: €5.3 million) of restricted funds, €22.8 million (2018: €22.8 million) of designated funds, €80.8 million (2018: €80.8 million) being property valuation reserves and €45.4 million (2018: €46.6 million) of general reserves. The designation of reserves aims to be forward looking with the purpose of making resources specific to special works and other activities.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

FINANCIAL REVIEW (Continued)

Future Financial Plans

A key objective for the Society is to support individuals and families through members' visitations, befriending, and short-term financial support to those subjected to poverty or social inequality, and the support of the SVP services to recipients. This is achieved through quality visitation work, services to recipients, careful management of the Society's resources and continuing to achieve a balance of the Society's income with expenditure, cash flow management, and the available financial resources to provide direct assistance to families and individuals during the next year.

Cash Flow

The Society's consolidated net cash inflow from operating activities was €4.3 million (2018: €4.0 million). The net expenditure was €1.2 million (2018: €1.2 million). Depreciation less the amortisation of capital grants was a net inflow of €4.8 million (2018: €3.9 million). The movement in Debtors and Creditors, which included bequests, was a net cash inflow of €519k (2018: €887k).

The cash outflows in investing activities was €3.7 million (2018: €3.5 million). Properties acquired and capital expenditure in the year was €4.2 million (2018: €4.4 million) on the development of the community charity shops, social housing, resource and services centres. The proceeds from the disposal of fixed assets was €345k (2018: €831k). The proceeds from the disposal of investments was €66k (2018: €-).

The cash inflows from financing activities was €205k (2018: €1.9 million). Capital Grants received in the year was €205k (2018: €1.9 million). There was investment income of €38k in the year (2018: €54k).

The consolidated liquid resources movement for the year was an increase of €774k (2018: €2.4 million). The Society is well advanced in its plans as to how such additional funds will be expended and a number of these are outlined in the following section and Note 19 to the accounts.

RESERVES POLICY

The Society's Total Reserves (represented by Restricted, Designated and Unrestricted Funds) are an amalgamation of assets employed in Special Works owned directly by the Society, and assets (principally tangible fixed assets and cash) held at National, Regional, Area and Conference levels.

The overall policy of the Society is to maintain liquid resources to facilitate the funding of the Society's work in the service of the poor, on whose behalf the funds are held. The reserves and liquid resources are maintained at a level which ensures that the Society Visitations Work and Special Works can continue during a period of unforeseen challenges. The reserve level takes account of the risks associated with each stream of income and expenditure, social housing stock condition and planned activities.

This policy is driven by the need to provide for future expenditure on a planned basis and at the same time be in a position to respond to urgent deserving causes at short notice. The reserves of the Society are held for its charitable purpose and aims, working with poor and disadvantaged people, bringing support and friendship. Local Conferences and Councils are encouraged to share unrestricted funds with other Conferences within the Society, to address the needs of the wider community.

Where appropriate, funds are designated for use within the Society, for particular purposes and the related expenditure may be made over several accounting periods. This principle also applies to certain funds which have been restricted in their use under the terms of their donation. The balances of such designations and restrictions, together with the categories to which they relate, are explained in Note 19 to the Accounts.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES

Overview

The National Management Council (NMC) is the directive, coordinating and management body of the Society on the island of Ireland, who establish continually evolving systems, policies, and procedures to help mitigate the major risks to which the Society is exposed. These policies and procedures are monitored and updated in light of legislative and other relevant factors. The Society's systems, policies, and procedures seek to ensure members and staff can identify risks and in turn have a responsibility to manage and mitigate risks.

Structures are in place within the Society to regularly assess risks and internal controls. The structure of the Society is based on Conferences (primary membership unit of the Society) with Area and Regional Councils being bodies who have oversight and accountabilities to their Region and the NMC for the work and risks within their geographical area.

Conferences and Councils appoint officers who manage the day-to-day activities of the Conferences and Councils in accordance with laws, the Society Rule and the policies set by the NMC. The risk management for the Society is achieved through Conference and Council internal controls, by the work of the Trustees, governance officers, Treasurers and the functions of National Office, Regional Offices, Special Works Operations, Finance, HR and Internal Audit.

Income Risk

Each Conference and Council within the Society manage their income and expenditure through continuous monitoring, Conference reviews, and plans. Income and cash positions are key drivers for the level of charitable acts the Society can perform. Conferences and Councils work on a conservative and risk management approach. The aim is to minimise the risk of financial and reputational loss while reducing liquidity risks due to the mismatch of income to expenditure.

The Society is reliant on the donations from the public for most of its income. The development of a broad range of sources of income is necessary to reduce the risk of significant income fluctuations (e.g. donations, church gate collections, bequests, fundraising, funders of services and activities, and community charity shops). For some emergency accommodation services, the Society is dependent on the ongoing support of the HSE for funding to deliver these emergency accommodation services. Funding at an appropriate level is fundamental to the Society's ability to continue these activities.

Governance Risk

The geographical distribution of the Society across the island of Ireland, coupled with the diversity of activities the Society is engaged in, creates inherent governance and management risks. The primary structure of the Society is based on local Conferences (the membership unit of the Society who perform the charitable visitations acts of the Society or establish services), which are part of an Area (geographical area), who in turn are part of a Region and then the NMC.

Conferences, Area Councils, Regional Councils, National Council and NMC, are the primary governance bodies within the Society. Conferences and Councils appoint officers who manage the activities of the Conference or Council in accordance with laws, the Society Rule and the policies set by the NMC. Conferences, Councils, and Management have direct responsibility for ensuring that the members and staff are addressing the risks within their remit. The National Council is the body responsible for adopting and amending the Mission and Values Statements, offering an opinion on policy when requested by the NMC and amending the Rule as permitted by its terms, subject to the approval of the International Council-General.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

Operational Risk

The Society places a priority on the safety and security of its members, volunteers, employees, beneficiaries, services recipients and general members of the public. The Society Rule, policies, procedures and practices aim to ensure risks are appropriately managed to protect any individual the Society comes in contact with, including vulnerable adults and children.

Risks are mitigated by training, monitoring, the use of appropriately trained members and staff, having appropriate procedures and practices to reduce risks. An incident reporting system is used to record incidents. We have adequate cover in place for public liability.

Market Risk

Currency Risk

As the Society in Ireland is an island of Ireland organisation, it operates in both Euro and Sterling. The currency risk within the Society is managed through minimisation of cross-region cash flow dependencies. The reporting currency of the Society is Euro; therefore, the Financial Statements include translation of our Sterling income and expenditure at the average exchange rate for the year and related balance sheet items at the exchange rate on the balance sheet date. The effect resulting from the restatement of the opening net assets at closing rates are recorded in the statement of financial activities.

Interest Rate Risk

There is minimal interest rate risk due to the Society's Rule that any loans are to be approved by the NMC. There is no loan covenant compliance risk as there are no financial debt instruments.

Credit Risk

The Society manages its financial assets and liabilities to ensure it will continue as a going concern. The principal financial assets of the Society are bank and cash balances, and receivables. The principal financial liabilities of the Society are payables and capital grants. Credit risk on liquid funds is mitigated by spreading funds over several financial institutions.

Health, Safety and Environmental Risk

The well-being of the Society's members, volunteers, employees, beneficiaries, services recipients and the public are safeguarded through adherence to health and safety standards, policies and good practices, with the aim to minimise any negative impact on any individual, or the Society's activities and reputation. Health and safety legislation imposes certain requirements on the Society as a member-based organisation and as an employer. The Society continually acts to create a healthy and safe environment, provide policies and expect good practices from members and staff, including the implementation of new quality visitation programs and operational structures. The Society will seek to minimise adverse impact on the environment from its activities while continuing to address health, safety, and environmental risks.

Infectious disease

The risk of infectious disease, like COVID-19, will be an evolving event, and its future effects may be uncertain. While recognising that it may be difficult to assess or predict with precision the broad impact of COVID-19, acknowledge that the actual result will depend on many factors beyond our control and knowledge. The Society will respond to evolving events and plan its reaction to the occurrence of such risks, including communication about the known or reasonably likely effects and the types of risks based on facts, government guidance and circumstances analysis.

Society of St Vincent de Paul (Ireland)

National Management Council Report (Continued)

For the year ended 31 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

General Data Protection (GDPR) and Information Security

The Society's transactions processing, recording and storing of data are particularly sensitive. The Society's data protection policies, procedures, and systems aim to mitigate risks related to information security.

INVESTMENT POLICY AND PERFORMANCE

The investments are from legacies received by the Society. These investments are regularly reviewed by the Society, with the aim to realise funds for use by the Society to achieve its purpose and aims.

EVENTS AFTER THE BALANCE SHEET DATE

Other than the Covid-19 global pandemic, there have been no significant events affecting the Society since the year-end. See Note 25 for further detail.

Society of St Vincent de Paul (Ireland)

Consolidated Statement of Financial Activities

As at 31 December 2019

	Notes	Restricted €'000	Unrestricted €'000	2019 Total €'000	Restricted €'000	Unrestricted €'000	2018 Total €'000
Income from:							
Donations and legacies	3	2,792	31,544	34,336	2,725	31,126	33,851
Charitable activities	5	515	44,924	45,439	536	42,586	43,122
Investments		-	38	38	-	54	54
Fundraising		-	3,159	3,159	-	3,104	3,104
Other		-	348	348	2	420	422
Total income		3,307	80,013	83,320	3,263	77,290	80,553
Expenditure on:							
Raising funds		-	822	822	-	982	982
Charitable activities		3,083	80,588	83,671	3,825	76,995	80,820
Total expenditure	6	3,083	81,410	84,493	3,825	77,977	81,802
Net income/(expenditure)	7	224	(1,397)	(1,173)	(562)	(687)	(1,249)
Impairment of tangible assets	10/19	-	-	-	-	(4,085)	(4,085)
Net gains/(losses) on revaluation of investments	11/19	29	(53)	(24)	(13)	17	4
Net income/(expenditure) before the transfer of funds		253	(1,450)	(1,197)	(575)	(4,755)	(5,330)
Transfer between funds	19	(113)	113	-	49	(49)	-
Net gains/(losses) on disposal of assets	19	-	156	156	-	(1,382)	(1,382)
Net movement in funds		140	(1,181)	(1,041)	(526)	(6,186)	(6,712)
Total funds brought forward	19	5,263	150,155	155,418	5,789	156,341	162,130
Total funds carried forward	18/19	5,403	148,974	154,377	5,263	150,155	155,418

Society of St Vincent de Paul (Ireland)

Consolidated Balance Sheet

As at 31 December 2019

	Note	2019 €'000	2018 €'000
FIXED ASSETS			
Tangible Assets	10	106,124	108,542
Investments	11	57	146
TOTAL FIXED ASSETS		106,181	108,688
CURRENT ASSETS			
Stocks	12	7	33
Debtors	13	3,310	3,027
Cash at bank and in hand	14	84,619	83,834
TOTAL CURRENT ASSETS		87,936	86,894
LIABILITIES			
Creditors: Amounts falling due within one year	15	(7,642)	(6,820)
NET CURRENT ASSETS		80,294	80,074
TOTAL ASSETS LESS CURRENT LIABILITIES		186,475	188,762
Creditors: Amounts falling due after more than one year	16	(32,098)	(33,344)
NET ASSETS	18	154,377	155,418
THE FUNDS OF THE CHARITY:			
Restricted funds	18/19	5,402	5,263
Property valuation funds	18/19	80,817	80,817
Designated funds	18/19	22,803	22,763
General funds	18/19	45,355	46,575
TOTAL CHARITY FUNDS		154,377	155,418

The consolidated financial statements were approved and authorised for issue by the National Management Council on the 2nd October 2020 and signed on its behalf by:

Rose McGowan
National President

Peter Fitzpatrick
National Treasurer

Society of St Vincent de Paul (Ireland)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention modified to include certain items at fair value and in accordance with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and FRS 102.

The consolidated financial statements have been prepared on a going concern basis. The National Management Council (NMC) has reviewed the Society's financial position and consequently believes there are sufficient resources to manage any operational or financial risks. The NMC, therefore, considers there is a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future.

Since the date of the consolidated financial statements, a global pandemic has been declared by the World Health Organisation in relation to the outbreak of Coronavirus (COVID-19). The NMC has considered the effects of this pandemic on the continued operations of the Society and believes the Society has sufficient cash reserves to deal with any reduction in income that may result from crisis. The NMC has also considered the impact of the pandemic on the services provided by the Society and is satisfied that these can continue, albeit that these services have been somewhat adapted to the current circumstances.

The NMC therefore believes that there is no material uncertainty about the ability to continue as a going concern.

The Society of St Vincent de Paul (Ireland) is a public benefit entity as defined by FRS 102.

Basis of consolidation

The Consolidated Financial Statements include the results of all the Society's Councils and Conferences situated in the Republic of Ireland and Northern Ireland. The financial year for all reporting entities is coterminous with the exception of one Conference.

Income

Income included in the financial statements represents income from the public (i.e. donations and legacies), grants, services funding, fundraising and deposit and investment income received during the year.

Income is accounted for when the Society becomes entitled to the funds, the income can be measured reliably, and it is probable the funds will be received. Where income has been received in advance, it is deferred until the donor's conditions are met. Where income has not yet been received, but all criteria for recognition have been satisfied, the income is accrued as a debtor in the balance sheet.

In the case of voluntary donations, income is recognised when received. Proceeds from the sale of donated goods are recognised in the financial statements in the period in which they are realised. The value of donations-in-kind is not included in the statement of financial activities as due to their nature; the cost of recognition and measurement of individual donations-in-kind would outweigh its benefit.

Society of St Vincent de Paul (Ireland)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2019

24. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified, where necessary, to ensure comparability with current year disclosure.

25. POST BALANCE SHEET EVENTS

At the time of signing the consolidated financial statements, the World Health Organisation had declared Covid-19 a pandemic, which will have a significant negative impact on the global and Irish economies. The NMC has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results for the year ended 31st December 2019 have not been adjusted, and this is consistent with financial reporting standards.

The NMC has reviewed the activities and services in the period following the balance sheet date and considered the impact of the Covid-19 pandemic. Also, it has considered the current financial position of the Society and the resources within the Society.

Based on the information available at this time, in its opinion, the Society will be in a position to continue to carry out activities and services through the current difficult period and has sufficient liquid resources to manage the disruption to its activities and services, caused by Covid-19, for at least 12 months from the signing of the consolidated financial statements.

26. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the National Management Council on the 2nd October 2020.



Society of St Vincent de Paul

Society of St Vincent de Paul
National Office
91/92 Sean MacDermott Street
Dublin 1

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Published 2019

ENDING EXTREME POVERTY WHATEVER IT TAKES

**Concern
Worldwide**

Annual Report
& Financial
Statements
2019

CONCERN
worldwide



Review of Financial Outcome 2019

The financial outcome for 2019 is set out in the “Consolidated Statement of Financial Activities” on page 66.

During 2019, Concern’s income and expenditure increased compared to 2018. This was mainly due to a general uplift in ongoing programme activities and increased emergency activity arising from conflict-affected areas and Cyclone Idai.

A more detailed commentary on the financial results for 2019 is set out below.

Income

The organisation’s income in 2019 amounted to €189.5 million – see note 2 to the financial statements for a detailed breakdown by source. This represents an increase of 16% on 2018. In general, income was in line with expectations across all major revenue sources, which is regarded as a satisfactory performance in a competitive environment. We continue to have a diversified income base.

The main movements in Concern’s income streams, during 2019, are outlined below:

Incoming resources from donations and legacies

Income from donations and legacies comprises donations from individual and corporate donors, trusts and foundations. In 2019, we received

€37.7 million from this income stream – see note 2(a) to the financial statements.

We continued to fundraise in three markets (Ireland, the UK and South Korea) and income increased by 8% when compared to 2018. The largest increases occurred in the UK and South Korea. This was due to two main factors:

- In the UK, income increased by €1.9 million. 2019 saw the successful launch of the Ration Challenge event whereby, during Refugee Week, participants raised sponsorship to consume the same rations as a Syrian refugee living in a camp.
- In South Korea, ongoing investment in the recruitment of regular givers grew the donor base which resulted in income growth of €0.7 million.

In Ireland, which continues to be our largest source of income (accounting for 67% of the overall total of donations and legacies), revenues increased by 1%, which was spread across revenue streams.

Grants from governments and other co-funders

Concern received a total of €139 million in grants from governments and other co-funders in 2019 – see note 2(b) to the financial statements for an analysis by donor. This represents a 19% increase from our 2018 levels.

Concern Worldwide (US) Inc. (including US Government) was the single largest donor in 2019, providing €35.4 million, or 25.5% of the total co-funding income. The Irish Government was the next largest donor in 2019, providing €27.5 million, or 19.8% of the total co-funding income. The European Union was the next largest donor after that, providing €24.1 million, or 17.4% of total co-funding income. Other significant donors included UN agencies, who contributed €20.9 million, and the British Government with €20.4 million. These levels of funding reflect the strong relationships built with the donors over an extended period. We hope to further develop these relationships through the current year.

The overall increase in grants received was due to the fact that we secured funding for:

- Planned scaling-up of activity across a range of ongoing country programmes.
- Increased activity in conflict-related emergencies, particularly in Syria/Iraq, where we expanded our activities to cope with the effects of the escalating war and conflict and in DRC, where we responded to displacement crises from continuous armed conflict and an Ebola outbreak.
- Our response to Cyclone Idai which hit Malawi and Mozambique in March 2019, directly affecting over a million people.

Expenditure on charitable activities

Total Expenditure: €168m



Donated commodities

Commodities donated to the organisation and distributed as part of its emergency response programmes were valued at €12.4 million in 2019, an increase of 17.7% from 2018 – see note 2(c) to the financial statements for details. The bulk of donated commodities were foodstuffs for emergency distributions in South Sudan and Ethiopia with smaller but significant amounts in Bangladesh, Somalia and Republic of Sudan.

Expenditure

Our total expenditure for the year was €184 million, made up as follows:

	€'m	%
Charitable activities	€168.4	91%
Raising funds	€15.4	9%
Total	€183.8	100%

Overall, this represents a 15% increase from the 2018 level of €160 million, with most of the increase occurring on charitable activities. Our expenditure on charitable activities is mainly driven by our ability to secure funding, so this increase is primarily due to factors outlined above in relation to income i.e. it is a combination of a planned, broadly based expansion in several countries, and increased emergency response activity to address the impact of natural and man-made disasters.

Charitable activities

Expenditure on charitable activities in 2019 totalled €168.4 million.

As illustrated in the chart above, expenditure was spread over a range of programme types, with emergency response remaining our largest single programme, accounting for 57% of total charitable spend. As detailed in note 3 (a), we achieved growth in all programme types except health and nutrition. This is regarded as a strong performance. The downturn in health and nutrition is regarded as cyclical and likely to reverse in the coming periods.

Our overseas expenditure continued to be concentrated in sub-Saharan Africa (65%), though we continue to maintain a strong presence in Asia (15%) and to also operate on a large scale in the Middle East (19%). Haiti remains our only country of operation in the Americas.

Raising funds

The cost of raising funds totalled €15.4 million in 2019, which is 11% higher than in 2018. The increase in expenditure is primarily due to two factors:

- The increased spend on donor recruitment in the Republic of Korea (South Korea) where we believe there is considerable growth potential.
- The cost of other fundraising investments approved by the Board with the aim of protecting

and developing our revenue streams in the medium to long term.

The return earned on resources spent to raise funds is closely monitored and was felt to be satisfactory in 2019.

Support costs

The total costs set out above in relation to charitable activities and raising funds include attributable support costs. These support costs include the key services of programme management, technical support, finance, compliance, human resources, and information technology. These services play a crucial role in providing support to the delivery of our programmes globally.

Our total support costs for the year (including exchange gains) amounted to €10.1 million (see note 3 (d) to the financial statements), compared to €10.3 million in 2018, a 1% decrease. The main reason for this decrease is an increase in the gains on foreign exchange transactions during the year. Excluding the foreign exchange gains, the support costs remained largely unchanged.

Key Financial Performance Indicators

There are a number of key financial performance indicators which, taken together, are used by management and the Board as a measure of performance and financial strength.

These are set out below:

Indicator	2019	2018
Return per euro of fundraising spend	€2.5	€2.5
Government & institutional income as a percentage of total overseas programme expenditure	85%	83%
Support costs as a percentage of total costs	5.5%	6.4%
Percentage of total income derived from:		
↳ our largest donor	19%	16%
↳ our top three donors (combined)	46%	47%
Expenditure cover held in unrestricted reserves	138 days	148 days

- ↳ **Return per euro of fundraising spend** essentially measures how much we get back for each euro spent on fundraising. This figure in 2019 was the same as 2018 as we continued to invest in fundraising. It is expected that return on 2019 investment will increase the ratio in future years.
- ↳ **Government and institutional income as a percentage of total overseas programme expenditure** indicates the proportion of our work which we can get funded without reliance on public appeals. The 85% recorded in 2019 is 2% higher than in 2018, demonstrating the organisation's continued success in securing high levels of institutional funding during the year.
- ↳ **Support costs as a percentage of total costs** illustrates how much of total expenditure was needed for essential but non-core activities and functions. The 5.5% achieved in 2019 is lower than in 2018 (as a result of the increase in charitable expenditure explained above). This level of support activity is believed to be necessary and appropriate.

- ↳ **Percentage of total income derived from our largest donor/our top three donors (combined)** illustrates the extent of our reliance on particular donors. As we continue to secure less than 50% of funding from our top three donors, we believe that we have considerable diversity in our donor base and that we are not over-reliant on any particular source.
- ↳ **Expenditure cover held in unrestricted reserves** indicates the number of day's expenditure that we can cover from our available unrestricted reserves. The 2019 figure of 138 days is regarded as satisfactory.

Overall, we are satisfied with the financial performance of the group for the year.

Financial Results of Subsidiary Companies

In addition to the parent company, during 2019 there were three active subsidiary companies within the group:

- ↳ Concern Worldwide (UK) engages in fundraising, development education and advocacy work in the United Kingdom. The level of funds raised increased in 2019 due largely to the success of the UK Ration Challenge event and securing increased funding from the British Government. The charity is the sole member of, and controls, Concern Worldwide (Northern Ireland), which in 2019 commenced retail activities in Northern Ireland to raise funds for overseas programmes. The year-end consolidated position of the parent was satisfactory and it is expected to continue trading for the foreseeable future.
- ↳ Concern Charity Trading Limited continued to provide support to the Group's fundraising activities. Any costs associated with this activity have been borne by the parent company.

- ↳ Concern Worldwide Korea Foundation was incorporated in the Republic of Korea in 2015 and its main activities are to fundraise for, and otherwise support, the programmes of Concern Worldwide. The foundation commenced trading in September 2015 and has continued to grow its supporter base.

Pensions

Concern Worldwide operates a defined benefit pension scheme, providing benefits based on pensionable salary as at March 31, 2009. This scheme was closed to new members in 1993 and any existing employees, who were still members, moved to the defined contribution scheme in 2009 (when the scheme benefits were restructured and a funding plan was put in place to address the deficit). As a result of these changes, no current or future benefits are being accrued under the defined benefit scheme. The scheme continues, however, to provide life assurance benefits to staff based on their annual salaries during their period of scheme membership. The funding plan ran from 2009 to 2018 and resulted in the scheme being fully funded. As a result, the company ceased contributing to the scheme and no contributions were made during 2019. An actuarial valuation at the balance sheet date shows a surplus of €2.9m (see note 16 to the financial statements).

Concern also pays ongoing benefits to two ex-staff members who became incapacitated while working overseas. We believe that we have a constructive obligation to continue to make these payments for as long as they are needed, and as a result, we have recognised a liability for them in the balance sheet. Concern made external investments to cover the liability to the incapacitated staff and these were transferred into a discretionary trust for the benefit of the relevant individuals in 2007. An actuarial valuation at the balance sheet date indicated that the scheme has a deficit at year-end of €0.1 million (see note 16 to the financial statements).

The company does not anticipate that further contributions will be required to fund these benefits.

In some of its overseas operations, Concern has legal or constructive obligations to pay lump sum service benefits to national staff on cessation of their employment. While the precise obligation varies from country to country, it typically requires that the amount payable be based on terminal salary and length of service. The schemes are not externally funded i.e. assets have not been placed in separately administered trusts to meet liabilities as they arise; instead the gross value of service benefits earned is recognised as a liability at each balance sheet date. At the end of the year, the total liability recognised for these service benefits amounted to €3.5 million (see note 16 to the financial statements).

Reserves Position

A key distinction is made between restricted income, which must be used only for the purpose specified by the donor, and unrestricted income, which is used by Concern for its general purposes in furtherance of its charitable objectives. Restricted income goes towards financing particular activities, agreed in advance with the donor. We use unrestricted income where flexible funding is needed most, for example in:

- ▶ developing, testing and demonstrating the effectiveness of new approaches
- ▶ reacting quickly to emergencies, before we receive dedicated appeal funding

We also use unrestricted income to finance our policy work and campaigns, and to meet essential running costs. Any income not fully utilised is retained in reserves as outlined below.

It is Concern's policy to retain only sufficient reserves to safeguard the continuity of its operations, thereby

committing the maximum possible resources to its programmes. The total reserves of €73.3 million at December 31, 2019 are detailed in note 17 to the financial statements and fall into two categories.

▶ **Restricted funds (€4 million)**

These funds are tied to particular purposes, which arise because of restrictions on their use imposed by the donor at time of receipt, or because the funds were collected in a public appeal to raise money for a particular purpose. It is the organisation's policy to fully apply such funds for the purposes for which they were donated as quickly as possible.

▶ **Unrestricted funds (€69.3 million)**

These are of two types.

- Designated funds (€67.9 million) - these are unrestricted funds that have been allocated by the Board for specific purposes and that are (as a result), not available for general usage. In line with the reserves policy of Concern, at the end of 2019, funds had been designated for five specific purposes as follows:
 - ▶ to cover the planned 2020 budget deficit (€0.4m)
 - ▶ to recognise that a portion of reserves is invested in the charity's fixed assets (tangible and intangible), and is not therefore available for other purposes (€15.4m)
 - ▶ to ensure the continuity of operations (€44.3m)
 - ▶ to cover the risk of holding assets in our overseas programmes (€0.5m)
 - ▶ to finance investment in new fundraising opportunities and strategic projects (€7.3m)
- General unrestricted funds (€1.4 million) - these represent funds which are available for the general purposes of the charity.

The reserves are managed in accordance with the organisational reserves policy which was updated in December 2019. The Board reviews the level of reserves held periodically, the last review was done in conjunction with the approval of the 2020 budget. At that time it was agreed that reserves were in line with the policy, the restricted reserves should be utilised as soon as reasonably possible, and that the 2020 expenditure plans would include investments in fundraising activities, systems and programmes that would reduce designated reserves from the 2019 levels.

Going concern

Based on the results for the year, the year-end financial position and the approved 2020 budget, the Board believes that the charity has adequate resources to continue in operational existence for the foreseeable future.

Since the date of the financial statements, there has been a global outbreak of Coronavirus (COVID-19). The Board has considered management's assessment of the effects of this pandemic on the continued operations of the organisation and believes that the organisation has made sufficient cost reduction measures and has sufficient reserves to deal with this crisis.

The Board believes that there are therefore no material uncertainties that call into doubt Concern's ability to continue in operation. Accordingly, Concern continues to adopt the "going concern" basis in preparing the financial statements.

Structure, Governance and Management

The Constitution of Concern Worldwide is the organisation’s founding document. It provides for a membership-based organisation, registered in Ireland, limited by guarantee with a governing Board of Directors elected from the membership base.

The following are the main active members of the Group controlled by Concern Worldwide:

Body	Description	Activities	Status
Concern Worldwide (UK)	Company limited by guarantee which is regarded as a subsidiary because Concern Worldwide is the sole member	Concern Worldwide (UK) supports the overseas programmes of Concern Worldwide by providing material and human resources. It also engages in advocacy on issues related to the developing world	Recognised as a charity by The Charity Commission of England and Wales and also registered with the Scottish and Northern Ireland charity regulators
Concern Korea Foundation	Foundation set up by Concern in Korea in 2015, which is regarded as a subsidiary because Concern Worldwide can determine the composition of the Board of Directors	Concern Korea supports the overseas programmes of Concern Worldwide by fundraising and by promoting the work of the organisation	Registered as a charity with the Korean Ministry of Foreign Affairs and the Seoul Metropolitan City Government
Concern Charity Trading	Company limited by guarantee, regarded as a subsidiary because Concern Worldwide appoints the Board of Directors	Provides fundraising and other support services to Concern Worldwide	Trading company
Concern Worldwide (Northern Ireland)	Company limited by guarantee, regarded as a group member because Concern Worldwide (UK) is the sole member	Operates and manages retail activities in Northern Ireland to generate funds for the group	Trading company

Concern Worldwide (US) Inc. is an affiliated but organisationally independent organisation based in the United States of America.

The Concern Worldwide Board of Directors is committed to maintaining high standards of corporate governance and has taken action to ensure that the organisation is fully compliant with the principles outlined in the Charities Governance Code issued by the Charities Regulator of Ireland and the “Irish Development NGO’s Code of Corporate Governance” (as produced by the Corporate Governance Association of Ireland in partnership with Dóchas). Concern has been awarded “Triple-Lock” membership from Charities Institute Ireland, which demonstrates our commitment to best practice in all aspects of good governance, transparency and fundraising. Concern also adheres to the Dóchas Code of Conduct on Images and Messages. A review of the organisation’s compliance with the principles of each code is conducted annually.

Members of the Board of Directors, all of whom are non-executive, are

drawn from diverse backgrounds and bring a broad range of experience and skills to the Board’s deliberations. As provided for by the Constitution, Board members are elected from amongst the Concern membership base. In addition, the Board itself is empowered to co-opt new members to meet specific requirements, as well as to fill any ad hoc vacancies. All new Board members attend an induction course shortly after appointment in order to familiarise themselves with their statutory responsibilities, their role as Board members, the Concern governance framework, Concern’s humanitarian work, and Concern’s risk environment. Once appointed, Board members serve for a fixed period of three years. They may be re-appointed, subject to an overall limit of nine consecutive or twelve non-continuous years’ service.

There are clear distinctions between the roles of the Board of Directors and the Executive Management Team to which day-to-day management is delegated. Matters such as policy, strategic planning and budgets are drafted by the Executive Management Team for consideration and approval by the Board, who then monitor the

implementation of these plans. The members of the Board cannot, under the governing documents, receive remuneration for services to Concern, and may only be reimbursed for incidental expenses claimed. A comprehensive conflict of interest policy is in place that requires Board and committee members to disclose actual or potential conflicts of interest. Annual declarations of conflicts of interest are made by Board and Committee members, and the Executive Leadership Team.

During the year, the Board consolidated the governance procedures into an organisational Governance Code which details the procedures that they will apply in undertaking their responsibilities. During 2019, the Board reviewed the efficiency and effectiveness of its own operations. It agreed that both the code and general Board effectiveness will be reviewed by independent experts during 2020.



Khalid, Lebanon

Father of two Khalid (24) has completed a technical and vocational education training course on plumbing, supported by Concern. When he starts work as a plumber’s apprentice, he will receive a start-up kit from Concern, which consists of plumbing tools, a drill, a pipe welding machine and pipe threader. “This is the only light in the darkness,” he said. “The training I have received from Concern gives me a little hope. I feel optimistic.” **Photo:** Darren Vaughan / Concern Worldwide

Our board works tirelessly to make sure we're doing all we can to reach and improve the lives of people in the world's poorest countries.

Here is a list of the Board members at the date on which this report was issued:

Christine Barrett is Director of Digital Sales, Germany for Microsoft.

Ciunas Bunworth is a retired aid and development specialist and now works as a volunteer with St. Francis Hospice, Raheny.

Catherine Corcoran leads the BA in Social and Community Studies at LIT Tipperary and is pursuing a PhD with Newcastle University on the theme of Resilience and Community-led planning.

Donal D'Arcy works in public procurement and also lectures in procurement and supply chain management with the Chartered Institute of Procurement and Supply and the Institute of Technology, Carlow.

Jacinta Flanagan is the Programme Director of Enterprise Applications for Origin Enterprises plc.

Joanna Geraghty is President and Chief Operating Officer for Jet Blue Airways and chairs the Board of Concern Worldwide (US) Inc.

Colin Gordon sits on the Consumer Foods Board of Bord Bia and, up until January 2019, was CEO of Glanbia Consumer Foods. He now runs his own consultancy practice.

Michael Kenny is a lecturer at the Department of Adult and Community Education, National University of Ireland, Maynooth.

Teresa McColgan is an accountant and a tax partner in PwC's Entrepreneurial and Private Business group. She leads the firm's not-for-profit practice.

Jim McShane is the CEO of the McShane Companies, an integrated development and construction firm headquartered in Rosemont, Texas and is a member of the Board of Directors, Concern Worldwide (US) Inc.

Cormac Murphy is an Advisory Partner and a Banking and Capital Markets Sector Leader within EY's Financial Services Organisation.

Vincent Murphy is Finance Director and Company Secretary for the Aviva Stadium and is a Chartered Accountant.

Barbara O'Reilly is the Global Network Director for RSA Insurance Group.

Gary Rice is a partner in DAC Beachcroft, an international law firm.

David Ritchie is Chief Officer and Secretary General of the Representative Body of the Church of Ireland (the RCB).

Rachel Rodgers is a Partner and head of the real estate team in Walkers.

Bernadette Sexton is CEO of Oxford Policy Management, an international development consultancy, and serves on the Board of Trustees Concern Worldwide (UK).

Cormac Staunton is an EU and International Policy Manager at the Central Bank of Ireland.

Dr. Rosalyn Tamming is a Senior Research Officer with the National Disability Authority in Dublin.

John Treacy is the Chief Executive of Sport Ireland, the statutory agency for sport in Ireland. He is the Chair of Concern Worldwide.

Donald Workman is a former Executive Chairman of RBS and Chairs the Board of Trustees of Concern Worldwide (UK).

The Board met five times during 2019 and attendance of eligible members was as follows:

Board Member	Number Attended	Number Eligible
Christine Barrett	2	2
Zamila Bunglawala	3	3
Ciunas Bunworth	3	5
Catherine Corcoran	3	5
Donal D'Arcy	5	5
Jacinta Flanagan	3	5
Joanna Geraghty	0	5
Colin Gordon	4	5
Paul Jeffcut	2	2
Michael Kenny	5	5
Cyril Maybury	2	2
Teresa McColgan	5	5
Jim McShane	4	5
Cormac Murphy	3	5
Vincent Murphy	3	3
Barbara O'Reilly	3	5
Nora Owen	2	2
Gary Rice	2	5
David Ritchie	5	5
Rachel Rodgers	4	5
Bernadette Sexton	2	2
Cormac Staunton	3	3
Rosalyn Tamming	5	5
John Treacy	5	5
Donald Workman	5	5

3

Three years is the term of office for a Director.

5

The Board met five times during the year.

4

The Board has four standing committees: Finance, Programme Monitoring and Evaluation, Audit and Risk, Remuneration and Succession.

The majority of Board members had additional responsibilities in relation to Committees. The membership of these Committees includes at least two Directors as well as specialists who are not members of the Board, but who volunteer their expertise to assist the Committees on an ongoing basis.

There are four Board Committees:

- Finance** monitors the organisation's financial results and policies and advises the Board on financial management, reporting, treasury and reserves. This Committee met five times during 2019 and attendance was as follows:

Name	No. attended/ No. eligible
Dermot Browne	5/5
Teresa McColgan	5/5
Vincent Murphy	5/5
Gary Rice	2/5
David Ritchie	3/5

- Audit and Risk** monitors the control and risk management systems and advises the Board on internal controls, risk and compliance. This Committee met five times during 2019 and attendance of eligible members was as follows:

Name	No. attended/ No. eligible
Donal D'Arcy	5/5
Jacinta Flanagan	1/2
Una Henry	3/5
Paul Jeffcut	0/2
Liz Joyce	2/2
Cyril Maybury	5/5
Tony McCusker	2/2
Vincent Murphy	2/2
Rachel Rodgers	5/5
James Shaw Hamilton	1/2

- Programme Monitoring and Evaluation** monitors the quality of Concern's programme work and advises the Board on programme policies and programme evaluations. This Committee met on four occasions during 2019 and attendance was as follows:

Name	No. attended/ No. eligible
Ciunas Bunworth	3/4
Catherine Corcoran	2/4
Howard Dalzell	3/4
Fintan Farrelly	3/4
Jacinta Flanagan	1/4
Michael Kenny	4/4
Cormac Murphy	1/4
David Regan	1/4
Rosalyn Tamming	4/4

- Remuneration and Succession** monitors pay and reward policies across the organisation and also oversees succession planning at Board and senior management level. It advises the Board on these areas as well as on Board processes and effectiveness. This Committee met twice during 2019 and attendance of eligible members was as follows:

Name	No. attended/ No. eligible
Colin Gordon	2/2
Michael Kenny	2/2
Barbara O'Reilly	2/2
Nora Owen	1/2
John Treacy	2/2

to having appropriate systems and controls in place in all locations in order to ensure that assets are safeguarded and applied only for the purposes intended. We seek to achieve this by recruiting qualified and experienced staff, providing them with suitable training and by giving them effective support in carrying out their work. Clear policies and procedures are in place and compliance is regularly reviewed. These systems are generally felt to be adequate and to provide a high degree of assurance that resources are properly applied. That said, we operate in many highly corruption-prone environments, such as fragile states and humanitarian emergencies, and in these circumstances no system provides absolute guarantees. For this reason we have strong complaint and whistleblowing systems and a well-established internal audit function that both monitors compliance and investigates problematic transactions.

During 2019, we investigated 61 reported allegations of fraud. These investigations uncovered 23 incidents that caused loss to Concern. The majority involved minor amounts. Two involved material sums. Our total estimated loss due to fraud in 2019 amounted to €129,794. While the number of incidents was similar to 2018, the total amount involved rose substantially. The increase was largely due to the two incidents referred to above. They occurred in the same country at approximately the same time – when supervisory controls were temporarily weakened by insecurity, staffing gaps and other factors. As an organisation, we have a zero-tolerance attitude towards fraud. We work hard to ensure that any possible frauds are investigated promptly, that restitution is secured, that appropriate disciplinary actions are taken and that, where possible, the case is referred to the local policing authorities.

Concern Worldwide has a dedicated risk management function that is responsible for ensuring that a comprehensive process exists to identify and rank significant organisational risks. It also considers how these are managed and how they are reported and monitored.

Internal Control and Organisational Risk Management

Concern Worldwide operates in a wide variety of environments. As an organisation we are committed

As part of the risk management process, an annual risk review is undertaken. The purpose of the risk review is to ensure that the organisation is not, on an ongoing basis, exposed to an unacceptable level of preventable risk. The major risks identified by the 2019 review are listed below in order of significance:

2019 Ranking*	Risk
1 (1)	Uncertainty in the Funding Environment
2 (2)	Staff safety, wellbeing & security
3 (3)	Staff recruitment and retention
4 (5)	Safeguarding
5 (4)	Compliance
6 (6)	Fraud, corruption, and other criminal behaviour

* The 2018 rankings are shown in brackets

The risks and mitigating actions are explained more fully here:

- ↳ **Uncertainty in the Funding Environment:** While the Irish, UK and Eurozone economies continue to perform reasonably well, there is considerable uncertainty associated with Brexit and, more generally, with policies and attitudes towards overseas aid. As a result, uncertainty in the funding environment still represents the main risk to the organisation. Concern continues to react by carefully adjusting its budgets and expenditure to reflect likely levels of available income. It has also sought to grow and diversify income, to achieve balance in its revenue sources, and to reduce exposure to any single economy or donor.
- ↳ **Staff safety, wellbeing and security:** Concern operates in regions where the political and social circumstances make the personal health and security of staff a significant concern. The wellbeing of Concern's staff is of paramount importance and in order to ensure that this risk is appropriately

managed, the organisation has comprehensive health and security management policies in place, including the provision of training in areas such as security management, hostile environments and crisis management.

- ↳ **Staff recruitment and retention:** Concern achieves its results through its staff. If the organisation is to succeed in its objectives, Concern staff must build effective and lasting relationships with local communities. Being able to attract and retain appropriate staff is a key ongoing challenge for the organisation, particularly in the more volatile countries in which we work. The organisation has developed and frequently reviews, its human resources policies and procedures to address this risk.
- ↳ **Safeguarding:** This risk encompasses all types of inappropriate behaviour that negatively impacts the people with whom we work. We manage this risk through the development and enforcement of strong policies, by good recruitment practice, and by the provision of ongoing training and guidance.
- ↳ **Compliance:** This risk is broken down into the different areas of compliance relevant to the organisation including donor, internal procedures and regulatory compliance. The organisation receives a significant amount of funding from institutional donors and the general regulatory landscape is more onerous than ever before. The organisation addresses this issue through staff training, publication of relevant guidance and frequent reviews of activities.
- ↳ **Fraud, corruption and other criminal behaviour:** Significant fraud or incidents of corruption could severely damage the organisation's reputation and result in the loss of resources. The organisation has developed detailed financial management and reporting systems to mitigate these risks, which are reviewed on a regular basis. Concern also has

a comprehensive internal audit programme. A rigorous Code of Conduct for staff is proactively implemented to mitigate against any inappropriate behaviour which could potentially impact upon the communities with whom we work.

Appropriate systems and procedures are in place to manage these risks and provide reasonable but not absolute assurance against occurrence. Management undertakes ongoing monitoring of the level of risk and reports on this to the Board.

Overall, the Board of Directors is satisfied that systems are in place to monitor, manage and mitigate Concern's exposure to its major risks.

Other Matters

Our objectives as stated in our governing documents

The Constitution of Concern Worldwide states that the main object for which the organisation exists is: "...the relief of poverty and the advancement of people in need." It is further stipulated that in pursuing the main objective, the organisation will focus on:

- the ultimate elimination of extreme poverty in the world's poorest countries and regions through development programmes
- the provision of relief and assistance to people in need in situations of emergency

Concern is a public benefit entity. The benefit it provides arises from its development and relief work.

Lobbying and Political Contributions

There were no political contributions in 2019, and as a result no disclosures are required under the Electoral Act, 1997.

As required under the Regulation of Lobbying Act, 2015, Concern now records all lobbying activity and communications engaged in with Designated Public Officials (DPOs). It has made the returns and submissions required by the Act.

Post Balance Sheet Events

Since the date of the financial statements, a global pandemic referred to as COVID-19 (or "Coronavirus") emerged. Owing to the timing and significance, the Group has identified the occurrence of COVID-19 as a non-adjusting event as defined by FRS 102.32 *Events After the Reporting Period*. The Board has considered the assessment by management of the impact of COVID-19 on the continued operations of the organisation and is satisfied that the Group has sufficient reserves and measures in

place to absorb any negative financial impact. See note 24 of the Financial Statements (page 96) for more detail.

Accounting Records

The Board of Directors believes that they have complied with the requirements of Chapter 2 of Part 6 of the Companies Act 2014 with regard to adequate accounting records, by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account are maintained at the group's registered office in 52-55 Lower Camden Street, Dublin 2.

Auditor

The Auditor, KPMG, has agreed to continue in office under Section 383(2) of the Companies Act 2014.

Directors' Compliance Statement

Concern Worldwide is not obliged under the provisions of the Companies Act 2014 to prepare a Directors' Compliance Statement. However the Directors have agreed to voluntarily adopt these measures because they believe that they represent best practice in corporate governance.

The Directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations and they confirm that:

- a compliance policy document has been drawn up that sets out policies that, in their opinion, are appropriate to the company respecting compliance by the company with its relevant obligations
- appropriate arrangements or structures are in place that are, in their opinion, designed to secure material compliance with the company's relevant obligations
- during the financial year, the arrangements or structures referred to above have been reviewed.

Looking Ahead

Plans for the Future

Concern's current five-year strategic plan, "Leaving no one behind", comes to an end this year. Inspired by the vision of the Sustainable Development Goals, but anchored in Concern's own mission and values, the plan has helped guide our work in a time of immense global challenges. It also set ambitious targets for the scale-up of our programmes and our influence on policy and best practice in the sector more widely.

Over the course of the plan, the organisation has significantly increased its emergency response capacity, while also deepening its development programming and overall impact, particularly in areas such as conservation agriculture, cash transfer programming, and influencing policy. While some targets have proved challenging to meet, overall the organisation is on track in meeting its key objectives.

The process of developing the next strategic plan is now well under way. With a range of analyses having taken place earlier this year, wider consultations within and outside of Concern are ongoing.

The last plan was developed at a time of "Turmoil and hope", as described by the then United Nations Secretary General, Ban Ki-moon, in 2015. Turmoil, because conflict had deepened across the globe, with civilians paying the greatest price. Hope, because the world had gathered to formally adopt the Sustainable Development Goals, a global vision for development towards 2030.

Five years later, that turmoil remains. The COVID-19 pandemic that emerged in late 2019 has affected every country and presents an unprecedented global challenge that will have serious negative implications for the poorest and most vulnerable communities. Conflict has continued, and worsened in several notable contexts, taking a ferocious toll on civilians, while the climate crisis has deepened, affecting more and more of the people we work with every year.

Concern operates in an environment that is unquestionably difficult, but this underscores the need

for its work, and the organisation is continuing to strengthen and futureproof itself in order to optimise its impact in the years ahead.

Looking further ahead, we already know that the governance structures, accountability systems and the support and trust from our donors will provide us with a solid platform upon which the organisation can continue to deliver on its mission.

On behalf of the Board:



John Treacy
Director



Teresa McColgan
Director

May 30, 2020

Consolidated Statement of Financial Activities for the year ended December 31, 2019

	Notes	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
		€'000	€'000	€'000	€'000
Income from:					
Donations and legacies	2(a)	26,393	11,285	37,678	34,881
Charitable activities:					
- grants from governments and other co-funders	2(b)	-	138,650	138,650	116,743
- donated commodities	2(c)	-	12,383	12,383	10,521
Other trading activities	2(d)	414	-	414	305
Investments and other income	2(e)	329	27	356	1,059
Total income		27,136	162,345	189,481	163,509
Expenditure on:					
Charitable activities	3(a)	7,675	160,721	168,396	145,949
Raising funds	3(c)	14,657	703	15,360	13,862
Total expenditure		22,332	161,424	183,756	159,811
Net income for the year		4,804	921	5,725	3,698
Other recognised gains and losses:					
Exchange gain/(loss) on consolidation of subsidiaries	17(a)	114	49	163	(47)
Actuarial (loss)/gain on staff retirement arrangements	16(2)	(419)	-	(419)	816
Net movement in funds	17(a)	4,499	970	5,469	4,467
Reconciliation of funds:					
Total funds brought forward	17(a)	64,838	2,968	67,806	63,339
Total funds carried forward		69,337	3,938	73,275	67,806

On behalf of the Board



John Treacy
Board Member



Teresa McColgan
Board Member

Consolidated Balance Sheet as at December 31, 2019

	Notes	2019		2018	
		€'000	€'000	€'000	€'000
Fixed assets					
Intangible assets	7		1,206		-
Tangible assets	8		15,099		15,320
Surplus on defined benefit pension scheme	16(2)		2,857		3,109
Total fixed assets			19,162		18,429
Current assets					
Stock	10	50		141	
Debtors and prepayments	11	29,605		23,691	
Cash at bank and in hand	12	67,011		66,173	
Total current assets		96,666		90,005	
Creditors: amounts falling due within one year	13	(37,557)		(36,208)	
Net current assets			59,109		53,797
Total assets less current liabilities			78,271		72,226
Creditors: amounts falling due after more than one year	14		(1,420)		(1,570)
Net assets excluding staff retirement liabilities			76,851		70,656
Staff retirement liabilities	16(2)		(3,576)		(2,850)
Net assets			73,275		67,806
The funds of the charity:					
Unrestricted funds	17(a)		69,337		64,838
Restricted funds	17(a)		3,938		2,968
Charity funds			73,275		67,806

On behalf of the Board



John Treacy
Board Member



Teresa McColgan
Board Member

Notes to the Financial Statements

1 ACCOUNTING POLICIES

The principal accounting policies adopted, which are considered material to Concern Worldwide's (also referred to as the "Group" or the "Company") financial statements, are stated below. In preparing the consolidated financial statements, the directors are required to make estimates, judgements and assumptions. The most important areas where these judgements affect the financial statements and could impact the results of reported operations are listed below.

Income recognition

In applying the income recognition principles of the Charities SORP, judgements are occasionally required to ascertain whether a grant agreement is performance or non-performance based. This is done using established criteria that are applied consistently across all funding instruments and from one period to the next. Furthermore, where grant agreements are found to be performance based, judgements are required as to the level of income that should be recognised for the year. The organisation typically uses incurred expenditure as the most appropriate basis to measure progress on grant agreements and to recognise the related income. This is done in conjunction with a qualitative assessment of the status of the underlying projects in order to ensure this represents the most appropriate basis of recognition. All judgements are made at the individual grant level and are subject to appropriate review and approval processes.

Cost allocation

Support costs, which cannot be attributed directly to one activity, are allocated in proportion to estimated staff time spent on each activity. Management perform the cost allocation process annually with due regard to prior year consistency and assess if a change in allocation basis is appropriate from time to time.

Employee related liabilities

Pension plans that meet the definition of a defined benefit scheme are measured under the projected unit method as at the reporting date by an actuary engaged by the Company. The assessment involves the application of key assumptions (such as discount rates, salary increases and mortality rates), and they involve estimates that are subject to uncertainty from one period to the next.

A) Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standard 102 ("FRS 102"), the financial reporting standard applicable in the UK and Republic of Ireland. There are no material departures from the Standard.

The financial statements have been prepared under the historical cost convention, except for pension scheme assets and financial instruments which are classified at fair value. The financial statements have been prepared on a going concern basis (as outlined in the Report of the Board on page 49).

The Group and Company financial statements have applied "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)" ("Charities SORP").

As permitted by section 291(3)(4) of the Companies Act 2014, the Group and Company has varied the standard formats specified in that Act for the Statement of Financial Activities, the Balance Sheets and Cash Flow Statement. Departures from the standard formats, as outlined in the Companies Act 2014, are to comply with the requirements of the Charities SORP and are in compliance with sections 4.7, 10.6 and 15.2 of that SORP. The Company has taken advantage of the exemption available to it under section 304 of the Companies Act 2014, which permits a company that publishes its company and group financial statements together, not to present its own statement of financial activities, cash flow statement and related notes.

Concern Worldwide is a Company Limited by Guarantee (registered number 39647), and is a registered charity (charity number CHY5745). The Company meets the definition of a Public Benefit Entity under FRS102. As a registered charity, the Company is exempt from the reporting and disclosure requirements to prepare a directors' report under section 325(1), Companies Act 2014 but does so in compliance with the Charities SORP. There is nothing to disclose in respect of directors' interests in shares or debentures of the Company under section 329, Companies Act 2014.

The presentation currency of these financial statements is Euro (€). All amounts in the financial statements have been rounded to the nearest €1,000.

B) Basis of consolidation

Group companies

The consolidated financial statements include the financial statements of the Company and its subsidiaries, drawn up to December 31 each year.

Branches in the developing world

The work of the Group in the developing world is carried out through branches located in the countries of operation. The branches are the local representatives of the Group. They do not have a separate legal personality and have been set up specifically to carry out the work of the Group.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Consortia arrangements

Income received and expenditure incurred by the Group and Company, as a member of a consortium arrangement, are recognised in the *Consolidated Statement of Financial Activities* only to the extent that the organisation is responsible for the day-to-day management and utilisation of the funds.

Affiliates

Concern Worldwide (US) Inc. is a related, though independently governed, company based in New York, USA, which supports the mission of the Group by providing financial and human resources for programmes, recruiting staff and raising awareness of the Group and its mission. Concern Worldwide (US) Inc. is governed by an independent board of directors which retains full control over the financial and operating policies of the company. Concern Worldwide (US) Inc. is not controlled by the Group and therefore is not consolidated in the results of the Group.

Notes to the Financial Statements (continued)

1 ACCOUNTING POLICIES (continued)

Grants received from Concern Worldwide (US) Inc. to fund overseas projects are recognised as grants from governments and other co-funders. Grants paid to Concern Worldwide (US) Inc. are categorised according to their purpose.

C) Income

Income is recognised by inclusion in the *Consolidated Statement of Financial Activities* only when the Group is legally entitled to the income, the amounts involved can be measured with sufficient reliability and it is probable that the income will be received by the Group.

Donations and legacies

Income derived from donations and legacies is recognised when the Group becomes entitled to the resource, when receipt of funds is probable and when the amount can be measured with sufficient reliability.

Monetary donations (including donations from the public) are recognised when the donations are received.

Income arising from legacies is recognised when it becomes probable that funds will be received (i.e. where there is a grant of probate, the executors have established that there are sufficient assets in the estate and any conditions attached are within the control of the Group).

Income arising from tax refunds is recognised upon filing necessary returns, when the relevant legislative requirements have been met and when receipt of funds is probable.

Donations from corporates, trusts and major donors are recognised on the same basis as grants from governments and other co-funders.

Charitable activities

Grants from governments and other co funders

Grants from governments and other co-funders are recognised when the Group is legally entitled to the income because it is fulfilling the conditions contained in the related funding agreements. Grants from governments and other co-funders typically include one of the following types of conditions:

- Performance based conditions: the Group is contractually entitled to funding only to the extent that the core objectives of the grant agreement are achieved. Where the Group is meeting the core objectives of a grant agreement it recognises the related expenditure, to the extent that it is reimbursable by the donor, as income.
- Time based conditions: the Group is contractually entitled to funding on the condition that it is utilised in a particular period. In these cases the Group recognises the income to the extent it is utilised within the period specified in the agreement.

In the absence of such conditions, assuming that receipt is probable and the amount can be reliably measured, grant income is recognised once the Group is notified of entitlement.

Donated commodities

Donated commodities provided for use by the Group as part of programmes that it designs, implements and manages, are valued and included in Income only when the Group is legally entitled to the commodities and the amounts involved can be measured with sufficient reliability.

Locally sourced donations are valued at the estimated market value in their country of origin at the time of receipt.

Donations that are sourced outside of the area in which they are distributed are valued at the estimate of open market value provided by the donor.

The full valuations of donated commodities are recognised as income from charitable activities and are expensed as charitable expenditure in the year of receipt.

Other trading activities

Income from other trading activities includes retail income from the sale of donated goods through shops and rental income from letting premises.

Donated commodities for resale (in the Group's charity shops), are recognised within other trading activities when they are sold.

Investments and other income

Investments and other income includes income from deposit interest earned, insurance refunds received and any ad hoc income that does not fall under the other income headings.

D) Expenditure

Expenditure is analysed between charitable activities and raising funds. The costs of each activity are separately accumulated, separately disclosed and analysed according to their major components.

Expenditure is recognised when a legal or constructive obligation exists as a result of a past event, a transfer of economic benefits is required in settlement and the amount of the obligation can be reliably measured.

Support costs, which cannot be attributed directly to one activity, are allocated to activities in proportion to estimated benefits received.

The costs of public campaigns, together with related salary costs, which are undertaken to meet the dual purposes of raising funds and of promoting awareness of issues in the developing world, are split between costs of raising funds and costs of charitable activities on the basis considered appropriate for each type of campaign.

Charitable activities

Costs of charitable activities comprise costs of overseas programmes, development education, advocacy work and governance costs together with related support costs. All costs of charitable activities are recognised on an accruals basis.

Donated commodities and services for use by the Group as part of programmes it designs, implements and manages, are included as costs of charitable activities in the year in which they are received.

Expenditure in the form of grants to local partners is recognised as part of the costs of charitable activities. Expenditure on these grants is recognised when the activities the grant has funded have been undertaken, the related expenditure has been incurred and the performance conditions have been satisfied. Funds advanced which are not yet recognised as expenditure by year-end are included in debtors in the Consolidated and Company balance sheets.

Notes to the Financial Statements (continued)

1 ACCOUNTING POLICIES (continued)

Governance costs represent the salaries, direct expenditure and overhead costs incurred on the strategic, as opposed to day-to-day management of the charity and on compliance with constitutional and statutory requirements. Costs related to internal audit and organisational risk management are also included in this category.

Raising funds

Costs of raising funds comprise expenditure incurred on fundraising, including the costs of advertising, producing publications, printing and mailing fundraising material, staff costs and an appropriate allocation of support costs. All costs of raising funds are recognised on an accruals basis.

E) Fund Accounting

The Group maintains various types of funds as follows:

Restricted funds

Restricted funds represent income received that can only be used for particular purposes, as specified by the relevant donor. Such purposes are within the overall aims of the Group.

Unrestricted funds

Unrestricted funds consist of General funds and Designated funds.

- (i) General funds represent amounts which are expendable at the discretion of the Group in furtherance of the objectives of the charity.
- (ii) Designated funds represent amounts that the Group has, at its discretion, set aside for specific purposes. These funds would otherwise form part of the general funds of the charity. Specifically, the Group sets aside funds to protect its ongoing programmes and activities from unexpected variations in income, to allow it to invest in new strategic opportunities, to finance tangible and intangible assets for on-going use by the charity and to cover planned future deficits.

F) Intangible Assets

Intangible assets are recognised when a resource is controlled by the Group as a result of a past event or transaction, it is probable that the expected future

economic benefits associated with the asset will flow to the Group and the historical or fair value can be reliably measured.

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated to write off the original cost of the intangible assets, less estimated residual value, over their expected useful lives, at an annual rate of 20%. Amortisation is charged on a straight-line basis from the year in which assets are put into use by the Group.

Provision is made for any impairment of intangible assets below their carrying amount.

G) Tangible Assets

Tangible assets are recognised when a resource is controlled by the Group as a result of a past event or transaction, it is probable that the expected future economic benefits associated with the asset will flow to the Group and the historical or fair value can be reliably measured.

Tangible assets (except for assets of branches in the developing world), are stated at cost less accumulated depreciation. Depreciation is calculated to write off the original cost of the tangible assets, less estimated residual value, over their expected useful lives, at the following annual rates:

Freehold premises: 3%
Office furniture: 10%
Office equipment: 20%
Computer equipment: 33%
Motor vehicles: 20%

Depreciation is charged on a straight-line basis from the year in which assets are put into use by the Group. Land is not depreciated and no depreciation is charged on assets under construction until the construction process has been completed and the assets are ready for use.

Provision is made for any impairment of tangible assets below their carrying amounts.

Expenditure incurred by branches in the developing world on tangible assets is included in expenditure in the year of acquisition and is not reflected in the

Company or Consolidated balance sheets because they do not satisfy the criteria for recognition as an asset from which the Group derives economic benefit.

H) Foreign Currencies

The financial statements are prepared in Euro (€), which is the Group's and Company's functional currency because the majority of funds raised by the Group are in Euro.

Transactions in foreign currencies are recorded in Euro at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the year-end rate of exchange. The resulting gains and losses are dealt with as expenditure in the *Consolidated Statement of Financial Activities*.

The Group's net investment in its overseas subsidiary undertakings is translated at the rates ruling at the balance sheet date. The income and expenditure of overseas subsidiary undertakings are translated at the average exchange rates for the year. Exchange differences resulting from the retranslation of the opening balance sheets of the overseas subsidiary undertakings, together with the differences on translation of the net income/expenditure at average rates are included in other recognised gains and losses in the *Consolidated Statement of Financial Activities*.

I) Taxation

No current or deferred taxation arises as the Group, with the exception of Concern Charity Trading CLG, has been granted charitable exemption by the revenue authorities. Irrecoverable value added tax is expensed as incurred.

Any taxes arising in, or as a result of overseas operations are included in the cost of direct charitable activities in the *Consolidated Statement of Financial Activities*.

Notes to the Financial Statements (continued)

1 ACCOUNTING POLICIES (continued)

J) Stocks

Stocks comprise relief supplies held centrally for transfer to overseas operations. Stocks are stated at cost, less provisions for obsolescence and any other diminution in value. Cost is the purchase price, net of any trade discount, plus any additional costs associated with bringing the items to their current location and condition.

Unsold donated items (which have been given to the Group's charity shops) are not included in closing stock since their cost is nil and their value is uncertain until sold.

K) Basic Financial Instruments

Investments

Investments in subsidiaries are carried in the parent company balance sheet at cost less any provision for impairment.

Debtors

Debtors are recognised at the settlement amount due after any discount offered. Debtors in countries of operation comprise balances arising from programme activities. Income recognised by the Group from governments and other co-funders, but not yet received at year-end, is included in debtors.

Cash at bank and in hand

Cash at bank and in hand is comprised of cash on deposit at banks requiring less than 3 months notice of withdrawal. These are carried at amortised cost.

Creditors and provisions

Creditors and provisions are recognised where the Group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be reliably measured or estimated. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due and at their present value where the time value of money is deemed significant. Creditors in countries of operation comprise balances arising from programme activities. Funds already received from donors, that do not meet the criteria for recognition as income, are shown in creditors.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method.

L) Pensions and Other Retirement Provisions

(i) Defined contribution pension scheme

Defined contribution pension schemes are a post-employment benefit scheme under which the Company and its subsidiaries pay fixed contributions into separate entities and have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the *Consolidated Statement of Financial Activities* in the period during which services are rendered by the employees.

(ii) Defined benefit pension scheme

The Company's net obligation in respect of the defined benefit pension scheme, is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The difference between the fair value of the assets and the actuarially assessed present value of the scheme's liabilities, calculated using the projected unit method, is disclosed as a liability/asset in the balance sheet.

The Company determines the net interest expense/income on the net defined liability/asset for the period by applying the discount rate, as determined at the beginning of the annual period, to the net defined benefit liability/asset taking account of changes arising as a result of contributions and benefit payments.

A valuation of the scheme is performed annually by a qualified actuary using the projected unit credit method. The Group recognises net defined benefit scheme liabilities, in full, at each balance sheet date and net defined benefit scheme assets are recognised to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the *Consolidated Statement of Financial Activities*.

Re-measurement of the net defined benefit liability/asset is recognised in *Other recognised gains and losses* in the period in which it occurs.

(iii) Liability in relation to incapacitated staff

For the liability in relation to incapacitated staff, the amount charged to the *Consolidated Statement of Financial Activities* is the actuarially determined cost of benefits to two ex-staff members for the year. The expected return on the investments made to cover the liabilities and the increase in these liabilities, due to the unwinding of the discount during the year, are included under the appropriate expenditure headings in the *Consolidated Statement of Financial Activities*.

The difference between the fair value of the assets and the actuarially assessed present value of the scheme's liabilities, calculated using the projected unit method, is disclosed as a liability/asset in the balance sheet.

(iv) Overseas local staff service provision

The Company recognises a liability in respect of termination benefits accruing to overseas local staff when the individual employee becomes entitled to such benefits through service. The liability is increased annually for the cost of service benefits earned during the year and that cost is charged to the *Consolidated Statement of Financial Activities*. Payments of service benefits are charged to the provision as they arise.

M) Leases

Income and expenditure from operating lease rentals are credited/charged to the Group and Company statement of financial activities on a straight-line basis over the lease terms.

Notes to the Financial Statements (continued)

24 POST BALANCE SHEET EVENTS

Since the date of the financial statements, a global pandemic referred to as COVID-19 (or “Coronavirus”) emerged. Owing to the timing and significance, the Group has identified the occurrence of COVID-19 as a non-adjusting event as defined by FRS102.32 *Events After the Reporting Period*.

The Board has considered the assessment by management of the impact of COVID-19 on the continued operations of the organisation and is satisfied that the Group has sufficient reserves and measures in place to absorb any negative financial impact. The following areas have been considered as part of the impact assessment:

- Operations - As a global pandemic, COVID-19 affects all our countries of operation and the organisation has addressed this in a number of different ways including adapting our programmes to deal with COVID-19, through securing additional and revised donor funding in affected areas, ensuring staff have access to protective materials as required and changing work practices to ensure continuity of operations.
- Going Concern - The Group has sufficient cash resources to meet its obligations as they fall due and has specifically designated reserves to deal with the effects of a possible downturn in income and to ensure funding for ongoing operations.
- Performance - In the period to March 31, 2020 the Group has performed substantially in line with expectations. The Board has assessed management’s reforecasting exercise to assess the impact of COVID-19 and are satisfied that the projections and related cost saving measures are adequate and appropriate.

As the status of the pandemic is constantly evolving, management continues to monitor performance to ensure changes do not significantly impact the assessment set out above.

25 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board on May 30, 2020.

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 [Youtube.com/concernworldwide](https://youtube.com/concernworldwide)



Financial Statements

Project Arts Centre

For the financial year ended 31 December 2019

Registered number: 35937

Project Arts Centre

Company Information

Directors	Matthew Smyth Mary Cloake Rosaleen McDonagh (resigned 26 November 2019) Monica Flood Sarah Pierce Sarah Byrne (resigned 27 April 2020) Liv Lillesto O'Donoghue Adrian O'Carroll Fiona Slevin John O'Halloran
Company secretary	John O'Halloran
Registered number	35937
Registered office	38/41 East Essex Street Dublin 2 D02RD45
Independent auditor	Grant Thornton Chartered Accountants & Statutory Audit Firm 13 - 18 City Quay Dublin 2
Bankers	Bank of Ireland 88 Lower Camden Street Dublin 2
Solicitors	O'Shea Barry Solicitors 5 Fitzwilliam Place Grand Canal Dock Dublin 2

Project Arts Centre

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Notes to the financial statements	13 - 22
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	23 - 28

Project Arts Centre

Chairperson's statement

For the financial year ended 31 December 2019

PROJECT in 2019

Project Arts Centre (Project) occupies a unique and essential place in the support and delivery of the contemporary arts in Ireland. For over 50 years, the centre has sustained its core purpose to enable artists across all art forms to make and present extraordinary works that inspire and provoke. Project's continued independence, ambition and quality programming has contributed significantly to enhancing Ireland's cultural reputation locally and internationally. It also continues to play a necessary role in identifying and supporting artists at the early stages of their careers, and commissioning and generating new work.

Project is largely funded through a grant from The Arts Council/An Chomhairle Ealaíon, supplemented by grants from Dublin City Council, fundraising and income from ticket sales.

In 2019 Project presented a busy programme of contemporary performance and visual arts, with 712 events reaching an audience of over 55,000 people. We developed important commissions and partnerships with individual artists and organisations such as Dublin Fringe Festival, the MAKE residency, and the Aerowaves EU Network. We employed 104 artists and a further 175 arts professionals to support their work. In 2019, we restructured the Project Artists Scheme to provide more nuanced support at different career stages. We supported 8 productions by Project Artists, with tours of their work going to 28 Irish and 2 international venues, with 63 events reaching 3,913 people. The partnership between Project and Arts & Disability Ireland was further developed in 2019 with staff training, captioning, and a major A&D commission, which was awarded to playwright Roderick Ford.

Building a Sustainable strategy

I would like to acknowledge the work of the centre staff in the delivery of Project's programme and to thank my colleagues on the Board of Directors for their guidance, insights and dedication during the financial year.

I would like to acknowledge the support of The Arts Council/An Chomhairle Ealaíon, Dublin City Council, Culture Ireland, The Ireland Funds, our Project People and other partners for their support in the delivery of project's programme.

I have huge faith in Cian O'Brien, the Project leadership and staff, our Board and Members to deliver our purpose and goals in 2020. As we come to the end of our current strategic plan, Project 2020, and begin work on a new one for 2021-2025, I know that we have a singular focus on maintaining Project's prominence as an active advocate and producer of art that challenges norms, sparks conversations and changes minds.

Name Fiona Slevin
Chairperson
Project Arts Centre



Date 4 June 2020

Project Arts Centre

Directors' report

For the financial year ended 31 December 2019

The directors present their annual report and the audited financial statements for the financial year ended 31 December 2019.

Principal activities

Project Arts Centre (Project) occupies a unique and essential place in support and delivery of the contemporary arts in Ireland. For over 50 years, the centre has sustained its core purpose to enable artists across all art forms to make and present extraordinary works that inspire and provoke. Project's continued independence, ambition and quality programming has contributed significantly to enhancing Ireland's cultural reputation locally and internationally. It also continues to play a necessary role in identifying and supporting emerging artists and commissioning and generating new work.

Project is funded largely through a grant from the Arts Council, supplemented by grants from Dublin City Council, fund-raising and income from ticket sales.

Results

The profit for the financial year, after taxation, amounted to €11,958 (2018: €15,383).

Directors

The directors who served during the financial year were:

Matthew Smyth
Mary Cloake
Rosaleen McDonagh (resigned 26 November 2019)
Monica Flood
Sarah Pierce
Sarah Byrne (resigned 27 April 2020)
Liv Lillesto O'Donoghue
Adrian O'Carroll
Fiona Stevin
John O'Halloran

Going concern

The financial statements have been prepared on a going concern basis and the directors have satisfied themselves that there are adequate resources to continue in operational existence for the foreseeable future. The directors have considered any potential impacts of Coronavirus 2019 (COVID-19) on the Company and have had discussions with the Arts Council in relation to this. The directors are satisfied that the current going concern assessment remains appropriate as an assessment has been made on the strength of the organisation and steps to maintain services in a prudent manner have been implemented.

Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at the Company's registered office at 38/41 East Essex Street, Dublin 2.

Project Arts Centre

Directors' report (continued)

For the financial year ended 31 December 2019

Events since the end of the financial year

COVID-19 disease was recognised as a pandemic by the World Health Organisation on 11 March 2020. The Company recognises this is an emerging risk that the Company is exposed to. The board of directors and staff of the Company have taken a number of actions focused on assuring business continuity and support for our staff, artists, partners and other key stakeholders. The Company continues to identify, assess and plan for a wide range of potential financial and operational outcomes as matters develop. Arising from these analyses, Project Arts Centre is taking steps to sustain its service and to protect its business in a prudent manner.

Within government restrictions and advice, the Company continues to provide services to support its staff and artists during this time and continues to trade. The Board has worked with the executive to develop a series of financial projections taking account a range of different possible scenarios. These are being revisited as more information becomes available. It is intended that some staff will move back into the building in June to begin adapting the offices, artistic spaces and public areas in line with health and safety guidelines. The timetable for the return of artists and the public is still under discussion. As discussed in the Director's report, the Company is currently in a position to continue as a going concern. There have been no other significant subsequent events affecting the Company since the reporting date.

Statement on relevant audit information


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

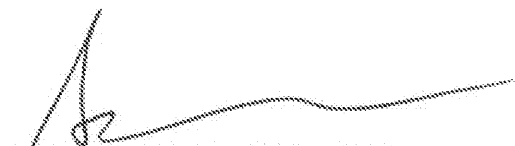
Auditor

The auditor, Grant Thornton, continues in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the board and signed on its behalf.



.....
Fiona Slevin
Director



.....
Adrian O'Carroll
Director

Date: 4 June 2020

Project Arts Centre

Directors' responsibilities statement

For the financial year ended 31 December 2019

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 the financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with the Irish Generally Accepted Accounting Practices in Ireland, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Irish law.

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 at the financial year end date, of the profit or loss of the Company for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

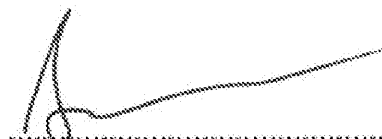
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect 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.

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.

On behalf of the board



.....
Fiona Slevin
Director



.....
Adrian O'Carroll
Director

Date: 4 June 2020

Project Arts Centre

Independent auditor's report to the members of Project Arts Centre

Opinion

We have audited the financial statements of Project Arts Centre, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity for the financial year ended 31 December 2019, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. (Generally Accepted Accounting Practice in Ireland).

In our opinion, Project Arts Centre's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the financial year then ended; and
- have been properly 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 'responsibilities of the auditor 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 financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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.

Material uncertainty related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) 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'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.

Project Arts Centre

Independent auditor's report to the members of Project Arts Centre (continued)

Other information

Other information comprises information included in the Annual Report, 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 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 in the financial statements, 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.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' report has been prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by exception

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

Under the Companies Act 2014, we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

Project Arts Centre

Independent auditor's report to the members of Project Arts Centre (continued)

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS102, and for such internal control as they determine 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Project Arts Centre

Independent auditor's report to the members of Project Arts Centre (continued)

Responsibilities of the auditor for the audit of the financial statements

The auditor's 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.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The Auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

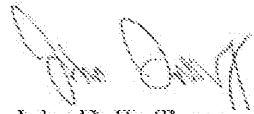
Project Arts Centre

Independent auditor's report to the members of Project Arts Centre (continued)

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 we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Duffy (Responsible Individual)
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm
Dublin 2

Date: 4 June 2020

Project Arts Centre

Statement of comprehensive income
For the financial year ended 31 December 2019

	Note	2019 €	2018 €
Turnover	5	1,783,647	2,161,158
Administrative expenses		(1,768,804)	(2,142,890)
Operating profit		14,843	18,268
Interest payable and similar expenses	8	(2,885)	(2,885)
Profit before taxation		11,958	15,383
Tax on profit	9	-	-
Profit for the financial year		11,958	15,383

There was no other comprehensive income for 2019 (2018:€NIL).

All amounts relate to continuing operations.

The notes on pages 13 to 22 form part of these financial statements.

Project Arts Centre

Statement of financial position

As at 31 December 2019

	Note	2019 €	2018 €
Fixed assets			
Tangible fixed assets	10	33,376	22,863
		<u>33,376</u>	<u>22,863</u>
Current assets			
Stocks	11	2,746	4,266
Debtors: amounts falling due within one year	12	43,964	142,209
Cash at bank and in hand		224,013	111,931
		<u>270,723</u>	<u>258,406</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(441,670)	(428,564)
		<u>(370,947)</u>	<u>(170,158)</u>
Net current liabilities			
		<u>(137,571)</u>	<u>(147,295)</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	14	-	(2,234)
		<u>(137,571)</u>	<u>(149,529)</u>
Net liabilities			
		<u>(137,571)</u>	<u>(149,529)</u>
Reserves			
Retained deficit		<u>(137,571)</u>	<u>(149,529)</u>
Accumulated deficit			
		<u>(137,571)</u>	<u>(149,529)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A for small entities.

The financial statements were approved and authorised for issue by the board:



.....
 Fiona Slevin
 Director



.....
 Adrian O'Carroll
 Director

Date: 4 June 2020

The notes on pages 13 to 22 form part of these financial statements.

Project Arts Centre

Statement of changes in equity

For the financial year ended 31 December 2019

	Retained deficit	Total equity
	€	€
At 1 January 2019	(149,529)	(149,529)
Comprehensive income for the financial year		
Surplus for the financial year	11,958	11,958
At 31 December 2019	<u>(137,571)</u>	<u>(137,571)</u>

Statement of changes in equity

For the financial year ended 31 December 2018

	Retained deficit	Total equity
	€	€
At 1 January 2018	(164,912)	(164,912)
Comprehensive income for the financial year		
Surplus for the financial year	15,383	15,383
At 31 December 2018	<u>(149,529)</u>	<u>(149,529)</u>

The notes on pages 13 to 22 form part of these financial statements.

Project Arts Centre

Notes to the financial statements

For the financial year ended 31 December 2019

1. General information

Project Arts Centre is a company incorporated in the Republic of Ireland under the Companies Act 2014. The address of the registered office is 38/41 East Essex Street, Dublin 2, D02 RD45. The registered number of the Company is 35937.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2014.

The Company qualifies as a small company as defined by section 280A of the Act, in respect of the financial year and has applied the rules of the 'Small Companies Regime' in accordance with section 280C of the Act and section 1A of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements are presented in Euro (€).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Project Arts Centre

Notes to the financial statements

For the financial year ended 31 December 2019

2. Accounting policies (continued)

Income recognition

- Grant income is accounted for on an accrual basis.
- Box office income is recognised on a receipts basis in the period in which production take place.
- Bar income is recognised on a cash receipts basis exclusive of VAT.
- Cultural agency and production income is credited to the income account in the period in which production takes place. The Company recognises artist income for productions where they assist the artist to fulfill the grant funding conditions in carrying out the project. Any funding held on behalf of the artist is deferred and included in creditors.
- Rental income pertains to rental space for productions. It is credited to the income statement in the period in which production takes place.

Grants

Revenue Grants:

Revenue grants are credited to the income statement in the financial year to which they relate.

Capital Grants:

Capital grants are accounted for in the financial year in which they are received and are amortised to the income statement in the financial year in which the related expenditure is incurred on the same basis as the related tangible fixed assets are depreciated.

The Directors confirm that they have adequate financial controls in place to manage granted funds.

2.3 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.4 Taxation

Project Arts Centre (CHY No. 6465) has charitable objectives and has been granted charitable status by the Irish revenue Commissioners and is exempt from corporation tax, under the provision of section 207 of the Taxes Consolidation Act 1997.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Project Arts Centre

Notes to the financial statements

For the financial year ended 31 December 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Sound and lighting equipment	-	25%
Fixtures and fittings	-	25%
Office equipment	-	25%
Bar equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost represents invoice price from suppliers after discounts and rebates.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, inclusive of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Project Arts Centre

Notes to the financial statements

For the financial year ended 31 December 2019

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, inclusive of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Project Arts Centre

Notes to the financial statements

For the financial year ended 31 December 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods.

The directors consider there to be no critical accounting judgments or key sources of estimation uncertainty evident in the application of the company's accounting policies with the exception of the going concern assessment, which is detailed separately in Note 4 to these financial statements.

4. Going concern

The Company reported a surplus for the financial year of €11,958 (2018: €15,383) after receiving grant income from The Arts Council of €748,000 (2018: €718,000) and had net current liabilities of €170,947 (2018: €170,158) and net liabilities of €137,571 (2018: €149,529) at the balance sheet date.

The Company is dependent principally on the availability of funding from The Arts Council, generation of surplus funds from Project productions and income from cultural agencies to meet its ongoing operating expenses. The Board are pursuing additional sources of funding and are taking steps to ensure that the company has sufficient cash flows to meet its liabilities as they fall due.

Project was the first arts centre established in Ireland and it has built an excellent, long-standing relationship with The Arts Council. It is recognised as a key part of the national arts infrastructure and receives the highest funding award of all multi-disciplinary venues in the country.

Further, the directors have considered any potential impacts of COVID-19 on the Company and have had discussions with the Arts Council in relation to this. The directors are satisfied that the current going concern assessment remains appropriate as an assessment has been made on the strength of the organisation and steps to maintain services in a prudent manner have been implemented.

On that basis the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustment to the carrying amount or classification of assets and liabilities that would arise if the company was unable to continue as a going concern.

5. Turnover

An analysis of turnover by class of business is as follows:

	2019	2018
	€	€
Cultural agency and production income	901,829	1,179,001
Grant income	781,400	831,100
Other income	100,418	151,057
	<u>1,783,647</u>	<u>2,161,158</u>

All turnover arose in Ireland.

Project Arts Centre

Notes to the financial statements

For the financial year ended 31 December 2019

6. Profit on ordinary activities before taxation

The operating profit is stated after charging/(crediting):

	2019	2018
	€	€
Research & development charged as an expense	37	188
Depreciation of tangible fixed assets	16,985	13,801
Amortisation of grants	(2,145)	(6,790)
	<u>14,877</u>	<u>17,199</u>

7. Employees

The average monthly number of employees, including the directors, during the financial year was as follows:

	2019	2018
	No.	No.
Administrative	18	16
Bar	5	4
Technical	4	4
Project Artists	2	4
	<u>29</u>	<u>28</u>

	2019	2018
	€	€
Staff salaries	630,187	665,403
Staff social security	66,588	70,351
	<u>696,775</u>	<u>735,754</u>

The total remuneration packages of the key management personnel for the Company for the financial year ended 31 December 2019 was €168,643 (2018: €164,231).

No employee is earning above €60,000.

8. Interest payable and similar expenses

	2019	2018
	€	€
Other loan interest payable	2,885	2,885
	<u>2,885</u>	<u>2,885</u>

9. Taxation

The Company is exempt from corporation taxation under Section 208 of the Taxes Consolidation Act 1997.

Project Arts Centre

Notes to the financial statements

For the financial year ended 31 December 2019

10. Tangible fixed assets

	Sound and lighting €	Fixtures and fittings £	Office equipment €	Bar equipment €	Total €
Cost or valuation					
At 1 January 2019	838,109	467,909	117,096	21,238	1,444,352
Additions	23,697	277	3,524	-	27,498
At 31 December 2019	861,806	468,186	120,620	21,238	1,471,850
Depreciation					
At 1 January 2019	836,661	455,692	110,040	19,096	1,421,489
Charge for the financial year	7,644	4,926	3,314	1,101	16,985
At 31 December 2019	844,305	460,618	113,354	20,197	1,438,474
Net book value					
At 31 December 2019	17,501	7,568	7,266	1,041	33,376
At 31 December 2018	1,448	12,217	7,056	2,142	22,863

11. Stocks

	2019 €	2018 €
Bar stocks	2,746	4,266

There are no material differences between the replacement cost of stock and the balance sheet amounts.

12. Debtors: Amounts falling due within one year

	2019 €	2018 €
Trade debtors	10,860	23,833
Amounts owed by project artists	20,937	106,937
Prize bonds	63	63
Prepayments	12,104	11,376
	43,964	142,209

Project Arts Centre

Notes to the financial statements

For the financial year ended 31 December 2019

13. Creditors: Amounts falling due within one year

	2019	2018
	€	€
Loans - Temple Bar Cultural Trust Limited	3,165	7,275
Trade creditors	88,851	84,494
Amounts owed to project artists	96,333	115,043
PAYE/PRSI	16,995	-
VAT	17,177	23,238
Accruals	8,763	16,077
Deferred income	210,386	182,437
	<u>441,670</u>	<u>428,564</u>

The loan from Temple Bar Cultural Trust Limited is repayable monthly over 20 years from June 2000 with interest being charged at 4% per annum.

Trade creditors and amounts owed to project artists are payable at various dates over the coming months in accordance with supplier's usual customary credit terms.

PAYE/PRSI and VAT are repayable over the coming months in accordance with statutory provisions.

The terms of accruals and deferred income are based on underlying contracts.

14. Creditors: Amounts falling due after more than one year

	2019	2018
	€	€
Loan - Temple Bar Cultural Trust Limited	-	2,234
	<u>-</u>	<u>2,234</u>

The loan from Temple Bar Cultural Trust Limited is repayable monthly over 20 years from June 2000 with interest being charged at 4% per annum.

Project Arts Centre

Notes to the financial statements

For the financial year ended 31 December 2019

15. Commitments under operating leases

The Company is leasing its premises at 38/41 East Essex Street, Temple Bar, Dublin 2 from Temple Bar Cultural Trust Limited for 35 years from 9 June 2000, at current annual rent of €37,711.

The lease provides for five-yearly rent reviews. The lease also provides that as long as Projects Arts Centre is in occupation of the premises the rent is to be reviewed on the basis of the greater of either the previous rent or such rent increased by the same proportion as the increase in the consumer price index over the five year period prior to the review date.

In addition, clause 5 of the lease states that, on giving not less than six months prior notice, Project Arts Centre has a right to call on Temple Bar Cultural Trust Limited to grant a further 35 year lease. This option can be exercised six months prior to the expiry of each 35 year lease.

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	€	€
Not later than 1 year	37,711	37,711
Later than 1 year and not later than 5 years	150,845	150,845
Later than 5 years	386,538	424,249
	<u>575,094</u>	<u>612,805</u>

16. Legal status of the Company

The Company is limited by guarantee and consequently does not have share capital. Every member of the Company undertakes, if necessary, on a winding up during the time they are a member or within one year after they cease to be a member, to contribute to the assets of the Company an amount not exceeding €1.27.

17. Related party transactions

Certain directors of Project Arts Centre are involved in organisations with which Project Arts Centre carries on activity in the normal course of its business. These individuals receive no remuneration from Project Art Centre arising from their role as directors.

Project Arts Centre

Notes to the financial statements

For the financial year ended 31 December 2019

18. Events since the end of the financial year

COVID-19 disease was recognised as a pandemic by the World Health Organisation on 11 March 2020. The Company recognises this is an emerging risk that the Company is exposed to. The board of directors and staff of the Company have taken a number of actions focused on assuring business continuity and support for our staff, artists, partners and other key stakeholders. The Company continues to identify, assess and plan for a wide range of potential financial and operational outcomes as matters develop. Arising from these analyses, Project Arts Centre is taking steps to sustain its service and to protect its business in a prudent manner.

Within government restrictions and advice, the Company continues to provide services to support its staff and artists during this time and continues to trade. The Board has worked with the executive to develop a series of financial projections taking account a range of different possible scenarios. These are being revisited as more information becomes available. It is intended that some staff will move back into the building in June to begin adapting the offices, artistic spaces and public areas in line with health and safety guidelines. The timetable for the return of artists and the public is still under discussion. As discussed in the Director's report, the Company is currently in a position to continue as a going concern. There have been no other significant subsequent events affecting the Company since the reporting date.

19. Approval of financial statements

The board of directors approved these financial statements for issue on 4 June 2020.

Project Arts Centre
 (A company limited by guarantee)

Schedule to the detailed accounts

For the financial year ended 31 December 2019

	2019	2018
	€	€
Schedule 1: Detailed income		
Income		
The Arts Council – revenue grant	748,000	718,000
Additional Arts Council awards	6,400	86,100
Dublin City Council	27,000	27,000
Cultural agencies	512,928	651,187
Productions	388,901	527,815
Sponsorships	6,668	11,044
Bar sales (Schedule 3)	70,088	84,728
Venue rental	6,450	8,190
Project People	11,114	14,903
Other income	6,068	32,191
Total Income	1,783,647	2,161,158

Project Arts Centre
 (A company limited by guarantee)

Schedule to the detailed accounts

For the financial year ended 31 December 2019

	2019	2018
	€	€
Schedule 2: Detailed expenses		
Expenses		
Staff wages and salaries	564,538	567,437
Performance programme	335,383	431,220
Resource sharing and project artists cost	479,002	699,504
Visual arts program costs	54,166	111,236
Production costs	16,163	14,604
Staff training	2,336	1,842
Cleaning and canteen	15,324	15,543
Light, heat and power	57,434	53,667
Insurance	22,865	22,537
Miscellaneous office expense	7,344	7,366
Telephone	6,337	8,416
Repairs and renewals	49,015	30,229
Audit and accountancy fees	13,225	15,383
Advertising, marketing and design	27,235	35,750

Project Arts Centre
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Schedule to the detailed accounts

For the financial year ended 31 December 2019

	2019	2018
	€	€
<i>Schedule 2: Detailed expenses (continued)</i>		
Expenses		
Bar cost of sales (Schedule 3)	31,495	34,210
Sundry expenses	7,615	14,776
Rent of premises	37,711	37,711
Professional fees	6,037	8,509
Security	12,688	12,654
Amortisation	(2,145)	(3,395)
	1,743,768	2,119,199
Interest payable		
Bank interest and charges	8,050	9,890
Loan interest	2,885	2,885
	10,935	12,775
Depreciation	16,986	13,801
Total Expenditure	1,771,689	2,145,775

Project Arts Centre
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Schedule to the detailed accounts

For the financial year ended 31 December 2019

	2019	2018
	€	€
<i>Schedule 3: Additional split for Bar trading account</i>		
Sales	70,088	84,728
Less: Cost of sales		
Opening stock	4,266	3,407
Purchases	29,975	35,069
Closing stock	(2,746)	(4,266)
	<u>31,495</u>	<u>34,210</u>
Gross Trading Profit	<u><u>38,593</u></u>	<u><u>50,518</u></u>

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Schedule to the detailed accounts

For the financial year ended 31 December 2019

	2019
	€
Schedule 4: Financing of fit-out premises	
The Arts Council	
Capital grant	380,921
Temple Bar Cultural Trust Limited	
Loan	126,974
Rent and sponsorship	253,947
	<u>380,921</u>

The loan from Temple Bar Cultural Trust Limited is repayable over 20 years from June 2000 with interest being charged at 4% per annum. The balance outstanding as at 31 December 2019 was €3,165 (2018: €9,509).

Rent and sponsorship consists of the following:

Rent of €126,974 in consideration for which Temple Bar Cultural Trust Limited has certain rights of use of the premises over the period of the thirty five year lease. This was credited to the Income Statement over a four year period, ending in June 2003.

Sponsorship of €126,974 in consideration for which Temple Bar Cultural Trust Limited receives recognition of its status as a funding patron. This was credited to the Income Statement over a four year period, ending in June 2003.

Project Arts Centre
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Schedule to the detailed accounts
 For the financial year ended 31 December 2019

Schedule 5: Grants received in 2019

Name of Grantor	Name of Grant	Purpose	Term	Accrued/ (Deferred) Grant 31.12.2018 €	2019 €	Cash Received in 2019 €	Recognised as income in 2019 €	Accrued/ (Deferred) Grant 31.12.2019 €
The Arts Council	Strategic/ Venue Funding	Revenue Funding	12 months	149,600	748,000	598,400	748,000	-
The Arts Council	Arts Centre Funding	Revenue Funding	12 months	-	-	159,600	-	159,600
The Arts Council	Visual Arts Award	Tremble Tremble Ireland	No fixed term	8,500	-	8,500	-	-
The Arts Council	Visual Arts Award	Tremble Tremble Ireland	No fixed term	-	-	6,400	6,400	-
Dublin City Council	Revenue 2019	Revenue Funding	12 months	-	27,000	27,000	27,000	-
Arts & Disability Ireland	REALISE Project	REALISE Project	No fixed term	10,451	-	11,500	2,533	19,418
Other Cultural Agencies (non- public)		Visual Arts Programme	No fixed term	-	22,410	22,410	22,410	-
Other Cultural Agencies (non- public)		Performance Programme Specific to project artists' projects	No fixed term	936	2,235	2,345	3,171	-
Project Artists Funds			No fixed term	109,751	472,407	472,507	488,284	93,873
				<u>279,328</u>	<u>1,272,052</u>	<u>1,308,662</u>	<u>1,297,798</u>	<u>272,891</u>