

Independent examination of charity accounts: example reports

These example reports are provided to help examiners set out their reports in a way which complies with the accounting and reporting regulations

Example examiners' reports

Independent examiners must refer to the Commission's Directions to independent examiners when carrying out an examination.

This document provides example reports to help examiners set out their reports in a way which complies with the accounting and reporting regulations. The examples cover a number of situations that an examiner may come across in their work. The examiner's report is addressed to the charity trustees and is a culmination of the examiner's work. Careful consideration is needed when preparing the report as to what, if any, matters need to be drawn to the attention of charity trustees.

Although the examiner's report is addressed to the charity trustees, it will be of interest to anyone reading the trustees' annual report and accounts including the Commission. An examiner may provide an 'unqualified report' or a 'qualified report'.

An 'unqualified report' is one where the examiner:

- has not come across any matters that mean they cannot provide the positive statement required of them about the accounts and accounting records
- has not found any other matter of concern which they judge needs to be brought to the attention of charity trustees so that a proper understanding of the accounts can be reached
- has not found any other specific matters or problems which the regulations require them to report (refer to Direction 12 for more information).

An unqualified report is not the same as giving a 'clean bill of health' and nor is the examiner giving an opinion as to whether the accounts give a 'true and fair' view.

Where there are concerns about non-compliance with the requirements of the accounting and reporting regulations then the examiner's report on those matters is said to be a 'qualified report'. It is qualified because there are one or more matters required by the regulations that have not been met and/or there are matters that need to be reported for a proper understanding of the accounts to be reached.

There is a requirement, where the charity's income is greater than £250,000, for the examiner to confirm their qualification(s) that permit them to be eligible to undertake the examination. See section 3 of the Commission's guidance [ARR07. Independent examination of charity accounts: examiner's guide](#) for more information.

In exceptional circumstances, the Commission may permit an independent examination to be carried out instead of an audit where, otherwise, an audit would be required. The accounting and reporting regulations require the examiner to disclose in their report if the examination is in place of an audit and the date of the Commission's dispensation. There are two different styles of examiner's report, one for charities generally and one specifically for charities that are also companies. The information that must be included in the report is different for charities set up under the Companies Act, ie charitable companies, so it is important to be aware of the legal structure of the charity being examined. If in doubt check the governing document of the charity as a charitable company has a memorandum and articles of association and will have been issued with a company number by Companies House.

The example reports included in this document are:

- 1.1 Unqualified report for a charity that is not a company and has an income of £250,000 or less.
- 1.2 Unqualified report for a charitable company (gross income exceeded £250,000 so the examiner had to confirm their membership of a listed body).
- 1.3 Qualified report where a charity that is not a company, preparing receipts and payments accounts, had failed to separately identify restricted funds.
- 1.4 Qualified report where a charity that is not a company, preparing receipts and payments accounts, had failed to properly maintain accounting records.
- 1.5 Qualified report where a charity that is not a company has made a cash payment overseas without evidence that the funds were properly spent (a statutory duty to report to the Commission arose and was reported).
- 1.6 Qualified report where a charitable company had prepared accounts which were not consistent with the SORP.

Example 1.1: unqualified report for a charity that is not a company and has an income of £250,000 or less

Independent examiner's report to the charity trustees of 'ABZ' Trust

I report on the accounts of the Trust for the year ended 30 April 2017, which are set out on pages 00 to 00.

Respective responsibilities of charity trustees and examiner

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the Charities Act (Northern Ireland) 2008.

It is my responsibility to:

- examine the accounts under section 65 of the Charities Act
- follow the procedures laid down in the general Directions given by the Commission under section 65(9)(b) of the Charities Act
- state whether particular matters have come to my attention.

Basis of independent examiner's report

I have examined your charity accounts as required under section 65 of the Charities Act and my examination was carried out in accordance with the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act.

My examination included a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also included consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as charity trustees concerning any such matters.

My role is to state whether any material matters have come to my attention giving me cause to believe:

1. That accounting records were not kept in accordance with section 63 of the Charities Act
2. That the accounts do not accord with those accounting records
3. That the accounts do not comply with the accounting requirements of the Charities Act
4. That there is further information needed for a proper understanding of the accounts to be reached.

Independent examiner's statement

I have completed my examination and have no concerns in respect of the matters (1) to (4) listed above and, in connection with following the Directions of the Charity Commission for Northern Ireland, I have found no matters that require drawing to your attention.

Name: Jessica O'Reilly

Relevant professional qualification or body:

Address: 24 Neills Villas Loughgilly Co.Armagh BT602DX

Date: 28/01/2020

Example 1.2: unqualified report for a charitable company (gross income exceeded £250,000 so the examiner had to confirm their membership of a listed body)

Independent examiner's report to the charity trustees of 'WXY Charitable Company'

I report on the accounts of the company for the year ended 30 April 2017, which are set out on pages 00 to 00.

Respective responsibilities of charity trustees and examiner

As the charity trustees (and also the directors of the company for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006. Having satisfied myself that the charity is not subject to audit under company law, and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 65 of the Charities Act
- follow the procedures laid down in the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act
- state whether particular matters have come to my attention.

Basis of independent examiner's report

I have examined your charity accounts as required under section 65 of the Charities Act and my examination was carried out in accordance with the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act. The examination included a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also included consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as charity trustees concerning any such matters.

My role is to state whether any material matters have come to my attention giving me cause to believe:

1. That accounting records were not kept in accordance with section 386 of the Companies Act 2006
2. That the accounts do not accord with those accounting records
3. That the accounts do not comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the 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

4. That there is further information needed for a proper understanding of the accounts to be reached.

Independent examiner's statement

Since your charity's gross income exceeded £250,000 your examiner must be a member of a listed body. I can confirm that I am qualified to undertake the examination because I am a registered member of [named body] which is one of the listed bodies.

I have completed my examination and have no concerns in respect of the matters (1) to (4) listed above and, in connection with following the Directions of the Charity Commission for Northern Ireland, I have found no matters that require drawing to your attention.

Name: Jessica O'Reilly

Relevant professional qualification if any:

Address: 24 Neills Villas Loughgilly Co.Armagh BT602DX

Date: 28/01/2020

Example 1.3: qualified report where a charity that is not a company, preparing receipts and payments accounts, had failed to separately identify restricted funds

Independent examiner's report to the charity trustees of 'EFG' Trust

I report on the accounts of the Trust for the year ended 30 April 2017, which are set out on pages 00 to 00.

Respective responsibilities of charity trustees and examiner

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the Charities Act (Northern Ireland) 2008.

It is my responsibility to:

- examine the accounts under section 65 of the Charities Act
- follow the procedures laid down in the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act
- state whether particular matters have come to my attention.

Basis of examiner's statement

I have examined your charity accounts as required under section 65 of the Charities Act and my examination was carried out in accordance with the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act. The examination included a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also included consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as charity trustees concerning any such matters.

My role is to state whether any material matters have come to my attention giving me cause to believe:

1. That accounting records were not kept in accordance with section 63 of the Charities Act
2. That the accounts do not accord with those accounting records
3. That the accounts do not comply with the accounting requirements of the Charities Act
4. That there is further information needed for a proper understanding of the accounts to be reached.

Independent examiner's qualified statement

I have completed my examination and I have identified a matter of concern in respect of matter (2) because sufficient accounting records have not been kept. At the end of one church service a special appeal was held for a mission to Samarkand but the money was banked together with the routine collection and no separate record kept of the amount received for the specific purpose of the mission to Samarkand. The accounts did show the expenditure on the mission to Samarkand was separately identified and amounted to £2,837. The charity trustees pointed out that the banking for that service was £1,978 against an average weekly banking of £1,275 but they have now put in place a protocol to ensure that any appeals are counted and banked separately.

In respect of matters (1), (3) and (4) listed above, and in following the Directions of the Charity Commission for Northern Ireland, I have found no other matters that require drawing to your attention.

Name: Jessica O'Reilly

Relevant professional qualification if any:

Address: 24 Neills Villas Loughgilly Co.Armagh BT602DX

Date: 28/01/2020

Example 1.4: qualified report where a charity that is not a company, preparing receipts and payments accounts, had failed to properly maintain accounting records

Independent examiner's report to the charity trustees of 'DEF' Trust

I report on the accounts of the Trust for the year ended 30 April 2017 which are set out on pages 00 to 00.

Respective responsibilities of charity trustees and examiner

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the Charities Act (Northern Ireland) 2008.

It is my responsibility to:

- examine the accounts under section 65 of the Charities Act
- follow the procedures laid down in the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act
- state whether particular matters have come to my attention.

Basis of examiner's statement

I have examined your charity accounts as required under section 65 of the Charities Act and my examination was carried out in accordance with the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act. The examination included a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also included consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as charity trustees concerning any such matters.

My role is to state whether any material matters have come to my attention giving me cause to believe:

1. That accounting records were not kept as required by section 63 of the Charities Act
2. That the accounts do not accord with those accounting records
3. That the accounts do not comply with the accounting requirements of the Charities Act
4. That there is further information needed for a proper understanding of the accounts to be reached.

Independent examiner's qualified statement

I have completed my examination and I have identified matters of concern in respect of areas (1) to (3) listed above because I have identified concerns to do with each of these requirements.

The charity trustees have prepared receipts and payments accounts and the accounts show cash received in the year of £36,873, however, no records have been kept to match the record of the donations received to the lodgements made to the bank and cash balances were retained unbanked. The only written record retained is a letter advising of a grant award of £10,000. The majority of the expenditure was made in cash from retained unbanked cash or via cash withdrawals using a charity debit card but few receipts were kept. Aside from invoices for utilities and rent and play equipment, there are no records of volunteer or other expenses. Total cash spent amounted to £86,000 with receipts for only £41,732 leaving £44,268 of payments without any supporting records.

In connection with matter (4), and in following the Directions of the Charity Commission for Northern Ireland, I have found no other matters that require drawing to your attention.

Name: Jessica O'Reilly

Relevant professional qualification if any:

Address: 24 Neills Villas Loughgilly Co.Armagh BT602DX

Date: 28/01/2020

Example 1.5: qualified report where a charity that is not a company has made a cash payment overseas without evidence that the funds were properly spent (a statutory duty to report to the Commission arose and was reported)

Independent examiner's report to the charity trustees of 'ABC' Trust

I report on the accounts of the Trust for the year ended 30 April 2017, which are set out on pages 00 to 00.

Respective responsibilities of charity trustees and examiner

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the Charities Act (Northern Ireland) 2008.

It is my responsibility to:

- examine the accounts under section 65 of the Charities Act
- follow the procedures laid down in the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act
- state whether particular matters have come to my attention.

Basis of examiner's statement

I have examined your charity accounts as required under section 65 of the Charities Act and my examination was carried out in accordance with the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act. The examination included a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also included consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as charity trustees concerning any such matters.

My role is to state whether any material matters have come to my attention giving me cause to believe:

1. That accounting records were not kept as required by section 63 of the Charities Act
2. That the accounts do not accord with those accounting records
3. That the accounts do not comply with the accounting requirements of the Charities Act
4. That there is further information needed for a proper understanding of the accounts to be reached.

Independent examiner's qualified statement

I have completed my examination and I have identified a matter of concern in my report because I have concerns in respect of area (4) above as this requirement has not been fully met.

The accounts disclose the payment of a material restricted grant of £75,000 to the XXX partner organisation operating in country X. The charity trustees explained that a charity trustee took the funds over in US dollar currency in a suitcase and gave the funds to a representative of XXX partner organisation. However, the charity trustees were unable to explain how the funds were used and were not able to provide evidence by way of receipt or letter of acknowledgment from XXX partner organisation. A concern exists that the grant may have to be repaid because of the lack of evidence available to inform the donor of its use.

I have no concerns in respect of any of the matters (1), (2) and (3) listed above and, in connection with following the Directions of the Charity Commission for Northern Ireland, I have found no other matters that require drawing to your attention.

Name: Jessica O'Reilly

Relevant professional qualification if any:

Address: 24 Neills Villas Loughgilly Co.Armagh BT602DX

Date: 28/01/2020

Example 1.6: qualified report where a charitable company had prepared accounts which were not consistent with the SORP

Independent examiner's report to the charity trustees of 'WXY Charitable Company'

I report on the accounts of the company for the year ended 30 April 2017, which are set out on pages 00 to 00.

Respective responsibilities of charity trustees and examiner

As the charity trustees (who are also the directors of the company for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 65 of the Charities Act
- to follow the procedures laid down in the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

I have examined your charity accounts as required under section 65 of the Charities Act and my examination was carried out in accordance with the general Directions given by the Charity Commission for Northern Ireland under section 65(9) of the Charities Act. The examination included a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also included consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as charity trustees concerning any such matters.

My role is to state whether any material matters have come to my attention giving me cause to believe:

1. That accounting records were not kept as required by section 63 of the Charities Act
2. That the accounts do not accord with those accounting records
3. That the accounts do not comply with the accounting requirements of the Charities Act

4. That there is further information needed for a proper understanding of the accounts to be reached.

Independent examiner's qualified statement

I have completed my examination and I have identified matters of concern in respect of matters (2) and (3) listed above as these requirements have not been fully met.

The accounts prepared for your charity are not fully compliant with the accounting requirements of section 396 of the Companies Act and have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice. A balance sheet and notes are present but, instead of a Statement of Financial Activities incorporating an income and expenditure account, only a profit and loss account has been prepared. In neither the profit and loss account nor the balance sheet are the funds analysed between unrestricted and restricted funds. The amount of restricted funds held is detailed in the notes to the accounts and relates to a public collection with balance of £x remaining at the year end.

I have no concerns in respect of any of matters (1) and (4) listed above and, in connection with following the Directions of the Charity Commission for Northern Ireland, I have found no other matters that require drawing to your attention.

Name: Jessica O'Reilly

Relevant professional qualification if any:

Address: 24 Neills Villas Loughgilly Co.Armagh BT602DX

Date: 28/01/2020

Further information on our activities is available from:

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