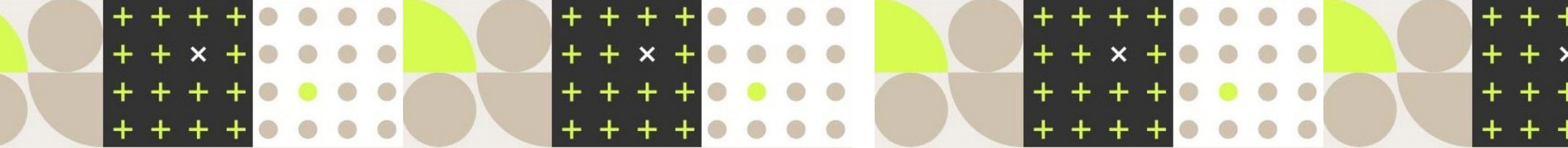


YOUTH INVESTMENT FUND

**Year End and Getting Ready for
Audit and Independent Examination**

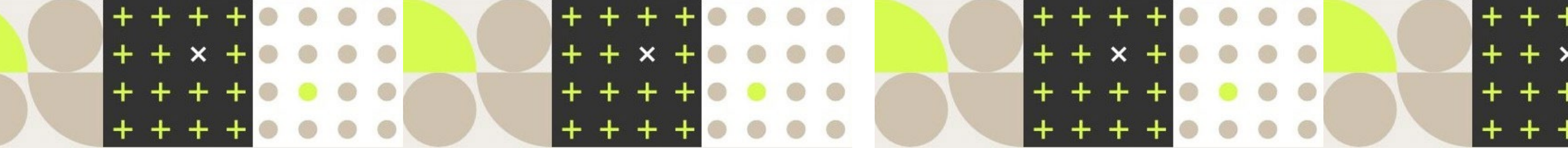
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17th March 2026

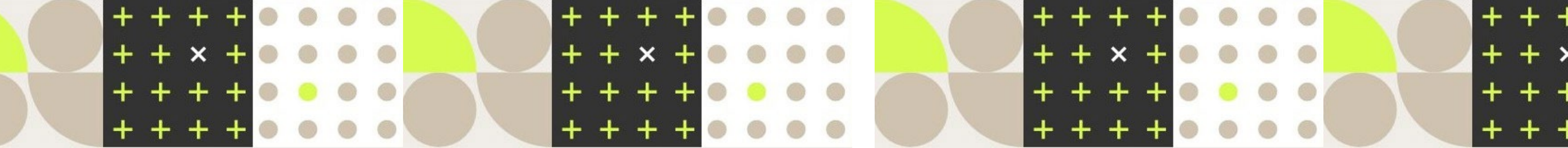


AGENDA

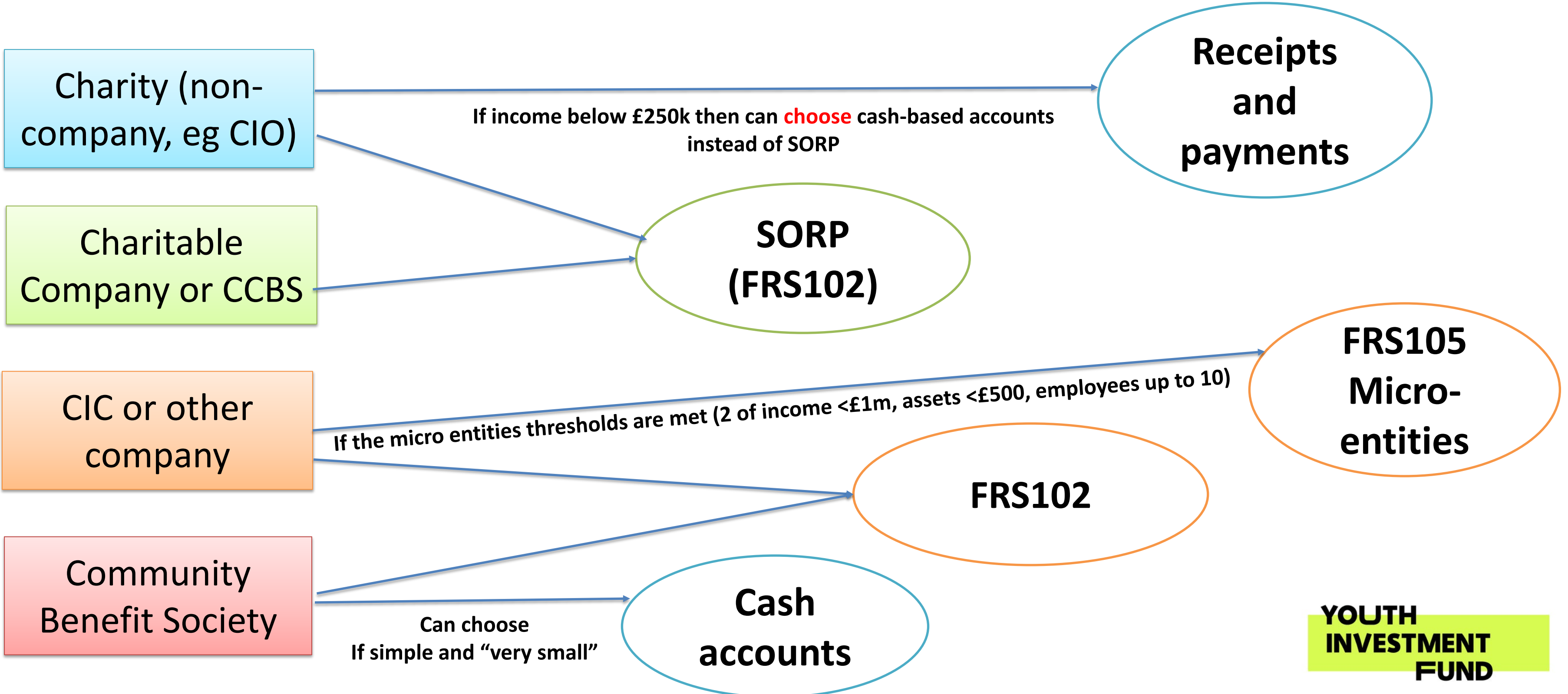
- Determining the type of accounts you need to prepare and whether an audit or independent examination is required
- Difference between audit and independent examination
- Options you may have
- Preparation
- Trustees' annual report
- Year end adjustments (including implications of YIF project)
- Key disclosures and notes
- Looking ahead to next year: SORP or R&P.

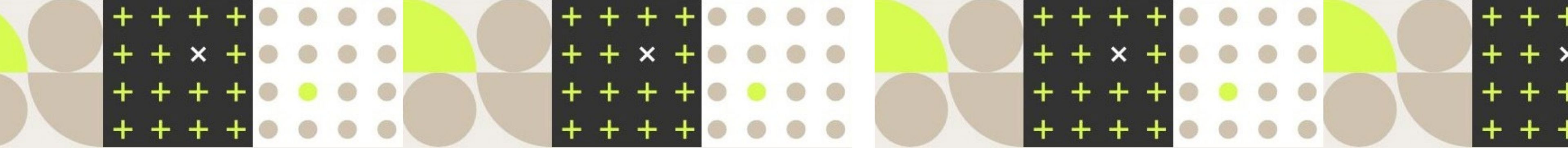


Types of accounts and external scrutiny

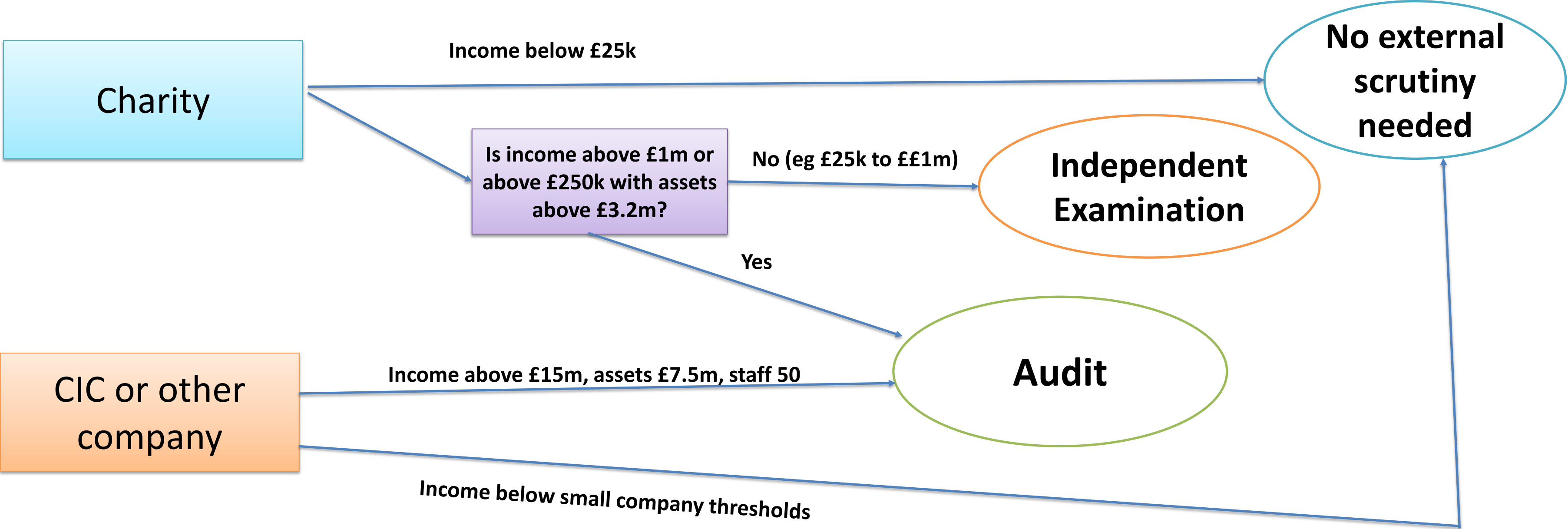


ACCOUNTS TYPE

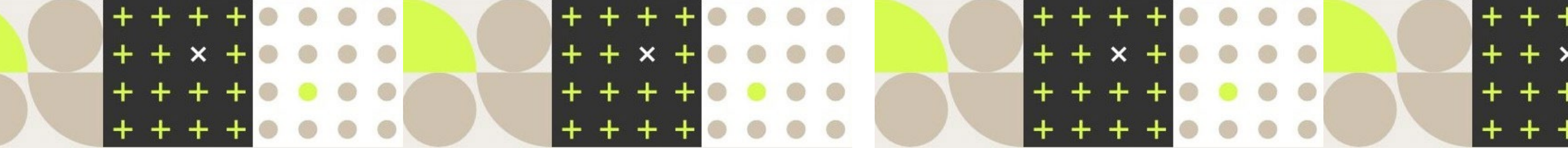




EXTERNAL SCRUTINY (England & Wales) – Existing thresholds



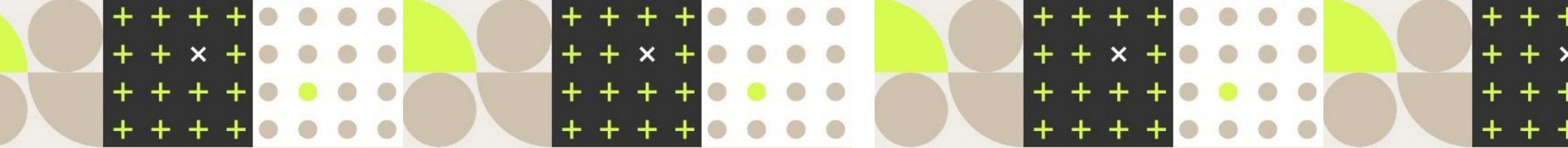
These are the statutory thresholds. Governing documents may specify audit requirements at lower levels
Different rules apply to Community Benefit Societies (both charitable and non-charitable)



Financial thresholds in charity law

Reporting and accounting thresholds (England and Wales)

Threshold	Current level	From Oct 2026 (tbc)
Independent Examination (gross annual income)	£25,000	£40,000
Qualification requirements for independent examiners (gross income)	£250,000	£500.000
Receipts and payments accounts (max income for non-company charities)	£250,000	£500.000
Audit of accounts of larger charities (income)	£1m	£1.5m
The value of assets over which account auditing requirements apply where gross annual income is less than £1m.	£3,26m	£5m



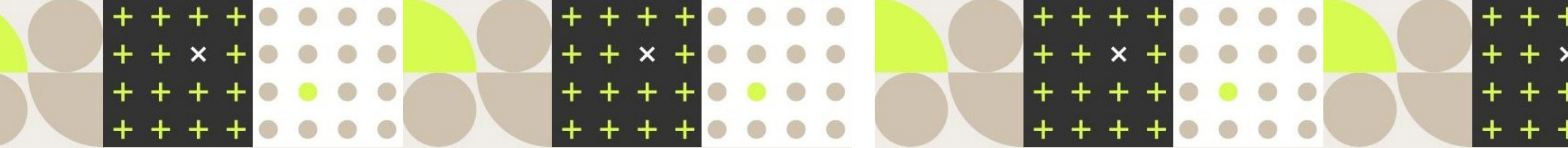
Audit v Independent Examination

The wording of an Independent Examination report is different from an audit:

- An audit report normally says whether the accounts give a "true and fair view" ("**positive assurance**")
- By contrast an Independent Examiner's report gives a "**negative assurance**" (see below)

If the examination is satisfactory, the Independent Examiner declares that:

- no evidence was found of a lack of accounting records
- nor of the accounts failing to comply with the records
- nor of accounts failing to comply with the Charities Act
- nor are there other matters that need to be disclosed

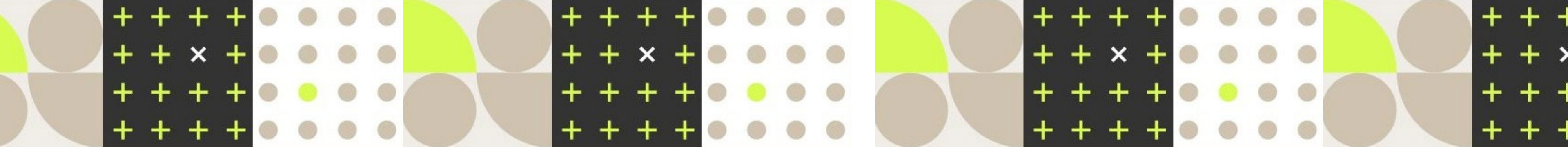


Charity Accounts

- **Two types** – Accruals basis (SORP) and Receipts & Payments (cash accounting)
- **Trustee’s annual report** – helps to give context and understanding of the performance of the charity. Should be consistent with the numbers.
- **Fund accounting** – split between restricted and unrestricted (including designated) funds. Unrestricted funds give an overview of the underlying financial performance for the year.
- In SORP, income recognition for grants, donations and legacies based on **entitlement** (control). This often means this income is on a received or receivable basis
- **Free reserves** are “liquid” unrestricted funds. This is a key number which is generally shown in the Trustee’s Annual Report. Check how actual reserves compare to the policy.
- Understand and be ready to explain any **significant changes** from the previous year (income, expenditure, staff costs, assets, cash, working capital etc)

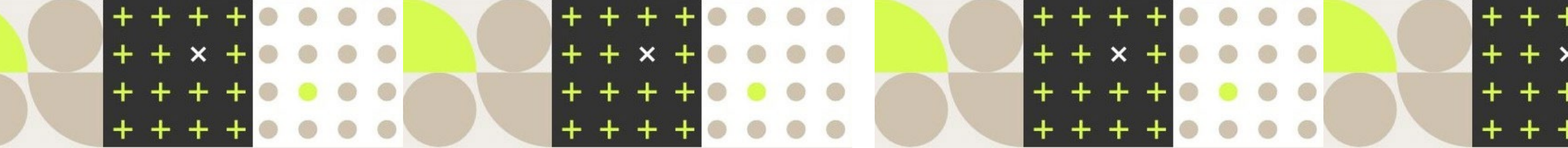
Accounting Frameworks - (FRS102/SORP 2019)

Accounting	Charity SORP (2019)	Charity Receipts & Payments	Non-charity FRS102 (2019)	Non-charity FRS105 (2019)
Narrative reporting	Full Trustee's Annual Report (TAR)	CIO - full TAR, UA, reduced TAR	Minimal Director's report /CIC34	No Director's report
Basis of accounts	Accruals	Cash accounting	Accruals	Accruals
Accounting policies	Based on true & fair	None	Based on true & fair	Minimal
Fund accounting	Restricted and unrestricted funds separated	Cash-based restricted and unrestricted funds separated	No	No
Grants and donations	Entitlement/control basis Unspent grant shown in funds	Cash basis	Accruals or performance basis Unspent grant shown as deferred income	Accruals basis only, in line with costs
Balance sheet	Full balance sheet and detailed notes	Statement of assets & liabilities	Full balance sheet & some notes	Summary balance sheet
Income & Expenditure /P&L	Statement of Financial Activities (SOFA) and activity reporting	Receipts and Payments summary	Profit & Loss account	Not normally included

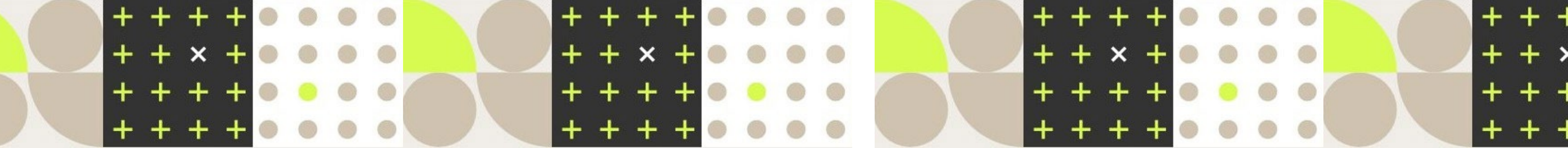


Year End Preparation (overview)

	Independent Examination (IE)	Audit
Bookkeeping and reconciliations	All transactions up to date and bank fully reconciled Accounting system able to produce management reports for the year Explanation of significant transactions, and movements from prior year Analysis of restricted funds	
Grant agreements, contracts, receipts and other supporting documentation	Have grant agreements ready and be able to demonstrate compliance with any grant or other conditions	
Draft financial statements and Trustees' annual report	Trustees Annual Report consistent with accounts. Independent Examiner can prepare draft accounts if needed	Trustees Annual Report consistent with accounts. Auditor <u>cannot</u> prepare draft accounts, so may need to find someone to do this
Board papers and minutes and evidence of key decisions	To be available if needed, especially for any major decisions	Likely to be needed as part of reviews of financial controls and procedures and fraud risks
Going Concern	Declaration by trustees that charity is a going concern and key assumptions	Detailed analysis of going concern, cashflow forecasts and business plans



Trustees' Annual Report



Who reads your accounts?

Typical Example



Funders & Local Authorities



Donors & members

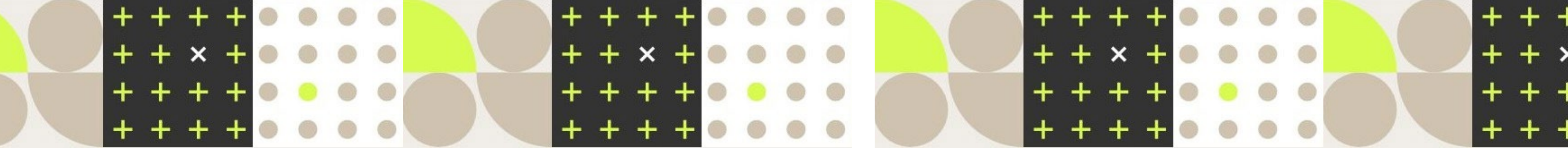


Media, local people and beneficiaries



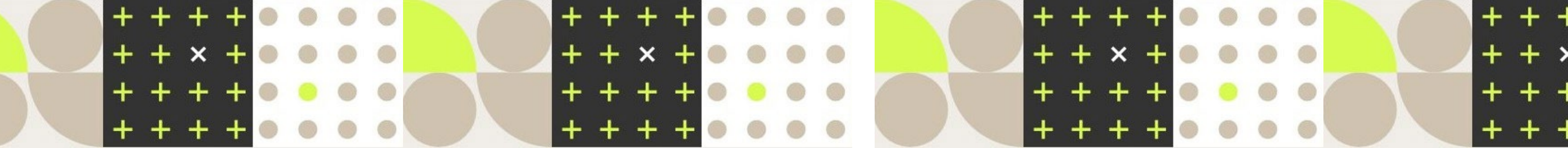
Regulators





Writing the Trustees' Annual Report

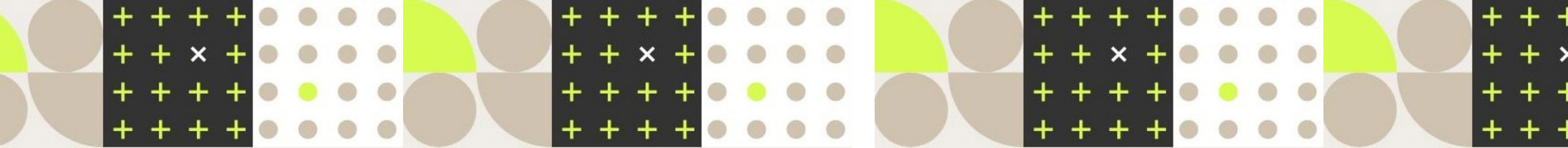
- The Trustees' Annual Report (TAR) is a key **communication** document to a charity's stakeholders, users, donors and funders, and not just for regulators. It is important to bear this in mind when it is being prepared and that it "speaks" to such users
- The "**story of the charity**" including its activities during the year and what it has achieved should be clear. This will help users gain an understanding of the charity. Use charts and graphics but only those that are easy for readers to understand
- **Governance structure** including whether there are any board sub-committees (eg for finance) and any plans for changes and trustee development and recruitment. Explain any significant in year changes to the **trustee board**
- The trustees report should set out a commentary on the **financial performance** of the year. This should explain any significant factors as well as the **reserves policy** and the **free reserves**. Figures should be **consistent** with the accounts.
- Set out and explain any **major issues** such as inflation, changes in strategy, funding, partnerships and merger plans
- Highlight the **key risks** facing the charity but also the **mitigation** and management of these risks



YIF - Extract of grant agreement conditions

“The Recipient must identify separately the value and purpose of the Grant in its audited (or where permitted under charity law, independently examined) accounts (or in the notes thereto) and in its **Annual Report**, and must, at the Funder’s request, send a copy of such accounts and Annual Report for each Financial Year in which the Grant is paid”.

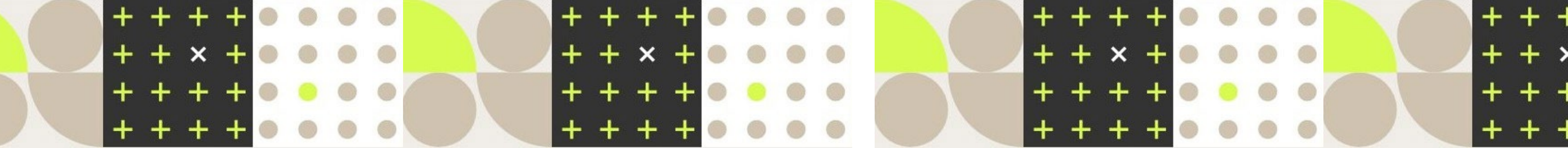
“The Recipient must maintain, to the satisfaction of the Funder, an appropriate system of financial management and control, and in particular the Recipient must show the funds as ‘**restricted funds**’ in its accounts so that the government funding can be tracked throughout the grant distribution process and assign a cost code to the grant so that the government funding can be tracked throughout the grant distribution process;”



Trustees Report – YIF Capital Project Considerations

For most organisations, the YIF grant will be of significant size and impact, on its activities and operations. Therefore, when drafting the Trustees' Annual Report, the following should be considered:

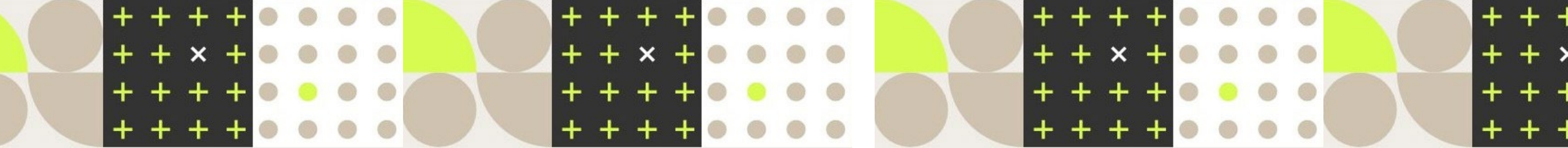
- Description of the aims and purposes of the capital project and how it furthers the overall objectives and outcomes of the charity. *If the charity has income above £500k then it must outline clearly the plans for the future.*
- If completed, then date of opening and how it is beginning to provide benefit
- If not, then progress of the construction/refurbishment and when it is expected to be completed, any key risks that relate to the project, and any short-term impact on regular charity services
- The overall final or estimated cost and funding
- Any specific structure, governance and management arrangements put in place for or as a result of the project
- Any impact on the reserves and reserves policy



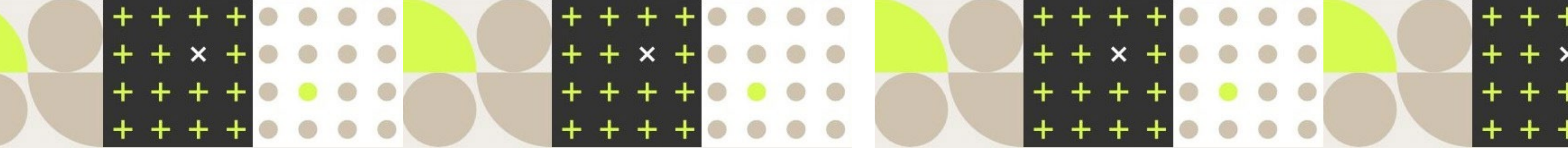
How much reserves should a charity hold?

A reserves policy will be very specific to each charity. All charities have different funding streams and activities so the amount of money needed to be held in reserves will vary significantly across different charities. Particular areas to consider are:

- Funds to allow for **unforeseen emergencies or other unexpected needs**, for example an unexpected repair bill or requiring funding for an urgent project
- **Unforeseen day to day operational costs**, such as cover for long-term sick absence.
- **Loss of grant income**, and how much notice you would get if this is the case.
- **Planned commitments** which may need higher levels of reserves.
- **Funds to allow for increased beneficiary need** - external changes may mean your charity receives additional beneficiaries.
- **Working capital and cashflow requirements**. Payment in arrears or by results can mean a significant need
- **The need to fund short-term deficits** in a cash budget, for example money may need to be spent before funding is received.
- For many organisations the YIF Project is likely to have impacted the risk and operation of the charity, so it is advised to review the reserves policy

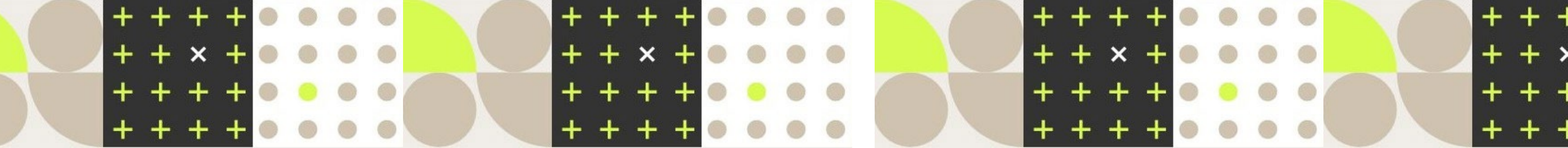


Year End Adjustments

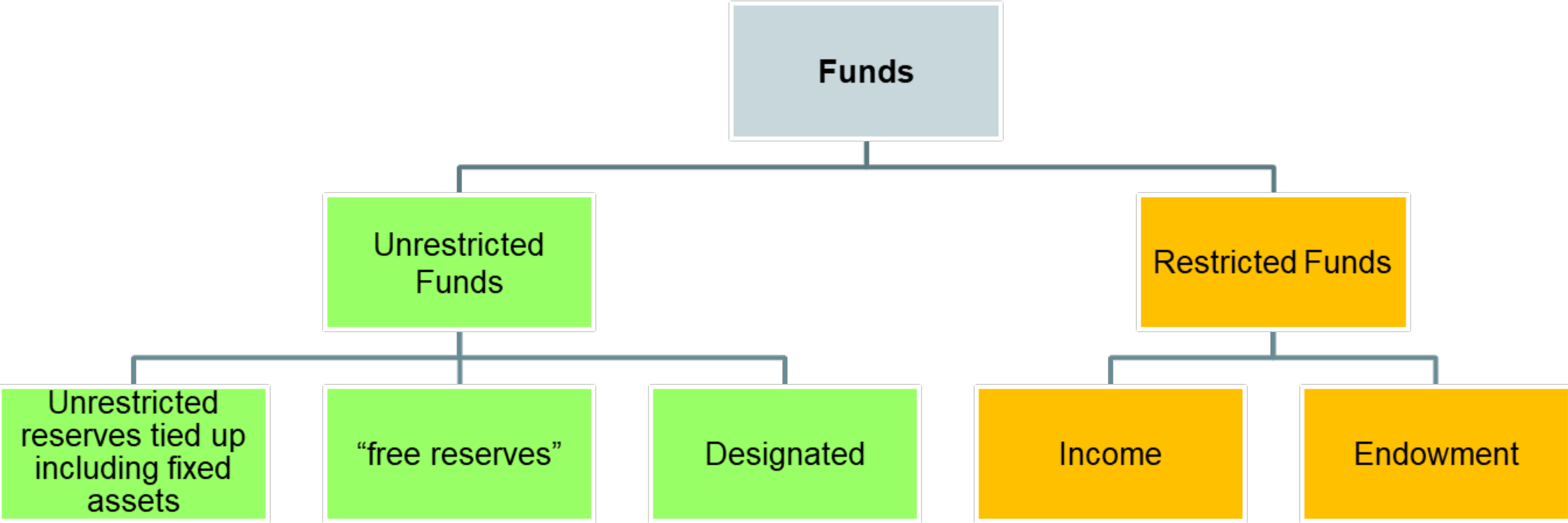


Year End Adjustments (SORP/FRS102)

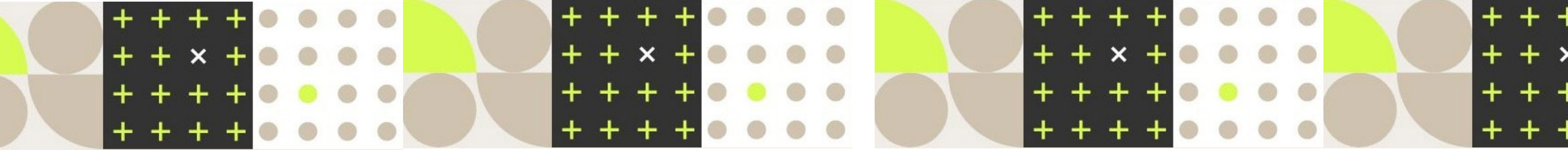
Area	Summary
Fund accounting	Ensuring restricted and designated funds are analysed and accounted for separately
Income recognition	Ensuring that grants and other income are recognised in line with year end accounting requirements, which may vary depending upon the framework used.
Accruals	Making sure that costs that need to be included at the year end are (excluding cash-based accounts)
Accounting policies	Decisions may need to be made regarding accounting policies such as for asset valuation, depreciation of the building and income recognition
YIF building project	If the building is completed then a transfer to designated funds may be appropriate. Consideration may be needed for recognition of the asset at cost or valuation and whether an impairment review and adjustment may be needed.



Fund Accounting for Charities

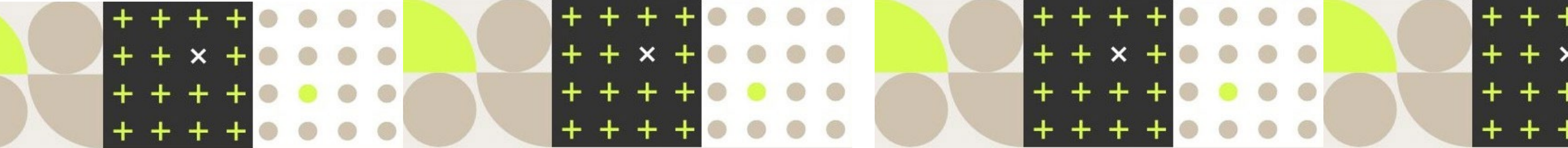


**YOUTH
INVESTMENT
FUND**



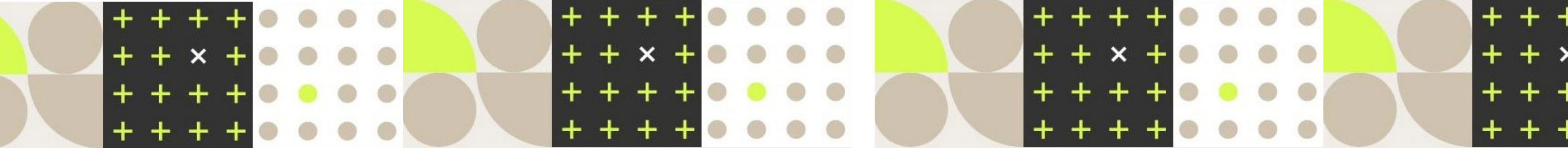
Practical issues for 'capital' accounting

- Recognising income and fund accounting
- Asset under construction
- Asset commissioned and built
- On-going considerations- fund accounting, depreciation and impairment



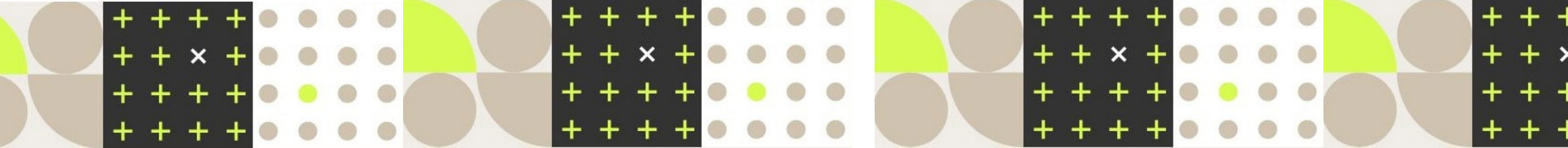
Asset Under Construction

- Determine if a distinct asset or additions to an existing asset (E.g. a new annex that is separate from or adjoins an existing building)
- If building is distinct and was not open at the year end, then it is shown at cost as a separate class of fixed asset (“asset under construction”), included as restricted funds, and is not depreciated
- For refurbishments or improvements, for these not to count as maintenance expenditure (which keeps a building fit for continued use) it needs to add functionality and enhance the existing building’s usefulness as an asset. However, if the existing asset has been recognised using the component approach then under the component approach the replaced item(s) are written down and the new item(s) recognised
- If not distinct then it will be shown as asset improvement additions



Asset commissioned and built

- Post recognition on a historical cost basis - if a new asset, then depreciate using a method over its useful economic life
- If an addition to an existing building, the adjusted carrying value is depreciated over that building's remaining useful economic life
- If following the component approach then the new component eg a replacement roof is depreciated in accordance with the existing accounting policy in respect of its useful economic life
- Test for impairment at each year-end. For example, if either the current use market value or the in-use cashflow value are lower than the value in the accounts.



On-going considerations

- Once built, new assets need to be measured at historical cost and then useful life identified, and a depreciation charge calculated (plus test for impairment)
- Asset is now in use and is reclassified as **unrestricted** unless:
 - Continued use is restricted (cannot be used for all of the charity's purposes)
 - It is an addition to an existing endowed building
 - The funder insists and the trustees agree to it
- Can show as a designated fund representing the carrying value of the asset within unrestricted funds

**MIDMINSTER YOUTH CIO
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	Unrestricted funds 2024 £	Restricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Income from:					
Grants and donations	2	24,385	615,000	639,385	186,000
Charitable activities	3	158,674	-	158,674	369,992
Investment	2	72	-	72	128
Total income		183,131	615,000	798,131	556,120
Expenditure on:					
Raising funds		18,971	-	18,971	15,678
Charitable activities	4	177,852	264,624	442,476	505,989
Other	5	14,098	-	14,098	7,183
Total expenditure		210,921	264,624	475,545	528,850
Net income / (expenditure)		(27,790)	350,376	322,586	27,270
Transfers between funds		(5,432)	5,432	-	-
Gains on revaluation of fixed		-	-	-	-
Net movement in funds		(33,222)	355,808	322,586	27,270
Total funds brought forward		41,241	70,200	111,441	84,171
Total funds carried forward		8,019	426,008	434,027	111,441

MIDMINSTER YOUTH CIO
BALANCE SHEET AS AT 31st MARCH 2024

	Note	2024 £	2023 £
Fixed Assets			
Tangible fixed assets	9	394,248	15,560
		<u>394,248</u>	<u>15,560</u>
Current Assets			
Debtors	10	27,500	38,340
Cash at bank and in hand		50,157	89,600
		<u>77,657</u>	<u>127,940</u>
Creditors : amounts falling due within one year	11	<u>(22,878)</u>	<u>(17,059)</u>
Net Current assets / (liabilities)		<u>54,779</u>	<u>110,881</u>
Creditors: amounts falling due after more than one year	12	(15,000)	(15,000)
Total assets less current liabilities		<u>434,027</u>	<u>111,441</u>
Unrestricted funds			
General	13	(16,981)	16,241
Designated		25,000	25,000
		8,019	41,241
Restricted Funds	13	426,008	70,200
Total Funds		<u>434,027</u>	<u>111,441</u>

**MIDMINSTER YOUTH CIO
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2024 £	2023 £
Cash flows from operating activities			
Net cash income		355,904	17,930
Adjustments to cashflows from non cash items	9	8,312	9,340
		<u>364,216</u>	<u>27,270</u>
Working capital adjustments			
Decrease/(increase) in debtors	10	10,840	(15,560)
(Decrease)/increase in creditors	11	5,819	12,340
Total expenditure		<u>16,659</u>	<u>(3,220)</u>
Net cashflows from operating activities		347,557	30,490
Cashflows from investing activities			
Purchase and construction of tangible fixed assets		<u>(387,000)</u>	<u>(6,500)</u>
Net increase in cash and cash equivalents		(39,443)	23,990
Cash and cash equivalents at 1 April		89,600	65,610
Cash and cash equivalents at 31 March		<u><u>50,157</u></u>	<u><u>89,600</u></u>

MIDMINSTER YOUTH CIO
NOTES TO THE ACCOUNTS (EXTRACTS)
FOR THE YEAR ENDED 31 MARCH 2024

Note 2 Grants and donations

	Unrestricted 2024 £	Restricted 2024 £	Unrestricted 2023 £	Restricted 2023 £
Income from:				
Donations	24,385	-	18,500	2,500
Youth investment Fund	-	400,000	-	-
National Lottery	-	175,000	-	125,000
Midminster Trust	-	40,000	-	40,000
Total income	24,385	615,000	18,500	167,500

**YOUTH
INVESTMENT
FUND**

MIDMINSTER YOUTH CIO
NOTES TO THE ACCOUNTS (EXTRACTS)
FOR THE YEAR ENDED 31 MARCH 2024

Note 9 Tangible Fixed Assets

	Fixtures & fittings £	Computer equipment £	Leasehold asset under construction £	Total £
Cost				
At 1 April 2023	23,670	15,890	-	39,560
Additions	-	2,000	385,000	387,000
As at 31 March 2024	<u>23,670</u>	<u>17,890</u>	<u>385,000</u>	<u>426,560</u>
Depreciation and impairment				
At 1 April 2023	14,500	9,500	-	24,000
Depreciation charged in year	4,734	3,578	-	8,312
As at 31 March 2024	<u>19,234</u>	<u>13,078</u>	<u>-</u>	<u>32,312</u>
Carrying amount				
At 31 March 2024	<u>4,436</u>	<u>4,812</u>	<u>385,000</u>	<u>394,248</u>
At 31 March 2023	<u>9,170</u>	<u>6,390</u>	<u>-</u>	<u>15,560</u>

The leasehold asset under construction is the development of the new youth centre funded through the Youth Investment Fund. It is planned to be completed in December 2024. No depreciation is provided until the asset is completed. The peppercorn lease from Midminster Council is for 50 years from January 2023.

MIDMINSTER YOUTH CIO
NOTES TO THE ACCOUNTS (EXTRACTS)
FOR THE YEAR ENDED 31 MARCH 2024

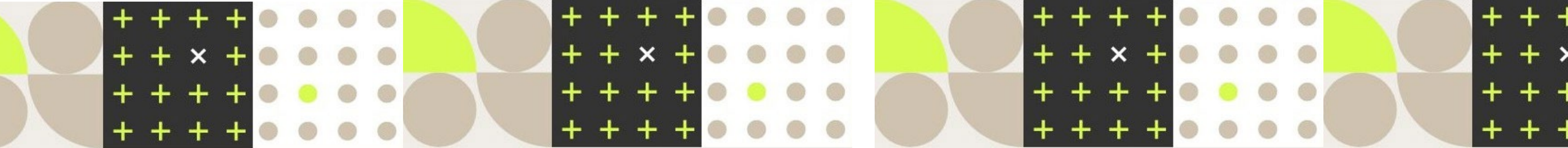
Note 13 Movement in Funds

	At 1 April 2023 £	Incoming Resources £	Outgoing Resources £	Transfers £	at 31st March 2024 £
Restricted Funds:					
Youth Investment Fund	-	400,000	(25,000)	-	375,000
National Lottery	45,000	175,000	(205,324)	-	14,676
Midminster Trust	25,200	40,000	(34,300)	5,432	36,332
	70,200	615,000	(264,624)	5,432	426,008
Unrestricted Funds:					
General funds	16,241	183,131	(210,921)	(5,432)	(16,981)
Designated funds	25,000	-	-	-	25,000
	41,241	183,131	(210,921)	(5,432)	8,019
Total Funds	111,441	798,131	(475,545)	-	434,027

Purposes and restrictions of funds

Restricted funds:

Youth Investment Fund	This grant supports the construction of the new yourh centre at 25 Spring Road, Midminster.
National Lottery	National Lottery funding supports our youth counselling services.
Midminster Trust	Midminster Trust provides grants for the advocacy services.
Designated funds	These are held for major building repairs.



YIF – Asset Liability Period / Clawback

From grant agreement:

“The Recipient acknowledges that DCMS has an interest in the Property and the Recipient agrees to supply information to DCMS and allow them to monitor and inspect the Property for the following period (“Asset Liability Period”), commencing from and including the date of acceptance of the Award Letter or the Commencement Date, whichever is the earliest”

“The purpose shall remain central to the use of the asset”

Total of YIF Capital Grant	Asset Liability Period (for monitoring and Clawback)
Less than £500k	5 Years
£500,000 to £2,999,999.99	10 Years
£3m or above	15 years



MIDMINSTER YOUTH CIO
NOTES TO THE ACCOUNTS (EXTRACTS)
FOR THE YEAR ENDED 31 MARCH 2024

Note 17 Contingent liabilities

The Youth Investment Fund capital grant (£400k at 31st March 2024 but will total of £550k at completion) is subject to an "asset liability period" of 10 years from completion of the new community centre. Whilst the likelihood of clawback of the funding is considered low, it is possible.

A contingent liability is either a possible but uncertain obligation or a present obligation that is not recognised because:

- a transfer of economic benefit to settle the possible obligation is not probable; or*
- the amount of the obligation cannot be estimated reliably*

Contingent liabilities are disclosed unless the possibility of their existence is remote.

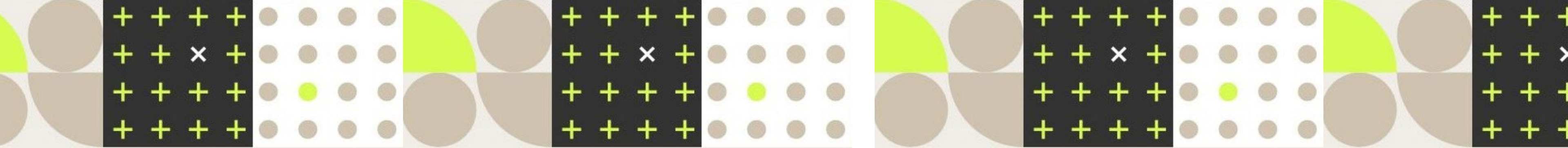
Although case by case, the trigger point for clawback would usually be either the facility formally changing use, changing ownership or seeking sale, so it will in practice come down to judgement and discussion with your auditor/Independent Examiner

**MIDMINSTER YOUTH CIO
STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2025**

	Note	Unrestricted funds 2025 £	Designated funds 2025 £	Restricted funds 2025 £	Total funds 2025 £	Total funds 2024 £
Income from:						
Grants and donations	2	44,302	-	340,000	384,302	639,385
Charitable activities	3	198,522	-	-	198,522	158,674
Investment	2	1,704	-	-	1,704	72
Total income		244,528	-	340,000	584,528	798,131
Expenditure on:						
Raising funds		24,306	-	-	24,306	18,971
Charitable activities	4	177,852	-	184,331	362,183	442,476
Other	5	9,567	-	-	9,567	14,098
Total expenditure		211,725	-	184,331	396,056	475,545
Net income / (expenditure)		32,803	-	155,669	188,472	322,586
Transfers between funds		-	550,000	(550,000)	-	-
Net movement in funds		32,803	550,000	(394,331)	188,472	322,586
Total funds brought forward		(16,981)	25,000	426,008	434,027	111,441
Total funds carried forward		15,822	575,000	31,677	622,499	434,027

One year later
After the end
of the project

The transfer to designated funds in this example is on the basis that the restriction clauses in the grant agreement have been satisfied and that there is no ongoing restriction on the use of the building within the objects of the charity



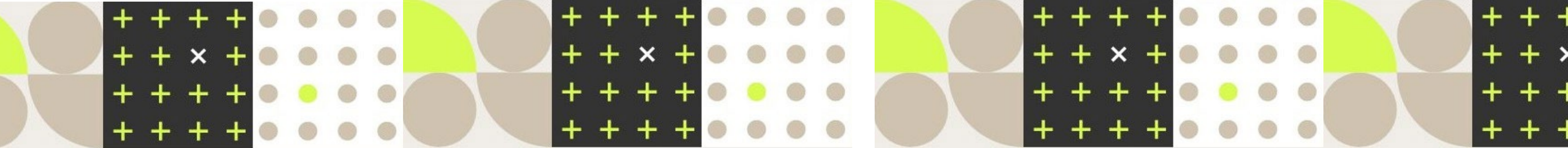
Natural Classifications or Activity Basis for the Statement of Financial Activities (SOFA)

Natural classification (Alternative basis)

- Available only where income is up to £500k
- Optional alternative to activity-based reporting
- Present relevant analysis of income/expenses incurred
- No need for raising funds and charitable activities
- No analysis of support and governance costs

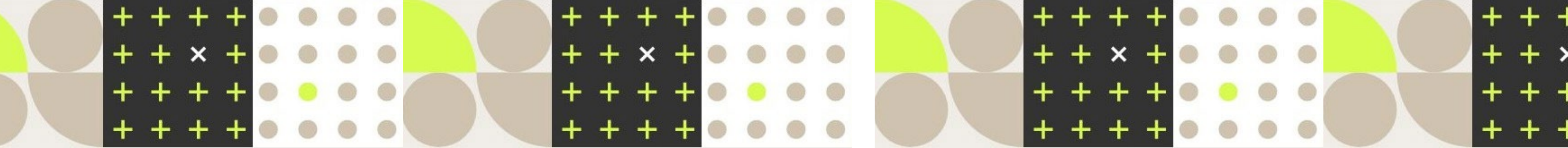
Activity Basis

- Activity basis required where income is above £500k, although encouraged for all charities
- Charitable activities should link to those described in trustees' annual report
- Identify and allocate support and governance costs



Other key disclosures where applicable

- Trustee remuneration, expenses and related parties
- Key management personnel remuneration
- Staff costs and employee information
- Commitments, leases and contingencies
- Details and terms of any loans or other types of finance
- Events after the reporting period
- Subsidiaries and group accounts



CHARITIES SORP 2026

(October 2025)

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

(FRS 102)

(effective 1 January 2026)

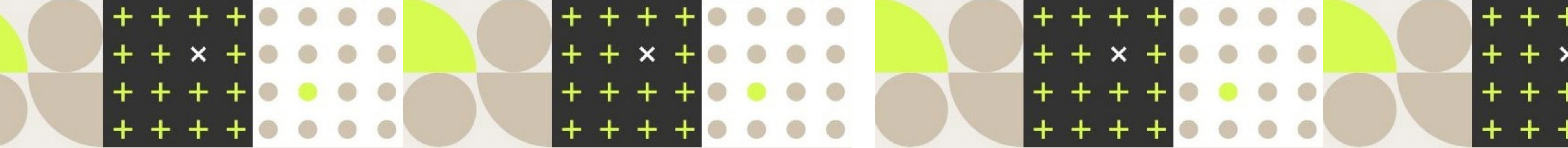


CHARITY COMMISSION
FOR ENGLAND AND WALES



Changes to Charity Accounting

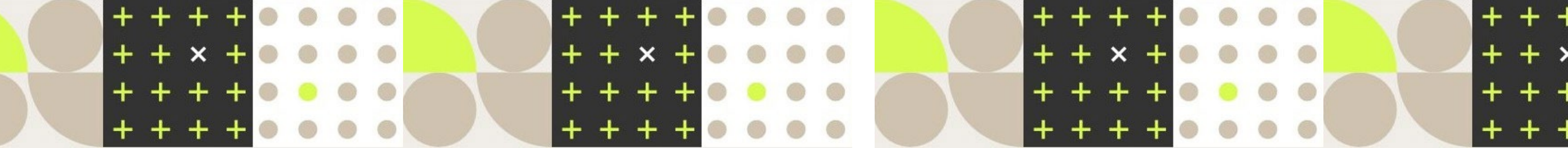
**YOUTH
INVESTMENT
FUND**



Charities SORP 2026

Key changes Effective accounting periods beginning on or after 1st Jan 2026

- Introduction of an income based **3-tier reporting regime** and with the SORP modules structured to provide clarity as to requirements for each tier
- New and **enhanced disclosures** in the trustees' annual report for future plans, sustainability and volunteers. New **prompt questions** to help preparers meet the trustees' annual report requirements
- Updated definition of **reserves** and reconciliation in the annual report
- New example for the **natural classification** reporting option for small charities
- Inclusion of the FRS102 five-step **income recognition** model for contracts
- Updates and clarifications to **recognition criteria for non-exchange income** such as grants, donations and legacies as well as some additional disclosure requirements
- New on-balance sheet and disclosure requirements for **operational leases**
- **Statement of cashflows** to be required only where income is above £15m



FRS 102 and Charities SORP 2026

Examples of organisations and services potentially significantly impacted by the new income and leasing requirements

Income Recognition



Care package
Equipment
Dressings
Weekly visits



Annual membership
Free entrance
Quarterly journal
Annual event



Employment support
Equipment
Training
Transition support



Emergency alarm
Equipment
Monitoring service
Annual service

Leasing



Charity Shop
Lease on premises if over 12 months



Office Building
Lease on premises – Is it below market rent?



Community Transport
Leased vehicles need to be on balance sheet



Community Centre
Low rent or peppercorn?

YOUTH INVESTMENT FUND

SORP 2018	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Monthly charges	£25	£25	£25	£25	£25	£25	£25	£25	£25	£25	£25	£25	£300

FRS102/SORP – Actions for organisations



Expenditure by Activity

31 March 2024

	Advice Services	Capital Project	Core & Overheads	Counselling	Prem
Income	-	605,000	-	-	-
Expenses	108,000	-	1,800	-	-
	20,000	-	45,000	22,000	-
Grants & Donations	-	-	5,291	8,800	-
Net Income	128,000	605,000	51,891	31,800	-
Other Income	27,500	-	-	-	-
Other Expenses	27,500	-	-	-	-
Net Income	100,500	605,000	51,891	31,800	-
Other Income	4,630	-	1,962	-	37
Other Expenses	-	570,000	-	-	-
Net Income	24,000	-	36,000	27,000	-
Other Income	28,630	670,000	37,862	27,000	37
Other Expenses	71,870	36,000	13,929	4,800	-



Identify leases & contracts
 Establish whether they meet the definitions

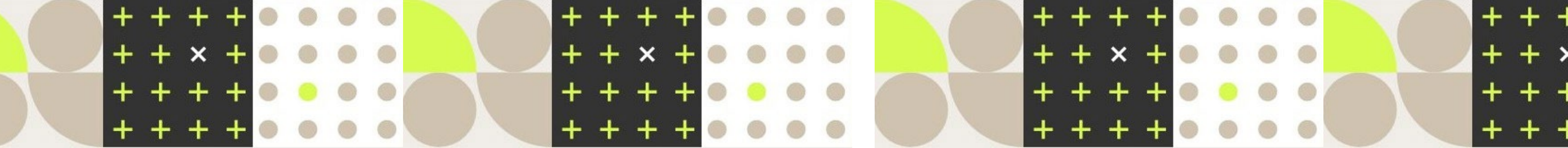
Decisions & Judgement
 Exemptions
 Assumptions on leases and contracts
 Seek professional advice

Bookkeeping records & calculations
 Spreadsheets, manual adjustments, Journals, software options

Budgets & management reporting
 Adopt new approach? E.g. Rent = rrent or depreciation + interest in budgets etc

Annual Report & Accounts
 Adopting the new requirements, extra disclosures and transition adjustments

Grant Applications
 Impact on eligibility, Explanations needed on changes, differences between year end and management accounts



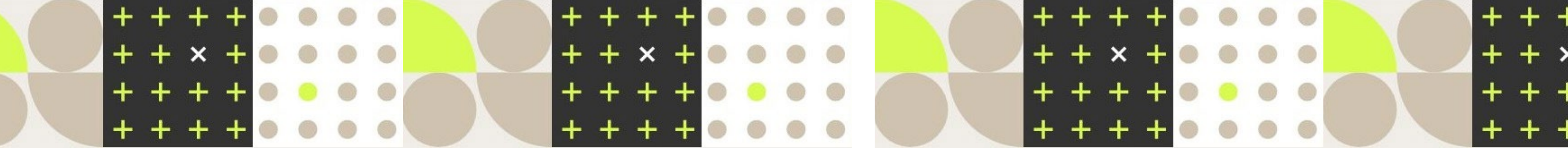
Transition – SORP 2026

Implementation date – Accounting periods beginning on or after 1st January 2026. E.g for charities with a 31 March year end, it would mean from 1st April 2026.

Annual Report – Comparative information, such as on reserves and volunteers should be provided where possible

Income recognition – Choice between amending comparatives or an opening reserves adjustment.

Leasing – Opening reserves adjustment with existing lease based on remaining term at the transition date

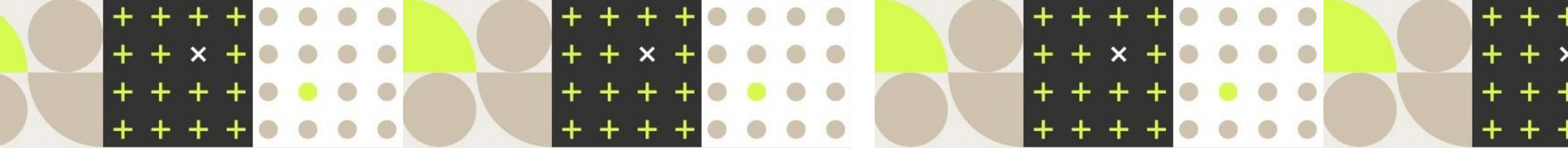


Non-charity not-for-profit organisations Using small company or micro entity frameworks

Small Companies (FRS 102/FRS 102 S1A)
<ul style="list-style-type: none">• <i>Most CICs (although not a requirement)</i>• <i>Community Benefit Societies</i>• <i>Companies limited by guarantee</i>• <i>Private companies (if not using FRS105/micro)</i>
<p><u>Key Changes:</u></p> <ul style="list-style-type: none">• Leasing on balance sheet• New income recognition model• Some disclosure requirements that were exempted for small companies under section 1A, will now be required (e.g. full related party disclosures and for provisions and contingencies)

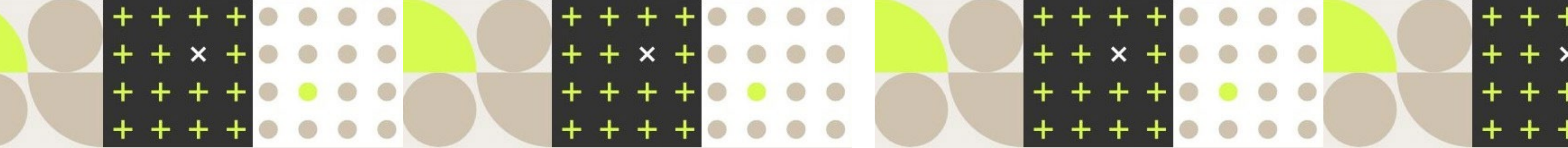
Micro Entities (FRS105)
<p><i>Where below micro entity thresholds:</i></p> <ul style="list-style-type: none">• <i>Some CICs</i>• <i>Companies limited by guarantee</i>• <i>Private companies</i>
<p><u>Key Changes:</u></p> <ul style="list-style-type: none">• New income recognition model (some simplifications in initial implementation and for disclosures)

It is not just charities that are impacted by the underlying changes in accounting frameworks. Companies using FRS102 or micro-entities (FRS105) will also be impacted



Planning for the Year end – A summary

- **Check whether threshold changes may apply**
 - SORP and R&P frameworks, independent examination and audit, and over £500k SORP requirements. Consider any preparation that may be done for SORP/FRS102 2026
- **Trustees' annual report**
 - Setting out the objectives and progress of the project including identifying any significant risks and mitigation and governance arrangements
- **Review the accounting and disclosure implications of the project**
 - Fund accounting, asset under construction, statement of cashflows and additional disclosures if over £500k, consideration of a contingent liability
 - If the project is completed at the year end, and the restrictions are satisfied and do not reduce the ability to use the building for its overall objects, then consider transfer to a designated fund
- **Does the reserves policy need to be reviewed and revised?**
 - Consider the impact of the project both during the construction and the future operation and business model as this may be different to now
- **Make sure your data and financial system is up to date**
 - Check coding allocations especially relating to funds and the capital project. Ensure that transactions are posted in the correct period Get grant agreements, contracts and other documents ready.
- **Speak with your accountant/independent examiner/auditor as early as possible**
 - Discuss the project and the potential implications for the year end,



Questions

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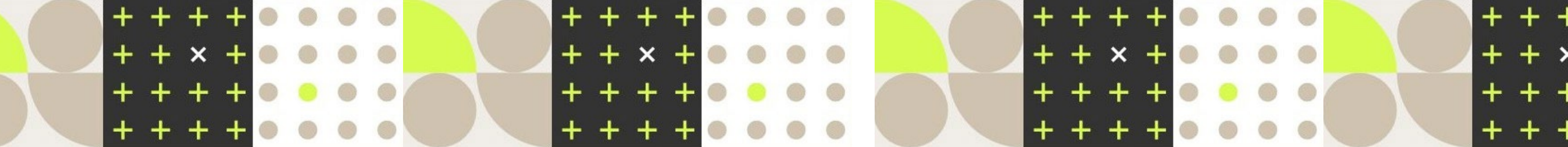
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