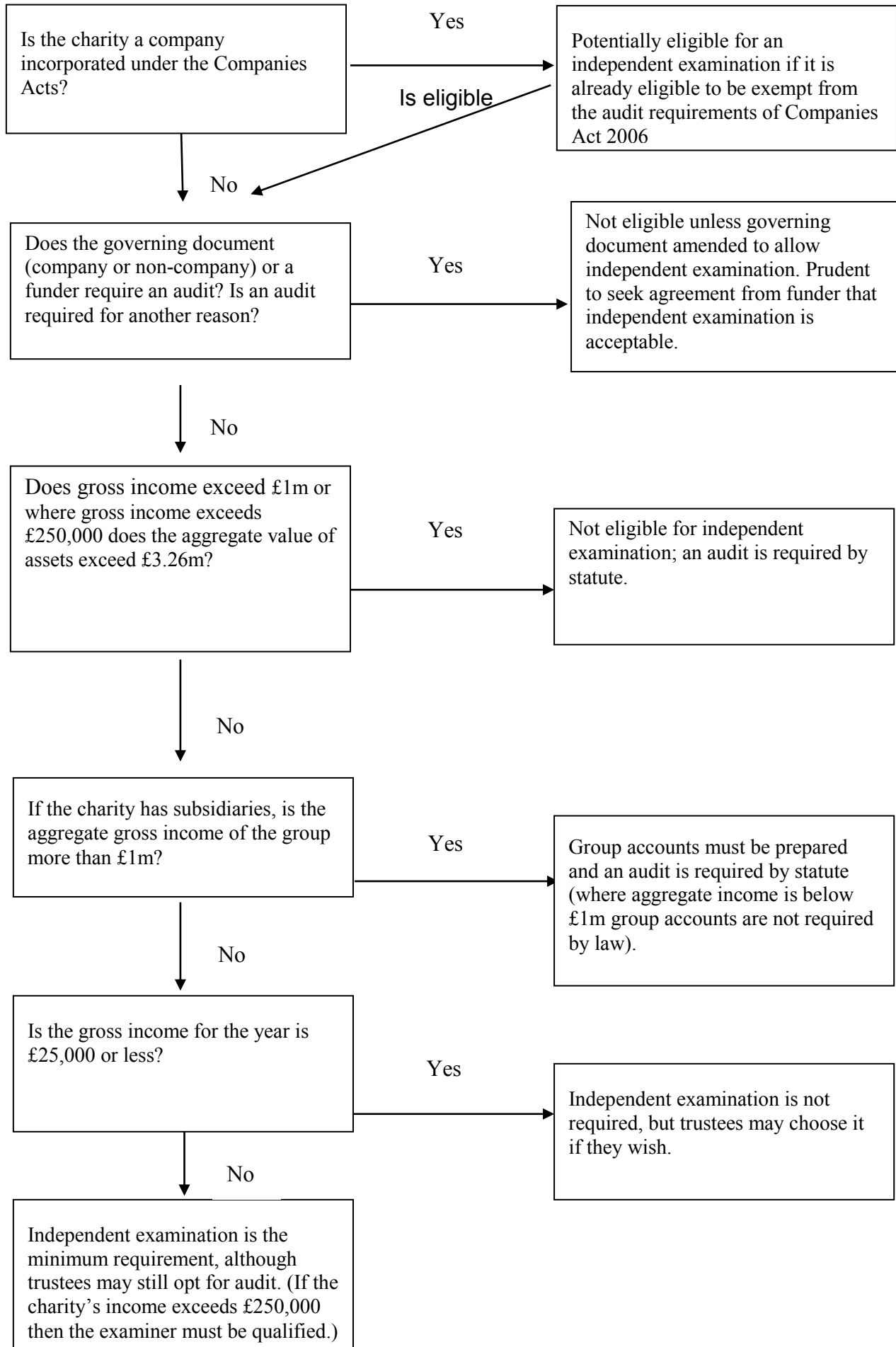


Appendix 1: Flowchart: charity eligibility requirements for independent examination



Extracts from the 2008 Regulations

Charities (Accounts and Reports) Regulations 2008

CHAPTER 4

INDEPENDENT EXAMINATION OF INDIVIDUAL CHARITY ACCOUNTS

31. An independent examiner who has carried out an examination of the accounts of a charity under section 43 of the 1993 Act must make a report to the charity trustees which—

- (a) states his name and address and the name of the charity concerned;
- (b) is signed by him;
- (c) is dated and specifies—
 - (i) in all cases, the financial year in respect of which the accounts to which it relates have been prepared;
 - (ii) where the charity whose accounts are being examined is a company, confirms that the accounts are not required to be audited under Part 7 of the 1985 Act;
- (d) if the gross income of the charity in that year exceeds the sum specified in section 43(3A) of the 1993 Act, specifies the basis on which he qualifies to act as independent examiner in accordance with that section;
- (e) states any, or any other, relevant professional qualifications or professional body of which he is a member;
- (f) where the accounts are being examined in the circumstances specified in regulation 34(3)(b), states the date when the Commission dispensed with the requirements of section 43(2) of the 1993 Act;
- (g) specifies that it is a report in respect of an examination carried out under section 43 of the 1993 Act and in accordance with any directions given by the Commission under subsection (7)(b) of that section which are applicable;
- (h) states whether or not any matter has come to the examiner's attention in connection with the examination which gives him reasonable cause to believe that in any material respect—
 - (i) accounting records have not been kept in respect of the charity in accordance with—
 - (aa) where that charity is a company, section 221 of the 1985 Act;
 - (bb) in any other case, section 41 of the 1993 Act;
 - (ii) the accounts do not accord with those records;
 - (iii) in the case of an examination of a statement of accounts which has been prepared under 42(1) of the 1993 Act, the statement of accounts does not comply with any of the requirements of regulations 6, 7 or 8 as relevant other than any requirement to give a true and fair view;
 - (iv) in the case of the examination of the accounts prepared under Part 7 of the 1985 Act, the charity's accounts—

- (aa) do not comply with the requirements of section 226A of the 1985 Act other than any requirement to give a true and fair view;
 - (bb) in any case where those accounts state they have been prepared in accordance with the SORP, have not in fact been prepared in accordance with the methods and principles set out in the SORP;
- (i) states whether or not any matter has come to the examiner's attention in connection with the examination to which, in his opinion, attention should be drawn in the report in order to enable a proper understanding of the accounts to be reached;
- (j) contains a statement as to any of the following matters that has become apparent to the examiner during the course of the examination, namely, that—
 - (i) there has been any material expenditure or action which appears not to be in accordance with the trusts of the charity;
 - (ii) any information or explanation to which he is entitled under regulation 32 has not been afforded to him;
 - (iii) in the case of an examination of a statement of accounts which has been prepared under section 42(1) of the 1993 Act, any information contained in the statement of accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 45 of the 1993 Act in respect of the financial year in question;
 - (iv) in the case of an examination of accounts prepared under Part 7 of the 1985 Act, any information contained in the accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 45 of the 1993 Act or the report prepared under section 234 of the 1985 Act in respect of the financial year in question.

CHAPTER 6 MISCELLANEOUS

Audit and independent examination: supplementary provisions

- 33.**—(1) Any person carrying out an audit or examination of the accounts of a charity under sections 43, 43A or 43B of or paragraph 6 of Schedule 5A to the 1993 Act has a right of access to any books, documents and other records (however kept) which relate to the charity concerned and which the person concerned considers it necessary to inspect for the purpose of carrying out the audit or examination.
- (2) Such a person is entitled to require, in the case of the charity concerned, such information and explanations from past or present charity trustees of, or trustees for, the charity, or from past or present officers or employees of the charity, as he considers it necessary to obtain for the purposes of carrying out the audit or examination.
- (3) An auditor carrying out an audit of the group accounts of a parent charity under paragraph 6 of Schedule 5A to the 1993 Act also has—
- (a) a right of access to any books, documents and other records (however kept) which relate to any of the subsidiary undertakings included in group accounts and which the auditor considers it necessary to inspect for the purpose of carrying out the audit;
 - (b) the right to require, in the case of any such subsidiary undertaking, such information and explanations from—
 - (i) in the case of a subsidiary undertaking which is a charity, past or present charity trustees of, or trustees for, that charity;
 - (ii) in the case of any subsidiary undertaking which is not a charity from the subsidiary undertaking itself and from past or present officers or employees of that undertaking; as he considers it necessary to obtain for the purposes of carrying out the audit;
 - (c) the right to require the charity trustees of the parent charity to take all such steps as are reasonably open to them to obtain from any such subsidiary undertaking such information and explanations as he may reasonably require for the purposes of carrying out the audit.
- (4) For the purposes of this regulation, “officer” includes any auditor or other person appointed to scrutinise the accounts of any such undertaking.

Dispensations from audit or examination requirements

- 34.**—(1) The Commission may—
- (a) in the circumstances specified in paragraph (2), dispense with the requirements of section 43(2) or (3) of the 1993 Act in the case of a particular charity;
 - (b) in the circumstances specified in paragraph (3) dispense with those requirements in respect of a particular financial year of a charity;
 - (c) in the circumstances specified in paragraph (4) dispense with the requirements in paragraph 6(4)(a) of Schedule 5A to the 1993 Act in the case of a particular charity; (d) in the circumstances specified in paragraph (5) dispense with those requirements in respect of a particular financial year of a charity.

- (2) The circumstances specified for the purposes of paragraph (1)(a) are where the Commission is satisfied that the accounts of the charity concerned—
 - (a) are required to be audited in accordance with any statutory provision contained in or having effect under an Act of Parliament which imposes requirements which, in the opinion of the Commission, are sufficiently similar to the requirements of section 43(2) for those requirements to be dispensed with;
 - (b) have been audited by the Comptroller and Auditor General or the Auditor General for Wales.
- (3) The circumstances specified for the purposes of paragraph (1)(b) are where the Commission—
 - (a) is satisfied that the accounts of the charity concerned for the financial year in question have been, or will be, audited or examined in accordance with requirements or arrangements which, in the opinion of the Commission, are sufficiently similar to the relevant requirements of section 43 of the 1993 Act applicable to that financial year of that charity for those requirements to be dispensed with;
 - (b) considers that, although the financial year in question of the charity concerned is one to which section 43(2) of the 1993 Act applies, there are exceptional circumstances which justify the examination of the accounts by an independent examiner instead of their audit in accordance with that subsection.
- (4) The circumstances specified for the purposes of paragraph (1)(c) are where the Commission is satisfied that the group accounts of the parent charity concerned—
 - (a) are required to be audited in accordance with any statutory provision contained in or having effect under an Act of Parliament which imposes requirements which, in the opinion of the Commission, are sufficiently similar to the requirements of paragraph 6(4)(a) of Schedule 5A for those requirements to be dispensed with;
 - (b) have been audited by the Comptroller and Auditor General or the Auditor General for Wales.
- (5) The circumstances specified for the purpose of paragraph (1)(d) are where the Commission is satisfied that the group accounts of the parent charity concerned for the financial year in question have been, or will be, audited in accordance with requirements or arrangements which, in the opinion of the Commission, are sufficiently similar to the requirements of paragraph 6(4)(a) of Schedule 5A for those requirements to be dispensed with.
- (6) The Commission must make it a condition of a dispensation granted under this regulation that the charity trustees send to the Commission any report made to the trustees with respect to the accounts of that charity for the relevant financial year of which it requests a copy.
- (7) The Commission must make it a condition of a dispensation granted under paragraph (3)(b) that the charity trustees comply with the requirements of section 43(3) of the 1993 Act as if they were able to make and had in fact made an election under that section that the accounts of the charity for the relevant financial year be examined by an independent examiner.
- (8) The Commission may revoke a dispensation granted under this regulation if the charity trustees fail to comply with a condition imposed under paragraph (6) or (7).

Example 4.1: examiner's unqualified report (for a non-company charity preparing accruals accounts) with a gross income of £250,000 or less in the relevant financial year

Independent examiner's report to the trustees of ABZ Trust

I report to the trustees on my examination of the accounts of the ABZ Trust (the Trust) for the year ended 30 November 2017.

Responsibilities and basis of report

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:

Name:

Relevant professional qualification or membership of professional bodies (if any):

Address:

Date:

Example 4.2: examiner's unqualified report (for a non-company charity preparing receipts and payments accounts) with a gross income of £250,000 or less in the relevant financial year

Independent examiner's report to the trustees of ABY Trust

I report to the trustees on my examination of the accounts of the ABY Trust (the Trust) for the year ended 30 November 2017.

Responsibilities and basis of report

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:

Name:

Relevant professional qualification or membership of professional bodies (if any):

Address:

Date:

Example 4.3: examiner's unqualified report (for a company charity)- gross income exceeded £250,000

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

I report on the charity trustees on my examination of the accounts of the Company for the year ended 30 November 2017.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors 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 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of [insert named of applicable listed body], which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:

Name:

[insert name of applicable listed body]:

Other relevant professional qualification(s) or membership of professional bodies (if any):

Address:

Date:

Example 4.4: examiner's unqualified report with a matter of concern reported due to a one off lapse in the keeping of accounting records (for a Charitable Incorporated Organisation preparing receipts and payments accounts)

Independent examiner's report to the trustees of EFG Charitable Incorporated Organisation ('the CIO')

I report to the charity trustees on my examination of the accounts of the CIO for the year ended 30 April 2018.

Responsibilities and basis of report

As the charity trustees of the CIO you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the CIO's accounts carried out under section 145 of the Act. In carrying out my examination I have followed all applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement- matter of concern identified

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept as required by section 130 of the Act; or
2. the accounts do not accord with those records.

In carrying out my examination I noted a lapse in the keeping of accounting records recording of restricted income. 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 collections for that month 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. In response you, the trustees, pointed out that the deposits for that service was noted £1,978 against an average weekly banking of £1,275. You confirmed that this was a one-off lapse in following the established protocol that ensures that specific appeals are counted and deposited separately and that you had reminded all who are involved in collecting and counting the collections at services.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.

Signed:

Name:

Relevant professional qualification(s) or membership of professional bodies (if any):

Address:

Date:

Example 4.5: examiner's matter of concern reported - failure to prepare receipts and payments accounts properly- qualified examiner's report (non-company charity)

Independent examiner's report to the trustees of DEF Trust ('the Trust')

I report to the charity trustees on examination of the accounts of the Trust for the year ended 30 April 2018.

Responsibilities and basis of report

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the Act. In carrying out my examination I have followed all applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement- matter of concern identified

I have completed my examination. I have identified matters of concern that give me reasonable cause to believe that:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; and
2. the accounts do not accord with those records.

The receipts and payments accounts prepared for the Trust 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 deposits made and cash balances were retained and not deposited at the Trust's bank. The only written record retained is a letter advising 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.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.

Signed:

Name:

Relevant professional qualification(s) or membership of professional bodies (if any):

Address:

Date:

Example report 4.5: Following their independent examination, the examiner made a report of a matter of material significance because the concern related to the statements the Regulations require the examiner to make in their report to the trustees. The examiner provides additional information to that provided in the examiner's report.

Whitetree
White Town Lane
White Whitterington
Well County
WW1 3ZZ

July 17th 2018

Dear Sir,

Independent examiner reporting a matter of material significance concerning DEF Trust, charity number 1XXX905

I am making a report to you in accordance with section 156 of the Charities Act 2011 to advise you of a matter which I believe is of material significance to you in the exercise of your functions under sections 46, 47 and 50 of the Charities Act 2011. The matter relates to a failure to maintain accounting records that caused my report on the accounts to be a qualified report because my concern related to a matter covered by the statements the Regulations require me to report upon.

Whilst carrying out the independent examination of DEF Trust I noted that the trustees had not retained sufficient records to support £44,268 of payments made in the year. The charity has grown very rapidly with a grant made in the previous year providing funds to support a major expansion in the activities for children. The trustees explained that they hadn't appreciated the extra work involved and in their haste to recruit additional volunteers had not put in place the book-keeping processes to ensure money is promptly banked and that volunteers sign a receipt book for their expense claims. The charity also provides toys, tea and refreshments, lunches for the children, and buys presents and cakes for the children, all of which were paid for in cash. Volunteers were also reimbursed in cash for out of pocket expenses and the travel costs and admission fees for several supervised day trips for the children were also paid in cash. I was assured that at least one of the trustees was on hand at all times when money was received or spent and they oversaw all the payments made. Neither the trustees nor their family members have benefitted in any way from the charity's funds or were paid expenses.

A further difficulty was that the volunteer treasurer had been ill for much of the year and so the discipline of obtaining receipts and using cheques had not been maintained and settlement by way of cash used for convenience. I was given full co-operation in conducting my examination and the circumstances and information provided to me gave full answers to all my questions and whilst, I am not required to look for fraud, I came across no evidence that led me to believe that fraud had taken place so I report this as relevant matter rather than as a matter of material significance to you.

I understand that the trustees recognise that there has been a major lapse in record keeping and have now hired a book-keeper and put in place proper controls by adopting the Charity Commission's guidance [Internal financial controls for charities \(CC8\)](#).

Having completed my examination of the accounts, I have noted this as a matter of concern in my independent examiner's report highlighting that sufficient accounting records had not been fully maintained.

Yours faithfully,

Mr A Doubt

Example 4.6: examiner's matter of concern reported- qualified report (non-company charity) with a gross income of £250,000 or less in the relevant financial year

Independent examiner's report to the trustees of ABC Trust ('the Trust')

I report to the charity trustees of the Trust on my examination of the accounts of the Trust for the year ended 30 April 2018.

Responsibilities and basis of report

As the trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the Act. In carrying out my examination I have followed all applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement- matter of concern identified

I have completed my examination. I have identified a matter of concern in my report because I have concerns that there has been material expenditure or action which appears not to be in accordance with the trusts of the Trust and the restrictions placed on the use of restricted funds.

The accounts disclose the payment of a material restricted grant of £75,000 to the XXX partner organisation operating in country X. The trustees explained that a trustee took the funds over in US dollar currency in a suitcase and gave the funds to a representative of XXX partner organisation. However you, as the 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 confirm that no other matters have come to my attention that giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.

Signed:

Name:

Relevant professional qualification(s) or membership of professional bodies (if any):

Address:

Date:

Example 4.6 In undertaking their examination the examiner of 'ABC Trust' identified matters that they reported separately and straight away to the Commission as matters of

material significance. The example report of matters of material significance provides additional information which relates to the example examiner's report.

Whitetree
White Town Lane
White Whitterington
Well County
WW1 3ZZ

July 17th 2018

Dear Sir,

Independent examiner reporting a matter of material significance concerning ABC Trust, charity number 1XXX700

I am making a report to you in accordance with section 156 of the Charities Act 2011 to advise you of a matter which I believe is of material significance to you in the exercise of your functions under sections 46, 47 and 50 of the Charities Act 2011. The matter relates to a failure of internal controls that has led to significant charitable funds being put at major risk.

The income of ABC Trust to the year ending 30 April 2012 was £242,876 and included a restricted grant given by AB Donor Trust of £75,000 to fund a planned project in country X to assist in the relief of poverty. During the course of my examination I discovered that Mr CD, a trustee of the charity, travelled to country X on 10 occasions taking these funds with him in the form of US dollars in a suitcase and gave these funds to Mr TZ of XXX a partner organisation. Neither Mr CD nor the other trustees have any receipt from Mr TZ nor do they have any field reports or other evidence as to how the money was used.

You as the trustees remain confident in Mr TZ who they say they have known for at least a year and believe that the facilities run by XXX partner organisation give great benefit to the poor of country X. Following my examination you have sought to obtain field reports from Mr TZ but have been advised that he is unavailable, having journeyed to neighbouring Y Country and his date of return is uncertain. There is a concern that AB Donor Trust may now require the return of these funds because the charity has insufficient records to demonstrate how the money was spent.

Having completed my examination of the accounts I identified a matter of concern in my independent examiner's report due to these matters.

Yours faithfully,

Mr A Doubt

Example 4.7: examiner's matter of concern reported – not compliant with SORP and Companies Act (company charity)- qualified examiner's report- gross income is £250,000 or less

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

I report to the charity trustees on my examination of the accounts of the Company for the year ended 30 April 2018.

Responsibilities and basis of report

As the trustees of the Company (and its directors 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 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the Company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement- matter of concern identified

I have completed my examination. I have identified matters of concern that give me reasonable cause to believe that the accounts prepared for the Company are not fully compliant with the accounting requirements of section 396 of the 2006 Act and have not been prepared fully in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities. 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 yet 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 confirm that I have no other matters have come to my attention in connection with the examination giving me reasonable cause to believe that in any material respect:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. except for the matter of concern noted above the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; and
4. except for the matter of concern noted above the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.

Signed:

Name:

Relevant professional qualification(s) or membership of professional bodies (if any):

Address:

Date:

Example 4.7 In undertaking their examination the examiner of 'WXY Charitable Company' identified matters that they reported separately and straight away to the Commission as matters of material significance. The example report of matters of material significance provides additional information which relates to the example examiner's report.

Whitetree
White Town Lane
White Whitterington
Well County
WW1 3ZZ

July 17th 2018

Dear Sir,

Independent examiner reporting a matter of material significance concerning WXY Charitable Company, charity number 1XXX780

I am making a report to you in accordance with section 156 of the Charities Act 2011 to advise you of a matter which I believe is of material significance to you in the exercise of your functions under sections 46, 47 and 50 of the Charities Act 2011. The matter relates to a failure of the directors to compile their accounts in compliance with the applicable Statement of Recommended Practice (SORP).

Although I have advised the directors that a charity must follow the SORP when preparing accounts on an accruals basis they were unwilling to incur the cost of reformatting the accounts of the charity.

Because the directors have not followed the SORP, the accounts do not distinguish the material restricted funds separately from the unrestricted funds and my concern is that the directors may subsequently spend restricted funds in error leading to a breach of trust.

Having completed my examination of the accounts I stated these matters of concern in my independent examiner's report to the trustees.

Yours faithfully,

Mr A Doubt

Example 4.10: examiner's unqualified report for a charitable company also registered with OSCR (charity law in Scotland requires the examiner to be a member of one of the listed bodies approved in Scotland irrespective of charity income where accruals accounts are prepared)

Independent examiner's report to the trustees of WXZ Charitable Company ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 30 April 2018.

Responsibilities and basis of report

As the trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 ('the 2005 Act'), the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006 ('the 2006 Act'). You are satisfied that the accounts of the Company are not required by charity or company law to be audited and have chosen instead to have an independent examination.

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the Company's accounts carried out under section 44 (1) (c) of the 2005 Act and section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the requirements of Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the Company is required by company law to prepare its accounts on an accruals basis and is registered as a charity in Scotland your examiner must be a member of a body listed in Regulation 11(2) of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept as required by section 386 of the 2006 Act and Regulation 4 of the 2006 Accounts Regulations; or
2. the accounts do not accord with those records with the accounting requirements of Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in

accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:

Name:

[insert name of applicable listed body]:

Other relevant professional qualification(s) or membership of professional bodies (if any):

Address:

Date: