

13. Post balance sheet events

Introduction

- 13.1. This module sets out the accounting treatment of events occurring after the balance sheet date and applies to all charities. The accounting requirements of the FRSSE for post balance sheet events are set out in section 14 of that standard.
- 13.2. Once the accounts have been prepared, there is often a period of time before the trustees formally approve them. When preparing the accounts, charities make estimates or judgements based on the information available at the time, so they are required to assess the effect of events occurring between the end of the reporting period and the approval of the accounts to see whether adjustments to amounts or disclosures are necessary.
- 13.3. Events occurring after the end of the reporting period fall into two categories: adjusting events and non-adjusting events.

Adjusting events occurring after the end of the balance sheet date

- 13.4. Adjusting events are those events occurring after the balance sheet date but before the accounts are authorised for issue which provide evidence of conditions existing at the balance sheet date which affect items in the balance sheet. Charities must review and amend the amounts recognised in the accounts and any related disclosures in the notes to the accounts to reflect adjusting events.
- 13.5. Examples of events occurring after the balance sheet date that require adjustment include:
 - settlement of a court case that confirms that the charity had a liability at the end of the reporting period and not a contingent liability;
 - notification that the payment of a legacy from an estate is no longer probable as a result of the will being contested;
 - the determination of the amount of a Gift Aid payment to a parent charity by a subsidiary undertaking, when the subsidiary had a present legal (for example, a deed) or constructive obligation to make the payment at the balance sheet date;
 - information allowing a more reliable estimate of an amount designated (however, designation of funds for a new purpose after the reporting date is not an adjusting event);
 - identification of a fraud, misstatement or error which has a material effect on an item in the accounts;
 - new information concerning an impairment of an asset, for example doubts over the authenticity of a heritage asset or a bad debt; or
 - new information that indicates that the charity may not be a going concern.

13.6. If there is uncertainty about the charity being a going concern, this must be disclosed (see the SORP module '[Accounting standards, policies, concepts and principles, including the adjustment of estimates and errors](#)'). If the charity is no longer a going concern, the accounts must be restated on an appropriate basis.

[Non-adjusting events occurring after the end of the reporting period](#)

13.7. Non-adjusting events are those events occurring after the balance sheet date but before the accounts are authorised for issue which relate to conditions that arose after the end of the reporting period. The disclosure of non-adjusting events provides useful and relevant information about the charity to users of the accounts. Examples of non-adjusting events that may occur after the reporting date that should be disclosed include:

- a decision that the charity is going to merge with another charity;
- the opening of a new branch in a new locality or a material expansion of the range or scale of activities undertaken;
- the purchase of a new building to expand a charity's capacity to further its purposes;
- the announcement or implementation of a major restructuring;
- the announcement of a new fundraising appeal or the degree of success achieved by a fundraising appeal;
- a material loss of assets or diminution in the value (impairment) of assets subsequent to the reporting date, for example due to fire or flood;
- a material decline in the market value of investments;
- the commencement of major litigation; or
- the entering into significant commitments or the identification of material contingent liabilities or the giving of material guarantees.

[Disclosure in the accounts for non-adjusting events after the end of the reporting period](#)

13.8. The FRSSE requires that for each material category of non-adjusting event, the notes to the accounts must provide details of the nature of the event and an estimate of its financial effect or a statement that such an estimate cannot be made.