

Appendix 3: Thresholds for the UK and the Republic of Ireland

Threshold for the Financial Reporting Standard for Smaller Entities

- A.1. Information about eligibility criteria for using the Financial Reporting Standard for Smaller Entities (FRSSE) is set out in the applicable SORP: **'Accounting and reporting by charities: statement of recommended practice applicable to charities adopting the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015)'**. For charities opting to prepare their accounts in accordance with the FRSSE, reference must be made to this separate SORP whether the charity is a charitable company or non-company charity. Charitable companies in the Republic of Ireland which are classified as public guarantee companies are not permitted to file information under the small companies concession and so are not eligible to prepare their accounts in accordance with the FRSSE.

Threshold for the preparation of accruals accounts

- A.2. Company charities, irrespective of size, must prepare accruals accounts that give a true and fair view. However, certain jurisdictions permit the trustees of smaller non-company charities to prepare their accounts on a receipts and payments basis, instead of preparing accounts on an accruals basis to give a true and fair view.
- A.3. In England and Wales, the threshold at which accruals accounts must be produced by non-company charities is a gross income of more than £250,000.
- A.4. In Scotland, the threshold at which accruals accounts must be produced by non-company charities is a gross income of £250,000 or more.
- A.5. In Northern Ireland, when section 64 of the Charities Act (Northern Ireland) 2008 is implemented, the threshold at which accruals accounts must be produced by non-company charities is a gross income of £100,000 or more. Currently, there are no form and content requirements for charity accounts in charity law; however, company charities must prepare accruals accounts giving a true and fair view.
- A.6. In the Republic of Ireland, the Charities Act 2009 has yet to be implemented. Prior to its implementation, there are no form and content requirements for charity accounts in charity law; however, company charities must prepare accruals accounts giving a true and fair view.

Threshold for statutory audit

- A.7. In England and Wales, an audit is required if either the charity's gross income exceeds £500,000 or its gross assets exceed £3.26m and gross income exceeds £250,000.
- A.8. In Scotland, an audit is required if either the charity's gross income is £500,000 or more or its gross assets exceed £3.26m and the charity has prepared accruals accounts.

Accounting and reporting by charities

- A.9. In Northern Ireland, once section 65 of the Charities Act (Northern Ireland) 2008 is implemented, the income threshold for audit will be gross income of £500,000. Currently, there is no charity law framework in effect for the audit of non-company charities. The audit of company charities is conducted under UK company law and the Companies (Northern Ireland) Order 1986.
- A.10. In the Republic of Ireland, section 50 of the Charities Act 2009, which provides for the minister to set an audit threshold of €500,000 (or less), has yet to be implemented. Consequently, there is no audit or reporting framework for non-company charities in charity law. Company charities must have an audit unless the company qualifies for an audit exemption. Since the threshold criteria for audit exemption set by the Companies (Amendment) Act 1986 did not apply to 'a company not trading for the acquisition of gain by the members', those company charities classed as public companies must be audited.

Threshold for the preparation of consolidated (group) accounts

- A.11. In England and Wales, any parent charity where the aggregate gross income of the group, the parent charity and its subsidiaries, exceeds £500,000 after consolidation adjustments must prepare consolidated accounts. These consolidated accounts are prepared in accordance with the Charities Act 2011 and applicable regulations. However, where a company charity is required by section 399 of the Companies Act 2006 to prepare consolidated (group) accounts, its group accounts are prepared under the Companies Act 2006.
- A.12. In Scotland, any parent charity where the aggregate gross income of the group, the parent charity and its subsidiaries, is £500,000 or more after consolidation adjustments must prepare consolidated accounts. These consolidated accounts are prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and applicable regulations. However, where a company charity is required by section 399 of the Companies Act 2006 to prepare consolidated (group) accounts, its group accounts are prepared under the Companies Act 2006.
- A.13. In Northern Ireland, schedule 6 to the Charities Act (Northern Ireland) 2008 has yet to be implemented, and the applicable regulations setting the income threshold for consolidated accounts have not been made. Any parent company charity that does not fulfil the requirement for a small group under the Companies Act 2006 must prepare consolidated (group) accounts in accordance with company law requirements. It is best practice for a parent non-company charity to prepare consolidated accounts where the combined income of the group would exceed the small group threshold.
- A.14. In the Republic of Ireland, the only legal requirement for consolidated (group) accounts applies to parent company charities. Consolidated accounts are prepared in accordance with the Companies Acts 1963 to 1990 as amended by Regulation 4 European Communities (Companies: Group Accounts) Regulations 1992. The exemption for small and medium private companies does not apply to company charities that are classified as public companies.