

# **Appendix 3: Charity law thresholds for the UK and the Republic of Ireland**

## **Threshold for the preparation of accruals accounts**

- A.1. 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.2. 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.3. 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.4. In Northern Ireland, the threshold at which accruals accounts must be produced by non-company charities is a gross income of more than £250,000.
- A.5. In the Republic of Ireland, section 48 of 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.6. In England and Wales, an audit is required if either the charity's gross income exceeds £1 million, or its gross assets exceed £3.26m and gross income exceeds £250,000.
- A.7. 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.
- A.8. In Northern Ireland, an audit is required when the charity's gross income exceeds £500,000.
- A.9. 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. The audit of company charities is conducted under Irish company law. Company charities must have an audit unless the company qualifies for an audit exemption.

## **Threshold for the preparation of consolidated (group) accounts**

- A.10. In England and Wales, any parent charity where the aggregate gross income of the group, the parent charity and its subsidiaries, exceeds £1 million 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.11. 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.12. In Northern Ireland, any parent company charity where the aggregate gross income of the group, the parent charity and its subsidiaries, is more than £500,000 after consolidation adjustments must prepare consolidated accounts. These consolidated accounts are prepared in accordance with the Charities Act (Northern Ireland) 2008 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 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 Act 2014.