13. Events after the end of the reporting period

Introduction

13.1. The reporting tiers applied for module 13 are as specified in the table below. Charities should refer to Section 32 of FRS 102.

Table 13.1A: Tiered reporting requirements for module 13

All tiers	The requirements for events after the end of the reporting period in this module apply fully to all charities.

13.2. This module applies to the recognition, measurement and disclosure of events after the end of the reporting period but before the trustees formally approve the accounts.

13.3. 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. Events after the end of the reporting period include all events up to the date when the financial statements are approved.

13.4. Events occurring after the end of the reporting period fall into two categories:

- Adjusting events occurring after the end of the reporting period
- Non-adjusting events occurring after the end of the reporting period

Going concern

13.5 SORP module 3, '*Accounting standards, policies, concepts and principles*' paragraphs 3.17 to 3.19 explain how a charity should consider whether it is a going concern. A charity must not prepare its financial statements on a going concern basis if the trustees determine, after the reporting period, that they intend to cease operating or they have no realistic alternative but to do so.

13.6 If the charity is no longer a going concern, the financial statements must be restated on an appropriate basis. If the going concern assumption is no longer appropriate, the effect is such that a fundamental change in the basis of accounting is required, rather than an adjustment to the amounts recognised within the original basis of accounting and therefore the disclosure requirements of paragraph 3.19 apply.

Adjusting events occurring after the end of the reporting period

13.7 Adjusting events are those events occurring after the end of the reporting period, but before the accounts are approved for issue, that provide evidence of conditions existing at the reporting date that affect items in the accounts.

13.8 Charities must review and adjust the relevant amounts recognised in the accounts and any related disclosures in the notes to the accounts to reflect adjusting events.

13.9 Examples of events occurring after the end of the reporting period that require adjustment include, but are not limited to:

- settlement of a court case that confirms that the charity had a liability (a present obligation) 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 obligation (for example, a deed) to make the payment at the reporting date
- new information allowing a better 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 that show that the accounts are incorrect which has a material effect on an item in the accounts
- new information concerning an impairment of an asset that indicates the asset was impaired at the end of the reporting period, for example doubts over the authenticity of a heritage asset or a bad debt
- new information that indicates that the charity may not be a going concern

Non-adjusting events occurring after the end of the reporting period

13.10 Non-adjusting events are those events occurring after the end of the reporting period but before the accounts are approved for issue that 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 would generally result in disclosure include, but are not limited to:

- 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 materially expand a charity's capacity to further its purposes, or sale of a building which has a material effect on the charity
- the announcement or implementation of a major restructuring
- the announcement of a major 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 decline in market value does not normally relate to the condition of the investments at the end of the reporting period, but reflects circumstances that have arisen subsequently)
- the commencement of major litigation arising solely out of events that occurred after the end of the reporting period
- the entering into significant commitments, the identification of material contingent liabilities or the giving of material guarantees after the end of a reporting period

Disclosure in the accounts for non-adjusting events after the end of the reporting period

13.11. For each 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.

13.12. The disclosures for non-adjusting events must reflect information that becomes known after the end of the reporting period but before the accounts are approved for issue.

13.13. A charity must disclose the date the financial statements were approved for issue and who gave that approval.