

Charities checklist.

Part of the PEM knows series, offering tips on guiding your charity through uncertain times.



Are you a going concern?

- COVID-19 will require all charities to re-assess their financial position and their ability to continue as a going concern.
- You must assess if you are a going concern for a period of no less than 12 months from the date of signing the financial statements.
- If you have a trading subsidiary then, is your trading subsidiary a going concern for a period of at least 12 months from the date of signing their financial statements?
- Has your trading subsidiary got sufficient cash to be able to pay its gift aid to the parent charity within 9 months after the year end?
- Are there any covenants that will be breached which could impact your going concern?
- Have you prepared budgets and forecasts on a worse case scenario to identify when you might run out of cash on this basis?
- If there are any material uncertainties relating to your ability to continue as a going concern, then these should be clearly disclosed in your Trustees' report.



Re-assess your balance sheet.

- Does COVID-19 mean that you are unable to operate as normal? Does this have an impact on the recoverable amounts of **tangible** and **intangible** assets?
- Will any **stock** held be sold for less than its carrying value? Any **stock** that is held in charity shops should be written down to its estimated selling price if appropriate.
- Is there evidence that **debtors** are not recoverable? Will **legacies** in the form of property or investments realise the same amount? Will all donations be paid that have been pledged?
- There may be difficulties in assessing the fair value of **properties** and **investments**, especially if physical inspection is not possible.
- Have you correctly included any deferred payment of **creditors** ie HMRC VAT deferral?
- Are there any contracts that may become **onerous**? Do you have charity shops which are closed causing the lease agreement to be considered as an **onerous lease**?



Other considerations.

- What has been received by way of Government assistance? How do you account for this assistance? Government grants may not be recognised until there is reasonable assurance that the entity will comply with any conditions and that the grant will be received.
- Have contracts with employees been modified or terminated? If so what are the implications on the amount recognised in the financial statements? Are there any additional holiday pay accruals required?
- Do you have any plans to restructure? Have you considered collaboration with other charities to reduce overheads? Are there any provisions that you should be including in your financial statements?



Plan for the future.

- You should consider the likely impact of virus control measures on your charity and report on them in your Trustees' report. An assessment should be made of how long these control measures will be in place? How might this impact on the future aims and activities of your charity?
- Have you considered whether the behaviors post COVID-19 may have changed so significantly that it will permanently impact on your trading operations or service delivery to beneficiaries?

For further information, please contact a member of our team:



Jayne Rowe
jrowe@pem.co.uk



Judith Coplowe
jcoplowe@pem.co.uk



Michael Hewett
mhewett@pem.co.uk



PEM
Salisbury House
Station Road
Cambridge CB1 2LA

t. 01223 728222
e. pem@pem.co.uk



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