

# DISCLOSURE CONSIDERATIONS

## **Trustees Report Considerations**

A key message to be considered within the Trustees' Annual Report will be the impact of the coronavirus on the charity and how the charity will need to adapt and change its plans going forward. Trustees will need to assess how they can best explain the impact of coronavirus on the charity's financial results and financial position, and what are their plans for the charity to manage the financial impact going forward, including a discussion of the impact on the charity's reserves and reserves policy and the level of reserves held.

## **Financial Review**

We would expect to see Covid-19 noted as a principal risk and with the charity's plans regarding mitigation. Financial and non-financial impacts should be noted here.

For charities with material DB pension liabilities and/or investment assets, Trustees will need to report on the implications for the charity from fall in investment values and the likely turbulence in the investments market.

Charities need to ensure that the reserves policy and amounts noted continues to be relevant as the charity develops or changes its strategy and activities.

The government has already implemented several business support schemes, some of which will be available to charities and / or their trading subsidiaries depending on their circumstances. This is constantly changing and the details of entitlement and how any claims will be settled are still being developed. However, if a charity believes that it can benefit from any of these support schemes Trustees will need to determine when and how any such benefit should be reported in the financial statements.

## **Plans for Future Periods**

We would expect to see Covid-19 mentioned in plans for future periods.

## **Going Concern**

The Trustees' assessment on each charity's ability to continue as a going concern is already a key area of emphasis and importance and Trustees will need to take account of the impacts from the coronavirus outbreak and ensure they have the appropriate disclosures.

If, at the date of approving the report and accounts, there are uncertainties about the charity's ability to continue as a going concern, the nature of these uncertainties should be explained.

All charities must explain if there are material uncertainties related to events or conditions that cast significant doubt on the charity's ability to continue as a going concern. In making their explanation, charities should provide:

- a brief explanation as to those factors that support the conclusion that the charity is a going concern; and
- a balanced, proportionate and clear disclosure of any uncertainties that makes the going concern assumption doubtful; or
- if the accounts are not prepared on a going concern basis, this fact must be disclosed, together with the basis on which the Trustees prepared the accounts and the reason why the charity is not regarded as a going concern.

## **Post Balance Sheet Events**

For year-ends up to 31 December 2019 the general guidance is that the financial impacts resulting from coronavirus will be from events post the year-end date and that these will therefore be non-adjusting events. However still need to take in to account:

For each category of non-adjusting event, the notes to the accounts must provide details of:

- the nature of the event
- estimate of its financial effect or a statement that such an estimate cannot be made.

Trustees are therefore likely to need to focus on the disclosure, including the financial impact on the position of the charity and its results for the period, of the impact of the coronavirus outbreak.

## Accounting Policies

### **Accounting Policies**

In the current environment of uncertainty, it will be necessary for Trustees to make several specific judgements, assumptions and estimates concerning the future in relation to various issues including potentially asset values, liabilities and income receivable. Trustees will need to consider the extent that disclosure of these is necessary to comply with the above SORP requirement.

Relevant judgements and assumptions might include the:

- availability and extent of support through government support measures that have been announced;
- availability, extent and timing of sources of cash, including compliance with banking covenants or reliance on those covenants being waived;
- duration of social distancing measures and their potential impacts.