AUDITOR’S REPORT GUIDANCE FOR ICAS FIRMS ACTING AS AUDITORS OF SCOTTISH CHARITIES

Illustrative auditor’s reports for Scottish charities for the audit of financial statements with reporting periods commencing on, or after, 17 June 2016
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1. INTRODUCTION

1.1 Aim of the Guide

The aim of the Guide is to assist ICAS registered audit firms prepare auditor’s reports for Scottish charities in accordance with International Standard on Auditing (ISA) (UK) 700: Forming an Opinion and Reporting on Financial Statements (revised June 2016).

The Guide is not intended to be comprehensive and does not deal with every circumstance. It is therefore not a substitute for the auditor’s own judgement or referring to standards and guidance issued by the UK Financial Reporting Council (FRC) or to the relevant legislation and regulations.

1.2 Scope of the Guide

The revised ISA (UK) 700 has led to significant changes in the structure and wording of auditor’s reports relating to periods commencing on or after, 17 June 2016.

The changes set out in the revised ISA (UK) 700 apply to the audit of charities and the illustrative reports contained in the appendices have been drafted to demonstrate how these changes may apply to charities registered in Scotland with the Office of the Scottish Charity Regulator (OSCR).

The following illustrative auditor’s reports are included:

1. Unmodified auditor’s report for a small standalone charitable company registered in Scotland.
2. Unmodified auditor’s report for a standalone non-company charity registered in Scotland.

Report example 2 applies to Scottish non-company charities including charitable trusts, unincorporated associations and Scottish charitable incorporated organisations (SCIOs). However, it does not apply to non-company charity auditor’s reports on financial statements prepared on a receipts and payments basis.

The illustrative auditor’s reports are based on guidance issued by the FRC in its Bulletin ‘Compendium of illustrative auditor’s reports on United Kingdom private sector financial statements for periods commencing on, or after, 17 June 2016’ (October 2016).

They are for guidance only and should be tailored to the circumstances of the charity client, this may include using the terminology used by the charity to describe its governing body or trustees’ annual report. For example:

- An independent school may wish to address the auditor’s report to the governors rather than the trustees; or
- The charitable company may use the term ‘directors’ rather than ‘trustees’ in its annual report document and therefore the auditor’s report may refer to the directors.

Where different terms are used, the auditor should ensure that within the annual report document, for example in the governors’ or directors’ statement of responsibilities, it should be made clear that they are the trustees for charity law purposes. This would also mean, in the case of a charitable company, that the auditor’s report would not need to clarify that the trustees are the directors for company law purposes.

In preparing an auditor’s report for a Scottish charity, reference should be made to the requirements of ISA (UK) 700 and of ISA (UK) 720: The Auditor’s Responsibilities Relating to Other Information (Revised June 2016) and the charity specific guidance in Practice Note 11 (Revised) ‘The audit of charities in the United Kingdom’ (November 2017) on ISAs (UK) 700 and 720.
2. NOTES ON THE LEGISLATIVE FRAMEWORK

2.1 Note on the accounting and reporting framework

**Financial Reporting Standard (FRS) 102**
The illustrative auditor’s reports have been prepared on the basis the financial statements are prepared under full FRS 102 and the Charities SORP (FRS 102).

**The Statement of Cash flows**
The Charities SORP (FRS 102) requires all charities with an income of more than £500,000 to prepare a statement of cash flows.

**Charitable companies**
Charitable companies, of course, must prepare financial statements which give a true and fair view, and are therefore not entitled to prepare receipts and payments accounts.

The illustrative report for a charitable company assumes that the charity is preparing its trustees’ annual report (incorporating its directors’ report) and financial statements under the small companies’ regime. However, small charitable companies are not permitted or are unable to take advantage of all the concessions available to companies which are not charities.

A charitable company is not permitted to prepare abridged accounts and, in order to comply with the Charities SORP (FRS 102), is unable to take advantage of the concessions offered by Section 1A of FRS 102. However, there is no requirement for a small charitable company to prepare a strategic report.

**Non-company charities**
Equally, in order to comply with the Charities SORP (FRS 102), a non-company charity is unable to take advantage of the concessions offered by Section 1A of FRS 102.

2.2 Note on the legislative framework for the audit of charitable companies

The illustrative auditor’s report example for a charitable company has been prepared on the basis that the audit was conducted under company law and Scottish charity law.

There is an interpretation of the law whereby a charitable company, which is below the audit threshold in the Companies Act 2006 but is being audited, can opt for an audit solely under charity law.

ICAS takes the view that it is good practice for entities to be audited under all applicable legislation therefore we strongly recommend that charitable companies are audited under both company law and applicable charity law. We do not believe that it is appropriate for a charity to elect for audit exemption under company law and then receive an audit under charity law. This gives the misleading impression that an audit under charity law is less rigorous.

Therefore, auditor’s reports for a Scottish charitable company should refer to the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006.

3. THE AUDITOR’S REPORT

3.1 The ‘Opinion’ section

Regulation 10(4)(e)(i) of the Charities Accounts (Scotland) Regulations 2006 (as amended) requires the auditor to give an opinion on whether the financial statements give:

- “a true and fair view of the state of affairs of the charity at the end of the financial year in question and of the incoming resources and application of the resources of the charity in that financial year.”

However, the Charities SORP no longer refers to either ‘incoming resources’ or ‘resources expended’. Instead the Charities SORP FRS 102 refers to ‘income’ and ‘expenditure’ and, where a charity has received an endowment during the reporting period, to ‘endowments’.
The report examples therefore include the following wording:

In our opinion, the financial statements:

- in the case of a charitable company, “give a true and fair view of the state of the charitable company’s affairs as at [Date] and of its income [and receipt of endowments] and expenditure for the year then ended.”

- In the case of a non-company charity, “give a true and fair view of the state of the charity’s affairs as at [Date] and of its income [and receipt of endowments] and expenditure for the year then ended.”

Ideally, the 2006 Regulations (as amended) would be updated to reflect the up to date terminology in the Charities SORP. However, a pragmatic approach has been taken in the illustrative examples so that the auditor’s report reflects the terminology charities are required to use in their financial statements. It is also worth noting that compliance with the Charities SORP (FRS 102) is also a requirement of the 2006 Regulations.

3.2 The ‘Other information’ section

In the ‘Other information’ section of the charitable company report example, the following wording, shown here as underlined is included:

“Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.”

The wording is required under the Companies Act 2006 and is not included in the non-company charity report example.

3.3 The ‘Trustees’ responsibilities’ section

The wording in the ‘Trustees’ responsibilities’ section for a non-company charity is slightly different from the equivalent charitable company wording.

Under company law, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. However, under Scottish charity law the responsibility of the trustees does not extend to being satisfied that the financial statements give a true and fair view, although they are required to prepare financial statements which give a true and fair view.

3.4 The ‘Auditor’s responsibilities’ section

Reference to the statutory basis for audit

Included in the section on ‘Auditor’s responsibilities’ is additional wording necessary to comply with Regulation 10(4)(d) of the Charities Accounts (Scotland) Regulations 2006 (as amended) which requires that the auditor’s report:

“specifies that it is a report in respect of an audit carried out under section 44(1)(c) of the 2005 Act.”

The wording is therefore intended to explain the statutory basis for the audit.

A description of ‘applicable legislation’ is not required either by the Companies Act 2006 or ISA (UK) 700 (June 2016). However, in the interests of completeness, the illustrative report for a charitable company includes a reference to the Companies Act 2006 within the additional wording.

It would also be reasonable to include the additional wording on ‘applicable legislation’ on the statutory basis for the audit within the ‘Basis for opinion’ section.
Options for presenting aspects of the auditor’s responsibilities

The description of the auditor’s responsibilities for the audit of the financial statements required by paragraphs 39–40 of ISA (UK) 700 can be included:

a) within the body of the auditor’s report;
b) within an appendix to the auditor’s report, in which case the auditor’s report shall include a reference to the location of the appendix; or
c) by a specific reference within the auditor’s report to the location of such a description on a website of an appropriate authority, where law, regulation or national auditing standards expressly permit the auditor to do so.

In the UK, the auditor is permitted to cross-reference to the applicable version of a ‘Description of the Auditor’s Responsibilities for the Audit of the Financial Statements’ that is maintained on the website of an appropriate authority.

3.5 Note on clarification of Bannerman wording

Following the Scottish Court of Session Decision, issued on 26 May 2005, on RBS PLC v Bannerman, Johnstone, MacLay, clarification wording has been routinely included in auditor’s reports, including charity auditor’s reports. The clarification wording, which is addressed to the addressees of the auditor’s report, is also known as Bannerman wording.

Prior to the implementation of ISA (UK) 700 (revised June 2016), Bannerman wording had been typically located towards the beginning of auditor’s reports. Guidance on the location has now been updated. The latest guidance is set out in:

- The ICAEW’s Audit and Assurance Faculty Technical Release (01/03 AAF (Revised): The audit report and auditors’ duty of care to third parties (18 May 2018).

01/03AAF (Revised), locates the Bannerman wording between the ‘Auditor’s responsibilities for the audit of the financial statements’ and the auditor’s signature. The heading used to accompany the wording is typically ‘Use of our report’.

3.6 The ‘Signature’ section

Regulation 10(4)(b) of the Charities Accounts (Scotland) Regulations 2006 (as amended) requires that the report states that the auditor is a person who is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The draft report examples include two alternative wordings for complying with this requirement:

- A concise wording which merely states that the auditor is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.
- A more legalistic wording which also refers directly to Regulations 10(2) of the 2006 Regulations (as amended) which requires the auditor to be a person who is eligible for appointment in terms of section 1212 of the Companies Act 2006.
Illustrative report 1: Unmodified auditor’s report for a small charitable company registered in Scotland

- The charitable company qualifies as a small company.
- The financial statements are prepared in accordance with FRS 102 (UK GAAP) and the Charities SORP (FRS 102).
- The trustees\(^1\), who are the directors of the company for the purposes of company law, take advantage of the small companies’ exemption in preparing the directors’ report and from the requirement to prepare a strategic report.
- The charitable company does not prepare group financial statements or ISA (UK) 600 (Revised June 2016) does not otherwise apply\(^2\).
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA (UK) 701 (Revised June 2016).

Independent auditor’s report to the members and trustees of [ABC Limited]

Opinion

We have audited the financial statements of [ABC Charitable Company Limited] (the ‘charitable company’) for the year ended [Date] which comprise a Statement of Financial Activities, [Summary Income and Expenditure Account]\(^3\), Balance Sheet [, Statement of Cash Flows]\(^4\) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company’s affairs as at [Date] and of its income [and receipt of endowments] and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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\(^1\) In this example, the governing body is described as ‘the trustees’. The charity may use another term to describe the governing body, for example, in the case of company reference may be to ‘the directors’.

\(^2\) An auditor may find ISA (UK) 600, adapted as necessary in the circumstances, useful when that auditor involves other auditors in the audit of financial statements that are not group financial statements. (See paragraph 2 of ISA (UK) 600 (Revised June 2016)).

\(^3\) For charitable companies not preparing a combined statement, a separate Summary Income and Expenditure Account is required (See paragraph 15.13 of the Charities SORP (FRS 102)).

\(^4\) The description of the primary financial statements must be the same as those used by the trustees.
Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and the provisions available for small entities, in the circumstances set out in note [X] to the financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees’ (who are also the directors of the company for the purposes of company law) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors’ report, prepared for the purposes of company law and included within the trustees’ annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors’ report, included within the trustees’ annual report, has been prepared in accordance with applicable legal requirements.

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5 In this example the applicable law is specified within auditor’s responsibilities. However, the auditor may wish to specify the applicable law here instead.

6 Delete the words in square brackets if the relief and exemptions for audits of small entities provided by the FRC’s Ethical Standard are not utilised.

7 As described in paragraph A35-4 of ISA (UK) 700 (Revised June 2016), the FRC’s Ethical Standard Section 6 Provisions available for audits of small entities, paragraph 6.15 requires disclosure in the auditor’s report where the audit firm has taken advantage of an exemption provided in paragraphs 6.11, 6.12 or 6.13 of the Ethical Standard.

8 The annual report is the document containing the trustees’ annual report, the financial statements and other accompanying material.
Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors’ report, included within the trustees’ annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, [the Charities and Trustees Investment (Scotland) Act 2005 and] the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, [or returns adequate for our audit have not been received from branches not visited by us]; or
- the financial statements are not in agreement with the accounting records [and returns]; or
- certain disclosures of trustees’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies’ regime and take advantage of the small companies’ exemptions in preparing the directors’ report, included within the trustee’s annual report, and from the requirements to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees’ responsibilities statement set out on page [X], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [website link]. This description forms part of our auditor’s report.

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9 Matters required to be reported on by exception are set out in the Charities Accounts (Scotland) Regulations 2006 (as amended). Auditors may also wish to refer to the Charities and Trustee Investment (Scotland) 2005 which underpin these Regulations.

10 Regulation 10(4)(d) of the Charities Accounts (Scotland) Regulations 2008 (as amended) requires that the auditor’s report specifies that it is a report in respect of an audit carried out under section 44(1)(c) of the 2005 Act. The Companies Act 2006 is referred to for completeness.

11 The website reference is www.frc.org.uk/auditorresponsibilities.
Use of our report

[Insert Bannerman wording.]

[Signature]

[John Smith] (Senior Statutory Auditor)
For and on behalf of [ABC LLP], Statutory Auditor

[ABC LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.] or

[ABC LLP is eligible for appointment as auditor of the charitable company under regulation 10(2) of the Charities Accounts (Scotland) Regulations by virtue of its eligibility under section 1212 of the Companies Act 2006.]

[Address]

[Date]
Illustrative report 2: Unmodified auditor’s report for a non-company charity registered in Scotland

- The financial statements are prepared in accordance with FRS 102 (UK GAAP) and the Charities SORP (FRS 102).
- The charity uses the term ‘the trustees’ to refer to the governing body.\(^\text{12}\)
- The charity does not prepare group financial statements or ISA (UK) 600 (Revised June 2016) does not otherwise apply.\(^\text{13}\)
- The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with ISA (UK) 701 (Revised June 2016).

Independent auditor’s report to the trustees of [XYZ Charity]

Opinion

We have audited the financial statements of [XYZ Charity] (‘the charity’) for the year ended [Date] which comprise a Statement of Financial Activities, Balance Sheet [, Statement of Cash Flows]\(^\text{14}\) and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity’s affairs as at [Date] and of its income [and receipt of endowments] and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law\(^\text{15}\). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and the provisions available for small entities, in the circumstances set out in note [X]\(^\text{16}\) to the financial statements\(^\text{17}\), and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

\(^\text{12}\) In this example, the governing body is described as ‘the trustees’. The charity may use another term to describe the governing body, for example, in the case of an independent school reference may be to ‘the governors’.

\(^\text{13}\) An auditor may find ISA (UK) 600, adapted as necessary in the circumstances, useful when that auditor involves other auditors in the audit of financial statements that are not group financial statements. (See paragraph 2 of ISA (UK) 600 (Revised June 2016)).

\(^\text{14}\) The description of the primary financial statements must be the same as those used by the trustees.

\(^\text{15}\) In this example the applicable law is specified within auditor’s responsibilities. However, the auditor may wish to specify the applicable law here instead.

\(^\text{16}\) Delete the words in square brackets if the relief and exemptions for audits of small entities provided by the FRC’s Ethical Standard are not utilised.

\(^\text{17}\) As described in paragraph A35-4 of ISA (UK) 700 (Revised June 2016), the FRC’s Ethical Standard Section 6 Provisions available for audits of small entities, paragraph 6.15 requires disclosure in the auditor’s report where the audit firm has taken advantage of an exemption provided in paragraphs 6.11, 6.12 or 6.13 of the Ethical Standard.
Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which [the Charities and Trustees Investment (Scotland) Act 2005 and]18 the Charities Accounts (Scotland) Regulations 2006 (as amended) require[s] us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees’ annual report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees’ responsibilities statement set out on page [X], the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

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18 Matters required to be reported on by exception are set out in the Charities Accounts (Scotland) Regulations 2006 (as amended). Auditors may also wish to refer to the Charities and Trustee Investment (Scotland) 2005 which underpin these Regulations.
Auditor’s responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [website link]. This description forms part of our auditor’s report.

Use of our report

[Insert Bannerman wording.]

[Signature]

[XYZ LLP], Statutory Auditor

[XYZ LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.] or

[XYZ LLP is eligible for appointment as auditor of the charity under regulation 10(2) of the Charities Accounts (Scotland) Regulations by virtue of its eligibility under section 1212 of the Companies Act 2006.]

[Address]

[Date]

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19 The website reference is www.frc.org.uk/auditorsresponsibilities.