

## NFP eNews 17 DECEMBER 2020

Welcome to eNews, haysmacintyre's regular 'e-news alert' for charities and not for profit organisations.

### A MESSAGE FROM JEREMY BEARD, MANAGING PARTNER

2020 has been an extraordinarily difficult year for everyone. The primary consideration at haysmacintyre has always been, and will continue to be, the health and well-being of our colleagues and clients. If the pandemic has taught us one thing it is the fragility of health. The support and loyalty of all our clients and the willingness to work through these challenging times has been invaluable and hugely appreciated – thank you. On behalf of all the partners and staff of haysmacintyre, I would like to wish you all a peaceful, festive season and good health for 2021.



### THE CHARITY GOVERNANCE CODE REFRESHED

The Charity Governance Code (the Code), a practical tool to help charities and their trustees develop high standards of governance, has been refreshed: principally to update the renamed Equality, Diversity and Inclusion (EDI) Principle, but also to update the Integrity Principle to emphasise ethics and the right of everyone who has contact with the charity to be safe. The Code can be downloaded [here](#).

Boards should:

- Think about why equality, diversity and inclusion is important for the charity and assess the current level of understanding.
- Set out plans and targets tailored to the charity and its starting point; monitor and measure how well the charity is doing.
- Be transparent and publish the charity's progress.

The refreshed Code includes a new recommended practice asking trustees to:

- Understand their safeguarding responsibilities
- Establish appropriate procedures that are integrated with the charity's risk management approach
- Ensure that everyone in contact with the charity knows how to speak up and raise concerns.

## HMRC PROVIDES CHRISTMAS CHEER

HMRC has updated its [Employment Income Manual](#) which finally confirms that virtual Christmas parties will fall within the annual parties' exemption. Consequently, subject to the normal conditions of the exemption being met, the expenses of hosting a virtual event, including providing entertainment, equipment and refreshments principally for enjoyment or consumption by your employees during the event, will be exempt. One key condition is that the cost of the annual event does not exceed £150 per head. Please contact our [Employment Tax](#) team if you require assistance with such matters.



## NLW TO RISE NEXT YEAR

The Government has [confirmed that the National Living Wage \(NLW\) will rise](#) by 2.2% in April 2021 to £8.91 per hour and will, for the first time, apply to 23 and 24 year olds. Increases, ranging between 1.5% and 2.0%, have also been recommended by the Low Pay Commission for 16 to 22 year olds. The apprentice rate is recommended to increase by 3.6% to £4.30 per hour.

## STANDARDS FOR AUDIT COMMITTEES?

[Research commissioned by the FRC](#) has suggested developing standards for audit committees would assist in promoting audit quality. The research found audit committee chairs (ACCs) placed great emphasis on the tender process and how the planned audit approach would deliver audit quality, but less challenge on judgements and findings from the audit. It also found ACCs valued auditors who had a good understanding of the business and its sector, the ability to identify key risks, communicated well and a focus on timeliness in raising issues and completing work.



## ICAEW SUPPORTS AN AUDIT FRAMEWORK FOR LCES

The Institute of Chartered Accountants in England and Wales (ICAEW) has [written an open letter](#) to the International Auditing and Assurance Standards Board (IAASB) highlighting the importance of the IAASB's proposed auditing standard for less complex entities (LCEs) to the world's smaller entities and highlighting their support for this project. The ICAEW believes the current 'one size fits all' approach for audits is no longer sustainable.

## COVID-19 AND THE YEAR-END ACCOUNTS

The ICAEW has [produced a useful flowchart of six business questions](#) that could arise as a result of COVID-19 and their possible accounting consequences for 2020 year ends. The chart covers government support received, the assets used, contract obligations that might be breached, contract rights that might not be enforced, non-viable business lines and why the accounts matter.



## HMRC CLIMBS THE CREDITORS LADDER

With effect from 1 December 2020, [HMRC has been reintroduced as a preferred creditor](#). This means that HMRC will rank ahead of lenders' floating charges and suppliers if a business becomes insolvent, but will still rank behind secured creditors with a fixed charge and the costs of the insolvency. The HMRC debts included in this are VAT, PAYE, employee National Insurance contributions, student loan repayments and Construction Industry Scheme deductions.

## IMPROVING CLARITY AT COMPANIES HOUSE

Following September's announcement that the Government was planning to reform the Companies House register, it has now announced three consultations on its proposals covering [improving the quality and value](#) of the register, the [Registrar's powers](#) and the [ban on corporate directors](#). Proposals include: a 'one-stop shop' for filing information with the Government; all companies filing accounts digitally; new powers to the Registrar to query information; and additional checks Companies House should perform on account filings. The consultations close on 3 February 2021.



## AND FINALLY... MISSING £50BN

Doubtless we have all found cash down the sofa, but the [Public Accounts Committee \(PAC\)](#) is calling on the Treasury and the Bank of England to investigate £50bn in missing sterling notes! The PAC's report found oversight on the production, and distribution of notes and coins was unclear and spread across various bodies and is concerned to ensure that cash is available to all parts of society. The Bank of England estimates that about £50bn of issued bank notes may be being used overseas, held in the UK as unreported household savings or used in the shadow economy.

Our dedicated [COVID-19](#) page provides regular updates on a range of financial, tax and accounting measures being introduced with our related thoughts/insights on helping organisations during this time.

### UPCOMING EVENTS

#### Topical update webinar for INGOs

Tuesday 2 February 2021  
14:30 - 16:00  
Online

A topical update on the latest developments relevant to international not for profit organisations (INGOs).

#### VAT and Tax Exchange

Wednesday 17 February 2021  
16:00 - 18:30  
Online

haysmacintyre's VAT and Tax Exchange is a bi-annual seminar series providing an update on topical VAT and Tax issues relating to charities. Hosted in Autumn and Spring each year.

#### Trustee Training - Charity Law Update

Tuesday 23 February 2021  
14:00 - 17:00  
Online

This session will look at Charity Commission cases and guidance, the latest developments in charity law, and other legal developments of interest to the sector.

For further details on our not for profit upcoming events and to register, visit [www.haysmacintyre.com/events](http://www.haysmacintyre.com/events).

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