

AUDIT RESULTS REPORT FOR THE FY25 AUDIT

Abbeyfield Rutherglen Society

April 2026

AAB



CONTENTS

EXECUTIVE SUMMARY 1

FINDINGS FROM OUR AUDIT 3

AUDIT DIFFERENCES 5

CONTROL RECOMMENDATIONS..... 6

APPENDIX A – ADDITIONAL INFORMATION..... 7

APPENDIX B – COMMUNICATIONS REQUIRED TO THOSE CHARGED WITH GOVERNANCE 8

APPENDIX C – TECHNICAL UPDATE 9

This report is intended for the Trustees of Abbeyfield Rutherglen Society to communicate concluding matters in accordance with our engagement letter. This report is provided solely for this purpose and should not be shared with a third party without our prior consent.



**AABSOLUTELY DEDICATED TO
HELPING YOU ACHIEVE YOUR GOALS.**

EXECUTIVE SUMMARY

OVERVIEW

We have performed an audit of the financial statements of Abbeyfield Rutherglen Society (“the Charity”). International Standard on Auditing (UK) (‘ISA’) 260 requires us to communicate significant matters arising from our audit to you in writing. The purpose of this report is to set out the significant findings from our audit, for your consideration. The table below summarises our findings by exception. Appendix A presents additional information relevant to the conclusions in this report.

Audit Area	Status*	Detail
Audit opinion	G	We propose to issue an unqualified audit opinion on the Report and Financial Statements of the Charity, following their approval by the Board including signed representations.
Significant risk and areas of audit focus	G	We have concluded satisfactorily in respect of the significant risks and areas of audit focus determined the audit planning stage. These were: revenue recognition fraud risk and management override of controls fraud risk.
Correct and uncorrected adjustments	G	We identified 2 unadjusted audit misstatements and no adjusted audit misstatements, as set out on page 5 of this report.
Control recommendations	G	We suggested 1 area where controls could be enhanced as set out on page 6 of this report.
Accounting policies, estimates and judgments	G	We consider the accounting policies adopted by the Charity to be appropriate to the Charity’s circumstances. We consider the accounting estimates and judgments to be appropriate and free from material misstatement.
Legal and regulatory compliance	G	You have confirmed that there is no pending litigation which could have a potential effect on the financial statements. No instances of non-compliance with laws and regulations were identified as a result of our audit procedures.

**Status is Red, Amber or Green depending on progress and findings*



**AABSOLUTELY DEDICATED TO
 HELPING YOU ACHIEVE YOUR GOALS.**

EXECUTIVE SUMMARY (cont)

Audit Area	Status*	Detail
Going concern	G	You have confirmed that there are no events or conditions that may affect the Charity's ability to continue as a going concern for a period of at least 12 months from the planned date of our opinion. We have not identified material uncertainties in respect of the going concern assumption.
Director's report	G	We have read the information contained in the Report of the Trustees and considered the implications of this for our report. No exceptions were identified.
Relating party transactions	G	No significant matters arose in respect of related party transactions.
Outstanding matters	G	No outstanding matters.

**Status is Red, Amber or Green depending on progress and findings*

FINDINGS FROM OUR AUDIT

RISK 1 – REVENUE RECOGNITION FRAUD RISK

In accordance with ISA 240 revenue recognition is a presumed significant risk. This risk area includes the potential for material misstatement due to fraudulent financial reporting relating to revenue recognition. This often results from an overstatement of revenues through, for example, premature revenue recognition or recording fictitious revenues. It may result also from an understatement of revenues through, for example, improperly shifting revenues to a later period.

THE KEY JUDGMENTS INVOLVED IN THIS RISK

Management may make judgements on the nature and extent of the controls it chooses to implement, and the nature and extent of the risks it chooses to assume in determining which controls to implement to prevent and detect fraud with regards to revenue recognition.

OUR RESPONSE TO THE RISK

We designed and implemented specific procedures over income transactions based on risk criteria as follows;

- Understanding the nature and controls surrounding material income streams, through discussion with finance and performing walkthroughs.
- Perform 'cut-off' testing by obtaining a listing of income recorded in November and December and confirming the accounting treatment was correct.
- We challenged and corroborated the income recognition, obtaining third party evidence for rights of receipt and the appropriateness of accrued and deferred income.
- Performed cash after date testing to corroborate the recoverability of debtors (and hence income) recorded at the balance sheet date.

OUR CONCLUSION

We did not identify any issues as a result of our audit testing, and we consider that the revenue is appropriately stated.

FINDINGS FROM OUR AUDIT (cont)

RISK 2 – MANAGEMENT OVERRIDE OF CONTROLS FRAUD RISK

In accordance with ISA 240 management override is a presumed significant risk. This risk area includes the potential for management to use its judgement to influence the financial statements as well as the potential to override Abbeyfield Rutherglen Society's controls for specific transactions or to reach specific desired outcomes.

Management is in a unique position to override controls that otherwise appear to be operating effectively. This is relevant to all organisations and entities, and we do not consider there to be a risk specific to Abbeyfield Rutherglen Society.

THE KEY JUDGMENTS INVOLVED IN THIS RISK

There is one member of staff who performs the majority of tasks within the finance function, albeit there is oversight from the Board. This gives rise to management override of controls and a higher fraud risk

OUR RESPONSE TO THE RISK

We have considered the sensitivity of judgements made in preparing the financial statements. We also remained alert to significant or unusual transactions out with of Abbeyfield Rutherglen Society's normal course of business.

We also designed and implemented specific procedures over journal entries based on risk criteria and tested adjustments made to the trial balance for appropriateness. We concluded that no material bias was made by management, and no instances of management override were identified.

We completed system notes and walkthroughs to confirm the capabilities of the finance staff being able to override figures and transactions. Given the level of review and authorisation from the Trustees we regard this risk as low.

OUR CONCLUSION

Our testing identified no indication of management override of controls.



**AABSOLUTELY DEDICATED TO
HELPING YOU ACHIEVE YOUR GOALS.**

AUDIT DIFFERENCES

OVERVIEW

In the normal course of completing our audit procedures, we may identify potential adjustments as a result of factual or judgmental differences that we discuss with management that are above the threshold that we determine as being clearly trivial. There were no adjusted made during the course of the audit. We set out below the unadjusted audit differences.

Overall, in our view, the unadjusted differences summarised below do not result in the final draft financial statements being materially misstated.

	Surplus/(deficit)	Assets	Liabilities
Financial statement amounts as currently presented	(811,872)	1,709,279	176,755
<i>-effect of unadjusted differences</i>			
<i>Being incorporation of back dated pay</i>	1,931	1,931	-
<i>Being capitalisation of expenses relating to a F&F asset</i>	3,165	3,165	-
Potential correct totals	(806,776)	1,714,375	176,755

CONTROL RECOMMENDATIONS

OVERVIEW

While our audit is not designed to provide an opinion on the entity's system of internal controls as whole, we have identified the following control recommendations as a result of our assessment of the design effectiveness of controls relevant to financial reporting risks and other relevant risks arising from your business model. The table below presents a summary of the recommendations we have discussed with management as well as management's response and the target date for remediation.

#	Finding Priority	Title	Summary Description and Risk	Audit Recommendation	Management Response	Target Date
1	A	Related Parties	<p>Abbeyfield do not have a list of related parties that detail close family members of the trustees and which businesses where they family members have:</p> <ul style="list-style-type: none"> i) control or joint control over the entity ii) significant influence over the entity iii) is a member of the key management personnel of the entity <p>The risk in terms of this is that there are unrecognised related party transactions.</p>	<p>We recommend that a detailed list of related parties is maintained to allow any transactions with related parties to be easily identified.</p>		

APPENDIX A – ADDITIONAL INFORMATION

INDEPENDENCE

We have not identified any further issues with regards to integrity, objectivity and independence since our discussions throughout the audit. We confirm that AAB partners and staff are independent of The Abbeyfield Rutherglen Society.

AUDIT MATERIALITY

In our planning report we presented our threshold below which we would consider potential adjustments as clearly trivial. At the conclusion of our audit, this threshold remained unchanged.

GOING CONCERN

Going concern refers to the ability of Abbeyfield Rutherglen Society to settle its liabilities for at least the 12-month period from the financial statements being signed. The Trustees do not believe there are any inherent uncertainties in respect of going concern.

Our conclusion on the Trustees and management's assessment of going concern is agreed and there are no material uncertainties identified.



**AABSOLUTELY DEDICATED TO
HELPING YOU ACHIEVE YOUR GOALS.**

APPENDIX B – COMMUNICATIONS REQUIRED TO THOSE CHARGED WITH GOVERNANCE

REQUIRED COMMUNICATIONS

ISA 260 *Communication with those charged with governance* sets out our responsibilities in relation to a financial statement audit in terms of matters to be communicated to those charged with governance.

The table set out below and on subsequent pages, summarises those requirements as well as when and how we plan to communicate these matters to you over the course of our audit.

Required matters to be communicated to those charged with governance	How will we communicate this matter to you?	When will we communicate this matter to you?	Status
We shall communicate to you an overview of the planned scope and timing of the audit.	Planning report	Planning	Communicated
Significant difficulties, if any, encountered during the audit.	Ongoing communication	Throughout the audit	Communicated
Significant matters, if any, arising from the audit that were discussed with management.	Audit Results Report	Throughout the audit	Communicated
Other matters, if any, arising from the audit, that in our judgement, are significant to be oversight of the financial reporting process.	Ongoing communication and our results report	Throughout the audit	Communicated
We will communicate significant qualitative aspects of your accounting practices, including accounting policies, accounting estimates and financial statement disclosures.	Audit Results Report	Conclusion	Communicated
Written representations that we are requesting from management and those charged with governance.	Audit Results Report	Conclusion	Communicated
We will provide a signed opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.	Signed audit opinion	Conclusion	Communicated

APPENDIX C – TECHNICAL UPDATE

FRS 102 changes effective from 1 January 2026	Action required
<p>On 27 March 2024 FRC published the amendments to FRS 102 following its periodic review of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Its update confirmed that the amendments to FRS 102 will have an effective date of 1 January 2026, and early application is permitted. The Charities Statement of Recommended Practice (SORP) is being revised to incorporate the changes to FRS 102.</p> <p>There are two key changes to FRS 102 and the Charities SORP, being Revenue Recognition and Leases.</p> <p>REVENUE RECOGNITION Alignment of FRS 102 to IFRS 15 Revenue from Contracts with Customers, thereby introducing a five-step model for revenue recognition. The five-step model involves:</p> <ul style="list-style-type: none"> • identifying the contract (or contracts) with a customer; • identifying the promises in the contract; • determining the transaction price; • allocating the transaction price to the promises in the contract; and • recognising revenue when (or as) the entity satisfies a promise. <p>Whilst the five-step model provides clarity in revenue recognition, it is unlikely to bring material change to most entities. For Charities it could impact on the recognition of donations, grants and contracts.</p> <p>LEASES The alignment to IFRS 16 Leases is expected to bring the greatest change to FRS 102 adopters, with operating leases coming ‘on balance sheet’. There will be exemptions for low value assets and short-term leases (under 12 months).</p> <p>The amended lease obligations of lessees will be recognised as financial liabilities, with an equal asset reflected as a right-of-use (ROU) fixed asset. Interest would be charged on the lease obligation, which would reduce as payments are made over the lease term. The ROU fixed asset would also reduce over the lease term as it is depreciated.</p> <p>Currently, operating leases are charged to the profit and loss account evenly over the lease term. Under the IFRS 16 model, the profit and loss account will incorporate the depreciation on the ROU fixed asset and the interest charge on the lease liabilities, impacting on the amount recognised within operating profit and the profile of recognition over the lease term.</p>	<p>Meeting the amendments will require charities to consider the implications for their specific business model. It may require new data collection processes and could represent a significant operational and financial commitment.</p> <p>Although the effective date is 1 January 2026, preparation is needed for the transition and to understand how the transitional provisions will apply in the first set of financial statements under the new standard.</p> <p>Where income includes terms are not straightforward, the terms will need specific review to assess under the five-step model.</p> <p>Operating leases coming ‘on balance sheet’ will impact on assets and liabilities recognised in the financial statements, as well as EBITDA / interest cover. This could impact on bank loan covenant calculations, to be considered with funders ahead of the effective date.</p> <p>There will be increased disclosure requirements, explaining the change in accounting policies.</p> <p>The AAB audit team will proactively support in considering the changes and preparing for them.</p>

APPENDIX D – TECHNICAL UPDATE (cont)

Changes to Charity Regulations in Scotland	Action required
<p>In 2025 Scotland will implement significant changes to charity regulations, aimed at enhancing transparency and accountability within the sector. The new rules, stemming from the Charities (Regulation and Administration) (Scotland) Act 2023, will require charities to disclose more detailed information about their trustees and financial activities.</p> <p>Currently, charities submit trustee details to the Scottish Charity Regulator (OSCR), but only limited personal information is made public. Names are visible but addresses and dates of birth remain confidential. Likewise, charity accounts are submitted annually but are redacted before being made available. Under the new regulations, however, full trustee details, including personal information, will be published, and charity accounts will be made fully accessible.</p> <p>These changes are designed to increase public trust and transparency, allowing donors, funders, and the public to make more informed decisions. Charities will need to ensure that trustee information is accurate and that they are prepared for the full disclosure of financial accounts. This will not only improve governance but also demonstrate accountability to stakeholders.</p>	<p>Charities are strongly encouraged to review their internal processes and prepare for the upcoming changes to avoid delays or complications.</p> <p>For more information on the new regulations and how to comply, charities can visit the OSCR website.</p>



UNITED KINGDOM + IRELAND + INTERNATIONAL

Tel: +44 (0)3332 419887

hello@aab.uk

www.aab.uk