



# Audit Conclusions Report





## **Contents**

1.	Introduction .....	2
2.	Key Messages .....	3
3.	Changes in Charity SORP .....	4
4.	Audit Fieldwork .....	5
5.	Audit and system objectives and summary of observations .....	6
6	Other areas.....	10
7	Management Report.....	11

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# 1. Introduction

## 1.1 Overview

International Standard on Auditing (UK and Ireland) 260 requires us to communicate significant matters arising from our audit to you in writing. The purpose of this report is to provide PPR Project with the outcome of the external audit for the year ended 31 March 2025 and to outline key matters that came to our attention as a result of the audit.

We are required by the Financial Reporting Council's Ethical Standard to inform you of all significant facts and matters that may bear upon the integrity, objectivity and independence of our firm. There are no such matters which we need to bring to your attention.

The report includes the outcome of testing performed against the key risks identified at the planning stage and management letter points. Section 2 of the report is designed to provide an 'at a glance' overview of the outcome of the audit.

The report includes detailed management letter points which are designed to include useful recommendations that may help improve performance and avoid weaknesses that could lead to material loss or misstatement and should not be construed as a criticism of any individual. Examples of perceived risks which may arise from the observations are also noted. These risks should act only as a guide for areas which could be reviewed as part of an assessment of the risks currently faced by the organisation. These matters have been discussed with finance staff and we have included their responses where appropriate, together with a summary of the agreed action plan, which may be useful as a checklist.

Routine audit work is designed to enable an opinion on the financial statements of the companies concerned and should not be relied upon to disclose all irregularities that may exist nor to disclose errors that are not material in relation to the financial statements.

## 1.2 Audit Delivery

Finegan Gibson Ltd performed the audit between July and August 2025. The interim involved preliminary audit work and a systems review looking at the various controls in place and assessing the risk of material misstatement. The final audit involved further systems work and the audit of the balance sheet and Statement of Financial Activities ('SOFA'). A full audit of each category of the balance sheet was performed, whilst the SOFA was tested on a sample basis.

The staff who participated in the audit were:

Conor Dolan (Partner)

Niamh Ferrin (Audit Assistant Manager)

Aaron Hawthorne (Senior Associate)

The reports are provided on the basis that it is for the information of the Board of Trustees; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

## 1.3 Acknowledgement

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by PPR Project personnel during the course of our audit.



## 2. Key Messages

### 2.1 Audit Opinion

The results of our audit work indicate that the financial statements of the Charity are free of material misstatements and are represented fairly in accordance with the Generally Accepted Accounting Principles (FRS102). Thus, we have issued an unqualified audit report on the financial statements.

### 2.2 The Charity and its performance

Participation and Practice of Rights Project (PPR) main purpose is to promote human rights throughout the world. Their main mission is to promote a society in which all people and their human rights are upheld, protected and fulfilled through democratic participation and accountable governance.

In the 2024/2025 period, PPR 's income totalled £883,333, an increase of £144k from prior year. This increase is due to several new grants received in the year, including £55k from Paul Hamlyn Foundation, £20k Bertha Foundation and £19k from Lottery Community Fund. Expenditure for the year totalled £740,999, an increase of £41k from prior year, the main increase being an increase in wages and salaries. Overall PPR reported a surplus of £142,334 at the year end.

Total unrestricted reserves as of 31 March 2025 amount to £347,981 PPR's goal is to secure three to six months of expenditure in unrestricted reserves. For the 2024/2025 year this is between £185,250 and £370,499. Unrestricted reserves freely available to spend amounted to £317,658 which was in line with the target level.

The charity's budget for the year projects income of £800k against actual income received in year of £883k. This drop in income is largely due to decrease in budgeted unrestricted income from Human Rights Fund of around £35k. Budgeted expenditure amounts to approximately £839k against actual spend in 2024/25 of £735k. The main increase in this is due to budgeted salary costs increasing by £100k in the 25/26 year. Overall, the budget reports a planned deficit of £17k for 31 March 2026.

It is our understanding that the Trustees consider it appropriate for the financial statements for the year ended 31 March 2026 to be prepared on a going concern basis, covering a period of 12 months from the date of signing. We recommend the trustees continue to regularly review and validate budgets and forecasts to ensure they remain responsive to any future developments or emerging risks that may not yet be known.

### 2.3 Fraud

PPR Project maintains a fraud policy which is reviewed and updated by the Board on a regular basis. This document sets out the policy and procedures of PPR Project that address fraud and other forms of dishonesty, together with the steps that must be taken where any of these practices are suspected or discovered.

The policy applies to all staff and Directors and is communicated to each member of staff during their induction training and reinforced as part of the annual refresher training each year.



### 3. Changes in Charity SORP

The new SORP comes into effect for accounting periods starting on or after 1 January 2026, this will be required for period ended 31<sup>st</sup> March 2027. It is designed to keep reporting proportionate, increase transparency, and align charities with wider accounting updates

#### 1. Tiered Reporting Framework

- **Tier 1 (up to £500k):**
  - May use simplified Statement of Financial Activities (SOFA) with more generic categories.
  - Exempt from producing a Statement of Cash Flows.
- **Tier 2 (£500k–£15m):**
  - Must use full SOFA format.
  - Still exempt from cash flow statement.
- **Tier 3 (above £15m):**
  - Full reporting required, including cash flow statement.
  - Mandatory sustainability/ESG disclosures.

#### 2. Trustees' Annual Report

Charities must provide a clearer and more engaging narrative in their annual reports. This includes explaining the impact of activities, the role of volunteers, the reserves policy (and why it is appropriate), and future plans.

#### 3. Lease Accounting

Now, most leases must be shown on the balance sheet as both a right-of-use asset (the benefit of using the item) and a lease liability (future payments owed). This means balance sheets will look larger, and costs will appear as depreciation and interest rather than simple rent. Exemptions remain for short-term leases (under 12 months), low-value items (like laptops), and peppercorn leases (below-market rents for charitable use). Trustees may need to explain how this affects reserves and financial results.

#### 4. Income Recognition

Currently, income recognition can be inconsistent, especially for contracts and service delivery. The new SORP introduces a clearer five-step model for exchange income (where charities provide goods or services in return for payment):

1. Identify the contract – confirm there is an agreement in place.
2. Identify performance obligations – separate out the specific goods or services promised.
3. Determine the transaction price – agree how much the charity expects to receive.
4. Allocate the price – fairly split the income across the obligations.
5. Recognise income – only when each obligation is delivered.

Non-exchange income (such as donations, legacies, and most grants) will continue under the existing rules — normally recognised when entitlement, probability, and measurability are clear.

#### Impact:

- No more upfront recognition of contract income unless all obligations are already delivered.
- Multi-year contracts will see income spread over delivery milestones, not booked in one year.
- Charities with contracts or commissioned services will need stronger systems to track obligations, delivery stages, and related income.
- This approach gives funders and stakeholders a fairer, more consistent picture of when income is truly earned.

We will continue to update the Board of Trustees and management with any changes relevant to the Charity.



## 4. Audit Fieldwork

### Final Audit

We began preliminary audit work and a systems review was performed, looking at the various controls in place and assessing the risk of material misstatement. Auditing standards require us to consider the areas within the financial statements that are at greater risk of misstatement and focus our testing on those areas. The high-risk areas highlighted at the planning stage of the audit were:

1. **Income** – due to its materiality, revenue recognition issues, unpredictability in source of funds and variation in types of income generated from donated and legacy income to trading and business income; and
2. **Payroll** – due to its materiality.

Throughout the audit process, further systems work took place, Statement of Financial Position ('SOFP') and the Statement of Financial Activities ('SOFA') values were audited. A full audit of each category of the SOFP was performed, whilst the SOFA was tested mainly on a sample basis.

The audit covered the following areas in detail:

- General corporate governance procedures
- Monthly reporting
- Income, credit control and debtors
- Procurement, payments and creditors
- Banking
- Payroll
- Fixed assets



## **5. Audit and system objectives and summary of observations**

### **5.1 Corporate Governance**

#### ***Objective***

To ensure that corporate governance arrangements are adequate.

#### ***Approach***

- Review of policies and procedures for assurance that the Charity is in compliance with SORP requirements
- Companies House checks
- Review and discuss any litigation with management
- Review board meeting and committee meeting minutes
- Enquire on fraud issues and noncompliance with laws and regulations
- Review hospitality register
- Review financial procedures manual
- Review of reserves policy

#### ***Observations***

No observations to note.

#### ***Recommendations post audit***

See management report point 1.

### **5.2 Monthly Reporting**

#### ***Objective***

To ensure that monthly reporting is accurate and complete.

#### ***Approach***

- Review of monthly management accounts
- Review of board meeting minutes

#### ***Observations***

No observations to note.

#### ***Recommendations post audit***

No recommendations to note.



### 5.3 Income, Credit Control and Debtors

#### **Objective**

To ensure an adequate system exists where all monies received by the Charity are accurately recorded, receipted, and lodged to the bank, adequate credit control procedures are in place and the year-end debtors are accurate.

#### **Approach**

- Review letters of offer to determine whether income is recorded in the correct period
- Sample test credit notes for correctness
- Trace a sample of lodgements from cash received slips to bank statements
- Trace a sample of income remittance to the accounting system
- Review of segregation of duties in handling income
- Credit control procedures were reviewed for adequacy
- Review and testing of year end debtors report balances
- Perform cut off testing at year end
- Perform recalculation of prepayments and accrued income
- Discuss long outstanding debtors with management
- Analyse any credit balances in debtors' ledger

#### **Observations**

During testing it was noted there were debtors found through post year end testing that were not included as debtors on the Sage accounting system.

#### **Recommendations post audit**

See management report point 1.

### 5.4 Procurement, Payments and Creditors

#### **Objective**

To ensure the procurement system provides a transparent, fair and effective means of buying goods and/or services consistent with achieving value for money and creditor balances at the year end are accurate.

#### **Approach**

- Substantive testing of invoices for purchase orders, goods received notes and tenders
- Sample testing of invoices for payment and correct entry onto the accounting system
- Enquire of and test segregation of duties
- Review of supplier statements reconciliations
- Review and test year end creditor control account balances
- Cut off testing and unrecorded liability testing at year end
- Recalculate accruals and deferred income

#### **Observations**

- It was noted during testing that the aged creditors report had a number of duplicate items.
- It was noted that deferred income was not posted to the Sage Accounting System for the year.

#### **Recommendations post audit**

See management report point 2 & 3.





### 5.5 Banking

#### **Objective**

To ensure appropriate systems and procedures are in place covering lodgements, withdrawals, and administration of the bank accounts.

#### **Approach**

- Sample test bank reconciliations for completeness and review
- Review bank reconciliations for old outstanding amounts
- Check bank facility letters for correct signatories and facilities
- Agree bank balances at year end to bank audit letter

#### **Observations**

No observations to note.

#### **Recommendations post audit**

No recommendations to note.

### 5.6 Wages and salaries

#### **Objective**

To ensure bona fide employees are remunerated at agreed levels within agreed timescales and that the administration and recording of payroll is performed efficiently and effectively.

#### **Approach**

- Test payroll for correct review and authorisation
- Review and test pay scales and approval of increases
- Sample test employee personnel files for prior employment P45s, binding contracts and security clearance etc
- Check minimum wage requirements met
- Sample test joiners and leavers for completeness and accuracy
- Review expense claims for completeness and accuracy
- Review and test overtime and bonus payments
- Agree PAYE payments to bank and revenue documentation
- Recalculate payslip PAYE and NIC
- Recalculate wages accrual
- Vouch year end PAYE to records and bank
- Reconcile year end payroll records to the accounting system
- Review auto-enrolment pension compliance

#### **Observations**

- It was noted during testing that on one occasion salaries stated in an employee contract differed from the amount per the payroll reports.

#### **Recommendations post audit**

See management report point 4.



## **5.7 Fixed assets**

### ***Objective***

To ensure fixed assets are secure, identifiable, insured and accounted for appropriately.

### ***Approach***

- Review fixed asset register for completeness
- Recalculate depreciation
- Review repairs and maintenance accounts for additional fixed asset additions
- Review additions invoices for capital expenditure
- Review additions for compliance with procurement procedures

### ***Observations***

- It was noted that fixed asset additions were not posted to the fixed asset nominal codes on the Sage Accounting System.
- Depreciation of assets was not recorded on the Fixed Asset Register and is not posted to the accounting system for the year.

### ***Recommendations post audit***

See management report points 5 and 6.



## **6 Other areas**

### ***Audit opinion***

The results of our audit work indicate that the financial statements presented are free of material misstatements and are represented fairly in accordance with Generally Accepted Accounting Principles (GAAP) applicable to the entity. Thus, we have issued an unqualified audit report on the financial statements.

### ***Going concern***

During the course of the audit, we did not identify or become aware of any events or conditions that may cast a significant doubt on the entity's ability to continue as a going concern. As a result, we concur with your assessment that the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements.

### ***Fraud***

Auditing standards require us to report any identified fraud, indications of fraud or any other relevant matters related to fraud. We have nothing to report in this regard.

### ***Laws and regulations***

No matters involving non-compliance with laws and regulations came to our attention during the course of the audit.

### ***Misstatements***

No misstatements were noted in the course of the audit.

### ***Difficulties encountered during the audit***

No difficulties were encountered during the audit.

### ***Related parties***

You have confirmed to us your knowledge of related party transactions and we have nothing further to report in this regard.

### ***Subsequent events***

We performed procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the audit report that require adjustment, or disclosure in, the financial statements have been identified. Audit procedures identified no such subsequent events.



## 7 Management Report

*In light of the preceding observations, Finegan Gibson has developed the following management report.*

This report highlights control weaknesses and recommendations which came to our attention during the audit fieldwork performed. The information is only provided for the attention of the Board.

In our Management Report, we have graded our observations:

- Grade 1 - An issue which requires urgent management decision and action without which there is a substantial risk to the achievement of key objectives, or to the reputation of the organisation.
- Grade 2 - An issue which requires prompt attention, as failure to do so could lead to a more serious risk exposure.
- Grade 3 - Improvements that will enhance the existing control framework and/or represent best practice.

We can confirm a total of 6 recommendations within this report, which include 0 grade one observations, 4 grade two observations and 2 grade three observations.



#	Issue	Risk(s)	Grade	Recommendation	Management Response	Responsibility & Target Date
<b>Income and debtors</b>						
1.	During testing it was noted that there were debtors found through post year end testing that were not included on the debtors ledger at year end.	The charity's debtors and income for the period may be understated	2	We recommend that sales invoices are reviewed carefully to ensure that all debtors are included in the correct period.  Any relevant income relating to the 31 March 2024 year should be included as a debtor.		
<b>Expenditure and Creditors</b>						
2.	It was noted during creditors testing the aged creditor report contained several items that were duplicates of payments not actual creditors.	There is an increased risk of discrepancies in supplier accounts not being identified and rectified on a timely basis.  The charity's creditors may be misstated.	2	We recommend that control account reconciliations are performed on a monthly basis to ensure that any outstanding creditor balances are valid or corrected.		
3.	Deferred income was not posted to the system for the year.	Misstatement of revenue and liabilities.	3	Deferred income should be accurately recorded on the Sage accounting system.		
<b>Wages and salaries</b>						
4.	It was noted during testing that the on one occasion the amount per employee contract and amount paid per payroll are different.	Staff contracts do not reflect the current agreement between the employee and employer.  The organisation has no evidence to substantiate its position in the case of an employment tribunal.	2	Contracts should be reviewed regularly to ensure they are up to date, signed by management and reissued where necessary.		
<b>Fixed Assets</b>						
5.	It was noted during testing that fixed asset additions were not posted to the fixed asset nominal	Inaccurate recording of asset purchases may lead to misstatement of fixed asset balances.	3	When an asset is purchased and recorded on the fixed asset register, it should also be posted to the correct fixed asset nominal code on the balance sheet within		



	codes on the Sage Accounting system.	Complete and accurate management information on fixed assets may not be readily available to inform decision making.		the Sage accounting system and depreciated in line with current policies.		
6.	Depreciation of assets is not recorded on the fixed asset register, and it is not posted to the accounting system on a monthly basis.	<p>The value of fixed assets may be misstated in the charity's accounts.</p> <p>The net book value of fixed assets may not reflect their actual value in use.</p>	2	Depreciation should be calculated and posted for all assets on a monthly basis in line with the company's policy, to ensure asset values in the financial statements reflect their net book value		