

# **Briefing for the Committee on Accounting for Public Benefit Entities (CAPE) on the Charities SORP Consultation**

**Prepared by the Charity Commission for England and Wales (CCEW) and Office of the Scottish Charity Regulator (OSCR)**

## **Introduction**

This paper and its annexes summarises for the information of CAPE:

- the development of the Charities SORP;
- the SORP consultation process;
- the post consultation review;
- issues previously identified by CAPE;
- contentious issues arising from the consultation;
- other changes made to the draft SORP;
- separate FRS 102 and FRSSE versions of the SORP; and
- requests CAPE's view on the disclosure of comparative information.

## **Development of the Charities SORP**

The Exposure Draft of the Charities SORP was developed by the Charity Commission and the Office of the Scottish Charity Regulator, the joint SORP-making body for charities, in collaboration with the [Charities SORP Committee](#).

The SORP's development was informed by an [extensive research exercise](#) undertaken in 2008-09 involving 18 roundtable events across the UK with over 1,000 participants. This research influenced the format of the Exposure Draft in three key respects:

- a greater focus on the reporting needs of smaller charities which dominate the sector (Annex A);
- fuller definition of terms and more comprehensive explanatory text; and
- to facilitate ease of use the adoption of a 'modular' format with an e-SORP option.

The initial drafting of the SORP's modules were based on the draft Financial Reporting Standard for Small and Medium-sized Entities (FRSME) and the text was then subsequently revised for FRS 102.

## **The SORP consultation process**

The SORP consultation process was facilitated by a dedicated micro-site: [www.charitySORP.org](http://www.charitySORP.org) which contained:

- the Exposure Draft of the SORP;
- an 'Invitation to Comment';
- two information sheets setting out the major changes to the SORP issued in 2005 and a table cross referencing paragraphs of SORP 2005 to the corresponding Exposure Draft paragraph(s); and
- a schedule of SORP events and a link to an ACCA Podcast explaining the key issues.

In addition, a series of articles (Annex B) were also published during the consultation period. The joint SORP-making body participated in 26 events held across the UK and Republic of Ireland (Annex C) which attracted over 1600 participants.

The 'Invitation to Comment' posed 25 questions with a high level of responses being received to each question. Respondents were very supportive of the approach taken within the Exposure Draft SORP on most issues (see summary, Annex D). The broad base of participation in the consultation gives confidence that the range of responses received was sufficiently representative (Annex E).

The consultation was officially open for 4 months from 8 July to 4 November 2013 and to assist respondents, responses were accepted up until 12 November thereby allowing all responses received to be included within the analysis.

The key partner groups and organisations involved in organising the consultation events were invited to a review of the consultation process convened by the SORP Committee on 20 November 2013. The feedback from the representatives of partner organisations was very positive about both the breadth of consultation exercise and the SORP micro-site. The meeting also provided the opportunity for high-level feedback on key issues identified through events.

### **Post consultation review**

Of the 179 written consultation responses received (Annex E), 25 respondents asked for their comments to be treated as wholly confidential and a further 2 asked for parts of their responses to be treated as confidential. All responses that were not given in confidence were published on the SORP micro-site on 5 March 2014.

In reviewing the feedback, particular regard was paid to the views of funders and users of the trustees' annual report and accounts. Additional weight was also given to the views of umbrella bodies and professional bodies whose responses were in part informed by feedback from their memberships. The analysis provided to the

SORP Committee also incorporated feedback received at consultation events to questions raised in the 'Invitation to Comment' document.

The SORP Committee considered the analysis of the consultation responses at their meetings of 9 and 26 January and 12 February 2014. An analysis by category of respondent was also provided to help identify whether particular interest groups held differing views on particular issues (Annex F).

The overall feedback was very positive about the Exposure Draft of the SORP and emphatically endorsed the approach taken in its format, styling and content (Annex D). In particular:

- 92% supported the modular approach taken to formatting the SORP;
- 69% agreed that the new SORP better serves smaller charities;
- 73% supported the use of the terms 'must', 'should' and 'may';
- 67% agreed that the SORP covers all issues relevant to charities;
- 88% agreed that the SORP should fully support both FRSSE and FRS 102; and
- 93% agreed that income from government grants should be accounted for in the same way as non-government grants and donations and consequently the 'accrual model' should not be permitted for accounting for income from government grants.

### **Issues previously identified by CAPE**

CAPE at its meeting of 25 April 2013, identified three particular issues that it wished to see raised as part of the SORP consultation exercise: the use of a single column Statement of Financial Activities (SoFA), the differentiation of requirements of the SORP that go beyond those of accounting standards, and the exclusion of incorporated charities from the definition of a branch.

The outcome of the consultation on these points was:

- **Single column SoFA** - A comprehensive 'yes' to maintaining the current columnar SoFA and a 'no' to a single column SoFA (questions 8 and 9). However, at the SORP Committee meeting of 12 February, it was agreed that charities may opt for a single column SoFA if only one class of funds is material and all other classes of funds are immaterial.
- **The differentiation between requirements of the SORP and standards** – there was comprehensive support for a clear differentiation between the requirements of the SORP and standards within the text of each module (question 13). To distinguish the requirements of the SORP that are over and above those of the accounting standard, the additional requirements of the SORP are now prefaced by the statement: 'this SORP requires'.

- **Incorporated charities being treated as branches** - there was majority support (at 62%) for the exclusion of incorporated charities from being treated as branches (question 19). However, this issue was treated as a contentious issue and carefully considered at the meeting of 26 January 2014. Having reviewed the case made by the minority of respondents (38%), which included a majority of umbrella bodies, for permitting corporate bodies to be reported as branches within a parent charity's entity accounts, the SORP Committee were not persuaded that this was the case. Where in the rare cases it might be justified by very particular circumstances, the preparer could justify a departure from the SORP's definition on the basis of 'true and fair' over-ride. The Committee therefore agreed that corporate entities be specifically excluded from the definition of a branch and when controlled by a charity be treated as a subsidiary.

### **Contentious issues arising from the consultation and changes agreed**

For the purposes of this paper, a contentious issue is one where either a significant minority disagreed with the solution proposed in the Invitation to Comment or an umbrella body, professional body or funder or user of the accounts held a different view to a recommendation of, or identified a particular issue with, the Exposure Draft SORP which was not covered in a consultation question. These issues were debated by the SORP Committee over three review meetings.

The issues contentious issues discussed by the SORP Committee and changes made as a consequence were as follows:

- **Performance reporting** in the trustees' annual report – although 84% supported the approach taken to reporting a charity's achievements and performance (question 6), some were concerned at the use of the term 'impact' which they considered ill-defined and difficult to assess. At its meeting of 26 January, the SORP Committee decided to retain the term but acknowledge the challenge assessing the 'impact' of a charity's work and to add a definition to the glossary.
- An option for a **single column SoFA** – as noted above the SORP Committee has agreed that in restrictive circumstances, based on materiality, a single column SoFA may be presented.
- **Governance costs** – whilst 76% supported the new SoFA headings (question 8), a number of respondents considered that the inclusion of a heading of governance costs was useful information and that its retention only as a component of support costs (where a charity is reporting on an activity basis) was insufficient. At its meeting of 26 January, the SORP Committee noted that governance costs were often immaterial and decided that a sufficient case had not been made to reinstate this heading.

- **Analysis of cost of raising funds in the SoFA** - this analysis heading was noted by a number of respondents as being a change which resulted in less analysis of costs being provided on the face of the SoFA. The SORP Committee concluded at its 26 January meeting that although charities may choose to provide a greater analysis, this should not be required of them.
- **Disclosure of income from government** – a few respondents felt that the separate disclosure of income from government sources would be useful information. The SORP Committee concluded at its 26 January meeting that imposing this requirement on charities was not justifiable and large institutional funders could always request such supplementary information.
- **Disclosure of material fraud** – this item was noted by many respondents as being an area not referred to in the past and that it was unnecessary to give it prominence in the SORP. At its meeting of 9 January the Committee agree that undue prominence has been given to this disclosure and the separate section dedicated to this issue be dropped but the disclosure was retained as an example of a material item that might require separate disclosure within the accounts.
- Permitting **disclosure of institutional grants** in a separate publication – the 2005 SORP had included an option for grant-makers to disclose details of material grants to institutions in a separate publication but this option was dropped from the Exposure Draft of the new SORP (question 11). In considering the responses, the Committee noted that the growth of the internet offers an opportunity to provide information on grants and at its meeting of 9 January agreed that the option be reinstated provided a disclosure of a website address providing this information is included in the relevant note to the accounts.
- **Disclosure of senior executive pay** – this issue proved very contentious and although only 37% supported requiring the disclosure by larger charities of both pay and post held of the most highly paid member of a charity's staff (question 12), this disclosure was supported by 71% of funders responding. The SORP Committee considered this issue at its 26 January meeting and concluded that if the aim is to provide information to help decision making, the needs of the user are better served by extending the banded disclosure of pay to all charities and, on the advice of many respondents, requiring larger charities to disclose their remuneration policy for the pay of senior staff in its trustees' annual report. The SORP Committee considered that the disclosure of one individual's pay might attract interest and headlines but did not really provide much of an insight into the pay policies of a charity.

- **Disclosure of trustee remuneration** – a few academy schools and confidential respondents, predominantly from the English education sector, questioned the requirement to disclose the remuneration received by trustees on an individual basis when the remuneration related to other services provided as employees. The Committee considered this issue at its 9 January and 26 January meetings and noted that this requirement was first introduced by the 1995 SORP. Due to the importance of the disclosure of benefits received by trustees from the charity they administer and to ensure full transparency on trustee remuneration, the SORP Committee recommended that no changes be made to this required disclosure. However, the SORP Committee also noted an anomaly in that those charities reporting under the FEHE SORP were not required to make an equivalent disclosure.
- Whether the **FRSSE** was properly treated in the Exposure Draft of the SORP – this issue is considered in more detail in the section ‘the decision to have two SORPs’ below. Almost 99% of the sector by income would be eligible to use the FRSSE and question 15 sought views as to whether the FRSSE should be supported through the SORP. 88% of respondents agreed it should be. Although 76% considered that the Exposure Draft of the SORP effectively supported both accounting standards (question 16), a number of respondents, most prominently ICAS, argued that the Exposure Draft placed undue emphasis on FRS 102 and gave insufficient attention to the FRSSE. This valid technical objection coupled with subsequent developments in relation to the implement of the EU Small Company Accounting Directive resulted in a decision by the SORP Committee at its 9 January meeting to developing a separate FRSSE SORP.
- **Corporate entities as branches** – as noted above a sufficient case was not made to treat incorporated charities as branches.
- The **treatment of legacy income** – a number of respondents asked for greater clarity and more guidance on the recognition of legacy income. However, a review of the suggested treatments found no consensus as to the treatment of legacies. At its meetings of 26 January and 12 February the Committee discussed how best to provide more guidance as to best practice and agreed changes to the text to clarify the application of the criteria of: entitlement, probability and measurement and the use of a portfolio approach as an estimation technique.
- **Performance conditions and recognition of a grant liability** – this issue prompted a sector umbrella body of grant-makers to seek further clarity as to the circumstances in which a multi-year grant is only accrued in part and not in full. The Committee considered this matter at its 26 January meeting and came down against a rule based or a legal form based approach. The Committee considered that the principles set out in the SORP were sufficient.

- **Component accounting** for tangible fixed assets – a significant number of almshouse respondents, 43 in total, sought to restrict the application of component accounting to new acquisitions on the grounds of practicality and the cost: benefit balance of providing this information. However, since component accounting is a feature of existing GAAP and SORP 2005 (paragraph 261) and of new GAAP, the Committee decided at its 9 January meeting not to make any substantive changes. Individual almshouses can apply cost: benefit and practicality arguments as a basis for not implementing component accounting under current and new GAAP.

### **Other changes made to the draft SORP**

Respondents to the consultation identified a number of valuable changes which the Committee considered helpful to make in order to better assist the user of the SORP and the user of the accounts. The main changes made as a result of this feedback were:

- Advice on combining the Strategic Report required of medium and large UK registered charitable companies and the trustees' annual report has been incorporated into the SORP.
- Although the majority of respondents agreed (question 14) that the absence of related party disclosures for trustee remuneration justified not permitting charities to opt for the reduced disclosure for subsidiaries (FRS 102 section 1), having confirmed with the FRC Project team that the SORP could require such disclosures, the option of providing reduced disclosures where consolidated accounts are prepared is now permitted.
- Reinstatement of the disclosure of all ex-gratia payments at the request of funders. Although 80% of respondents welcomed the dropping of several disclosures (question 23) the proposal to restrict disclosure of ex-gratia payments to only those where regulatory consent was required was considered by funders to remove valuable information.
- The disclosure of risk by larger charities is now more closely modelled on the requirements of the Strategic Report so as to align reporting requirements.
- The definition of heritage assets has been clarified with the proposed requirement to link to a charity's objects removed.
- Changes to the text to assist users in the Republic of Ireland have included clarity about the status of SORP and the application of the FRSSSE in the Republic of Ireland and the denomination of thresholds in euros.
- Guidance on UK retail gift aid scheme has been added to assist charities operating shops account when selling goods as agent.
- A number of respondents argued that it would be helpful for a reference to accruing holiday pay and similar payments to be added.

## **The decision to have two SORPs**

The Invitation to Comment flagged a number of uncertainties about the future of the FRSSE. However, at the time the consultation, the intentions of the Department of Business Innovation and Skills as to the implementation date of the new EU Accounting Directive were not known. It is now possible that the regulations to be made under the Companies Act 2006 will permit early adoption for accounting periods commencing on or after 1 January 2015 with mandatory application of the simplified reporting framework for small companies for accounting periods commencing on or after 1 January 2016.

Whilst not-for-profit entities are not within the scope of the EU Accounting Directive, a change to the FRSSE would require a reissuing of the related SORP. The SORP Committee and SORP joint SORP-making body concurred that to avoid disruption to non-FRSSE users, which are currently the majority of charities preparing accruals accounts, a separate FRSSE SORP was justified.

A separate FRSSE SORP has a number of advantages as it:

- avoids users of FRS 102 being disrupted by the imminent changes to the FRSSE framework which will require a revised SORP;
- simplifies the text of the FRS 102-based SORP with application guidance relating to only to that standard;
- enables the FRSSE SORP to be framed around FRSSE terminology and accounting treatments where a particular issue is addressed by that standard;
- facilitates the FRSSE 2015 distinction between 'accepted practice' and 'current practice' in preparing the accounts (financial statements); and
- meets the objections of a minority of respondents that the combined approach in the Exposure Draft SORP gave insufficient attention to the FRSSE due to the inappropriate application of FRS 102 terminology and accounting treatments for issues specifically addressed by the FRSSE.

Consequently a second SORP has been prepared for review by CAPE with one SORP providing application guidance for FRS 102 and the other for the FRSSE 2015. The FRSSE SORP requires charities to adopted current practice for sector-specific transactions in order to promote best practice. In relation to non-sector specific transactions not addressed by the FRSSE, charities can retain their existing accounting policies provided they meet accepted practice but are encouraged to adopt current practice as reflected in the SORP.

## **Request to CAPE**

The ICAEW and other respondents noted that a strict interpretation of paragraph 3.14 of FRS 102 requires comparatives for all amounts reported in each of the SoFA's columns. In the past, the presentation of comparative amounts was limited to the 'total funds' of a charity presented in the SoFA. Since fund accounting is a specific requirement of the charities' SoFA and is charity-specific presentation, rather than being general requirement applying to all PBEs, the support of CAPE is sought to an alternative presentation. Both the SORP Committee and joint SORP-making body are concerned that a strict interpretation of paragraph 3.14 of FRS 102 would be onerous and add complexity to charity accounting.

The preferred solution is to limit the disclosure of comparative information presented for the SoFA to amounts presented in the 'total funds' column provided a note to the accounts provide a reconciliation of movements in material funds for the comparative reporting period.

## Annex A: Sector size and diversity

The table sets out available data for registered charities in the jurisdictions of England and Wales and Scotland. Excepted charities, income below £100,000, are not required to register and so are excluded as are exempt charities.

The available information for Northern Ireland indicates approximately 14,000 charities and similar data for the Republic of Ireland indicates 24,000 charities.

The data shows a very skewed distribution by size. There are a total of 34,337 charitable companies registered in England and Wales and 4,427 in Scotland. Charitable companies are required to prepare accounts on an accruals basis to give a true and fair view irrespective of their size. Non-company charities in these jurisdictions have a choice if their income is below £250,000 as to whether they prepare accruals or cash based accounts.

In all 48,337 charities in England and Wales and 5,847 in Scotland must prepare accruals accounts by law.

Charity size by income	England and Wales*	Scotland**	Total
Under £10,000	79640	11396	91036
£10,001 to £25,000	25632	3334	28966
£25,001 to £100,000	27971	4485	32456
£100,001 to £250,000	13890	1909	15799
£250,001 to £500,000	6608	871	7479
£500,000 to £1m	3750	527	4277
£1m to £6.5m	4844	841	5685
£6.5m to £10m	534	115	649
Over £10m	1023	326	1349
<b>Grand Total</b>	<b>163892</b>	<b>23804</b>	<b>187696</b>

\*Data extract latest accounts filed to 28 February 2014

\*\*Data extract latest accounts filed as at 26 February 2014

### Relevant charity law thresholds (England and Wales and Scotland):

- Preparation of accruals accounts (non-company charities) £250,000
- Statutory audit £500,000 (or gross income £250,000 and total assets £3.26m)
- Preparation of group accounts £500,000

## **Annex B: Articles in professional and charity journals**

The following articles are those originated by the SORP-making body or drawing on, or referring to, press releases or briefings made by the SORP-making body:

Charity Finance: 'Closing in on SORP 2014' (July 2013)

Civil Society: 'Sector Regulators launch SORP consultation' (July 2013)

AAT website only: 'Launch of charity SORP consultation' (July 2013)

ACAT e-subscribers: 'SORP consultation' (July 2013)

NICVA website only: 'New SORP published for comment' (July 2013)

Third Sector: 'Join in the four month consultation on the new charities SORP' (July 2013)

CIPFA C&SE Panel subscribers: 'The Exposure Draft SORP – its content and how to comment' (August 2013)

Accountancy Ireland: 'SORP consultation heralds change for charities' (August 2013)

ICAEW CVSG e-subscribers: 'The Exposure Draft SORP – its content and how to comment' (August 2013)

Stewardship website 'blog': 'Getting ready for changes to charity accounting 2015' (August 2013)

ACCA Podcast: 'SORP consultation' (September 2013)

Accountancy and Business: 'Charities SORP 2015' (September 2013)

IFA members' magazine: 'Changing charities' (September 2013)

## Annex C: SORP consultation events

The joint SORP-making body worked with professional bodies, sector umbrella bodies and accountancy firms to develop the programme of consultation events held across the UK and in the Republic of Ireland. The table below identifies the host for the event, the date, location, and attendance.

The formats of the 26 events varied but all included a presentation on the new SORP, a discussion and an opportunity for questions. At all of the listed events a member of the SORP Secretariat or employee of the SORP-making body was presenting or providing advice to facilitate the discussion. Of the listed events, 20 were advertised on the SORP Consultation micro-site: <http://www.charitySORP.org/>

Host	Date	Location	Attendance
Institute Chartered Accountants Scotland	22 August	Edinburgh	58
Association of Charity independent Examiners (ACIE Scotland)	30 August	Perth	45
Charity Finance Group	10 September	Birmingham	26
Charity Finance Group	12 September	London	70
Grant Thornton	16 September	London	20
Association of Charitable Foundations*	17 September	London	25
Charity Finance Group	17 September	Bristol	38
Office of the Scottish Charity Regulator	17 September	Glasgow	94
Grant Thornton	18 September	Manchester	12
Institute of Chartered Accountants England and Wales*	18 September	London	38
Charity Finance Group	19 September	Leeds	32
Grant Thornton	20 September	Sheffield	15
Directory of Social Change & Sayer Vincent	20 September	Birmingham	117
Grant Thornton	23 September	Edinburgh	28
Big Lottery Fund*	23 September	London	10
Scottish Churches Committee	23 September	Edinburgh	26
Health Financial Management Association*	25 September	London	84
MHA MacIntyre Hudson	30 September	London	48
South West Chartered Accountants Association*	2 October	Exeter	75
Brewin Dolphin (Scotland)*	3 October	Edinburgh	180
Association Chartered Certified Accountants (Ireland)	3 October	Dublin	60
Irish Charity Tax Research Ltd (ICTR) & Chartered Accountants Ireland	4 October	Dublin	232
Queen's University Management School	4 October	Belfast	160
Association Chartered Certified Accountants	10 October	Birmingham	62
Welsh Council Voluntary Action (WCVA) & Whittingham Riddell LLP	17 October	Newtown	12
WCVA & Broomfield & Alexander Limited	21 October	Cardiff	60
<b>TOTAL</b>			<b>1627</b>

\*Event not listed on the micro-site

## Annex D: Summary of responses to the SORP consultation questions

The summary of responses to each question in terms of the overall percentage agreement with the proposition posed.

Ques.	Proposition posed in each question	Percentage agreement
1	Do you agree that the modular format adopted in the Exposure Draft improves accessibility to issues and therefore better meets the needs of the preparers of charity accounts? If not, what alternative format should be adopted and why?	92%
2	Do you agree that the Exposure Draft better meets the needs of smaller charities compared to the current SORP, if not, what are your suggestions for further improvement that will better help smaller charities?	69%
3	Does the use of the terms 'must', 'should' and 'may' when making a recommendation or explaining requirements clearly distinguish between those requirements that have to be followed to comply with the relevant accounting standard and the SORP from those recommendations which are good practice and those that simply offer advice?	73%
4	Do you have any suggestions as to how we can improve the SORP micro-site and web navigation of the Exposure Draft?	50 respondents made suggestions
5	Do you agree with the proposed structure and content of the trustees' annual report? If not, what changes do you recommend and why?	83%
6	Do you agree with the requirements and recommendations set out in the Exposure Draft for reporting a charity's achievements and performance. If not, what changes do you recommend and why?	84%
7	Do you think there is any additional information which should always be included in a trustees' annual report that is not required in the Exposure Draft? Alternatively, is there any information currently required by the Exposure Draft that you think is unnecessary?	47%

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8	The format and headings of the SoFA have been simplified. Do you agree that these changes will assist preparers whilst still providing users of the accounts with relevant information about the income and activities of a charity? If not, please explain how the SoFA could better present information about a charity's income and activities.	76%
9	The SoFA adopts a columnar approach to presenting restricted income and expenditure from restricted funds. Do you agree that this columnar approach for restricted funds in the SoFA should be retained? If not, please explain why you prefer a single column presentation combining restricted and unrestricted funds?	87%
10	Do you agree that the Exposure Draft of the SORP addresses those issues which are of particular relevance to charity accounting and reporting? If not, are there specific accounting or financial reporting issues faced by the charity sector or in the sphere of activity that your charity operates in that the SORP should address?	67%
11	The Exposure Draft proposes that grant making charities disclose in the notes to their accounts details of the name of institutions in receipt of material grants and the amount of such grants paid by the charity. Do you agree that this information should be given by way of note rather than in a separate publication that can be obtained from the charity on request as currently allowed by the existing SORP?	54%
12	The SORP requires larger charities to disclose staff salaries paid in bands of £10,000 for employees earning over £60,000. Should larger charities also be required to also disclose the job title and remuneration of their highest paid employee?	37%

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13	<p>The Financial Reporting Council seeks a clearer distinction between those disclosures required by accounting standards and those due to charity law and the need for a higher standard of accountability by charities.</p> <p>Which one of the following options do you consider to be the best way of achieving this distinction?</p> <ul style="list-style-type: none"> <li>a) Remove the disclosures related to accounting standards altogether and substitute with cross references to those standards.</li> <li>b) Provide a brief summary of the disclosures required by accounting standards with cross references to those standards.</li> <li>c) Retain the current approach of the Exposure Draft SORP but separately identify in each module those disclosures that are required by charity law or for the public accountability.</li> <li>d) Move the disclosures required by accounting standards into a separate appendix and refer in the text to the appendix and/ or accounting standards as necessary.</li> </ul>	Of 94 responses, 71 favoured option c
14	Do you agree that charities should not be able to adopt the reduced disclosure framework provided by FRS 102? If not, please explain why you think charities should be able to take advantage of this framework?	60%
15	Do you agree that the next SORP should support both charities that prepare their accounts using FRS 102 and also those that are eligible and choose to use the FRSSE? If not, please explain why?	88%
16	Do you agree that the Exposure Draft successfully supports the use of the FRSSE and FRS 102, and if not what changes would you suggest and why?	76%

## Annex D: Summary of responses to the SORP consultation questions

17	Do you agree that investments held both to produce an investment return and also for the contribution the funding makes to a charity's purposes (mixed motive investments) should be classed as a component of financial investments and separately disclosed on the balance sheet or in the notes to the accounts when material? If not, what alternate approach to classification do you recommend and why?	70%
18	Do you agree that an impairment loss arising on a mixed motive investment should be analysed as an investment loss in a charity's SoFA? If not, how else might the loss be analysed in a charity's SoFA and why?	62%
19	Are there any circumstances in which a separate corporate body can be regarded as a branch and included in a charity's own individual entity accounts? If so, how would you distinguish a separate corporate body that is branch from one which is a subsidiary and included in a parent charity's group accounts?	38%
20	The Exposure Draft requires a charity's share of any surplus or deficit in an associate or jointly controlled entity to be shown as a single line in a parent charity's consolidated SoFA. Do you agree with this accounting treatment? If not, should the charity's share of income and expenditure be shown separately so that the user of the accounts can better understand the scale of the charitable activities carried out by the associate or joint venture?	69%
21	Do you agree that income from government grants should be recognised on the same basis as other grants and donations? If not, why should government grants be recognised on a different basis?	93%
22	Do you have any other comments on any other accounting principles or treatment within the Exposure Draft? If making a comment, please state: <ul style="list-style-type: none"> <li>• the name of the module(s) and the paragraph number(s);</li> <li>• your suggestion for change(s) to be made; and</li> <li>• the reason(s) why each change is needed.</li> </ul>	127 respondents offered comments

## Annex D: Summary of responses to the SORP consultation questions

23	Do you agree with the simplifications made to the current SORP's recommendations and if not why do you consider a particular requirement should be retained?	80%
24	Do you have any suggestions as to any further simplifications to the Exposure Draft and if so what are they and what do you believe are the benefits of the additional simplifications you propose?	8 comments offered
25	<p>In responding to the FRC's report 'Cutting Clutter' would you recommend that the SORP-making body:</p> <ul style="list-style-type: none"> <li>a) cease publishing any illustrative examples of trustees' annual reports and accounts; or</li> <li>b) only publish two illustrative examples of trustees' annual reports and accounts, one for a charity adopting the FRSSE and a second for a charity adopting FRS 102; or</li> <li>c) publish a series of examples for different types and sizes of charity?</li> </ul>	Of 102 respondents, 82 favoured option c

## Annex F: Groupings used to facilitate the analysis of responses to SORP consultation questions

### Overview of the responses to the consultation

The responses to the consultation took two forms, firstly the feedback from interactive workshops, seminars and similar events organised by OSCR and the joint SORP- making body's partner umbrella and professional bodies. Secondly 179 written responses were received to the consultation. The profile of the written responses is given in the table below.

<b>Respondent category</b>	<b>Number</b>
Auditors & audit firms	31
Professional bodies	5
Sector umbrella bodies	16
Charity finance directors	34
Charity finance staff	35
Trustees	15
Honorary treasurers	17
Other preparer/ practitioner	1
Academic	2
Funder and funding body	8
Members of the public	2
General user of accounts	3
Independent examiners	10
<b>Total</b>	<b>179</b>

### The analysis categories used

This analysis considered the written responses in a number of broad categories. The notes and feedback from the consultation events were also given to provide another perspective. The consultation events varied in format and consequently not every question was debated. Similarly respondents were not required to answer all questions and many chose to answer only one. This meant that the number of responses to any given question did not match to the grand total of submissions received.

The broad categories used in the analysis were:

- Overall total responses
- Audit firms, auditors and professional bodies
- Sector umbrella bodies
- Individual charity finance directors, staff, trustees and honorary treasurers
- Funders, users of accounts and academics
- Independent examiners