

Invitation to Comment on Exposure Draft Charities SORP

Do you consent to personal data you provide being held, in accordance with UK GDPR and the Privacy Policy of the Charities SORP making body and its delegated parties? If you select 'no' your name and email address will not be stored, but your organisational data (if relevant) and all consultation responses will be collected.

Yes

Name:

Eric Moore

Email address:

[REDACTED]

Role (for example, Chair, Trustee, Accountant, Treasurer etc):

Trustee of two bodies and Treasurer of one

Are you happy for the SORP-making body to contact you if needed to discuss your responses?

No

Do you want your response to be treated confidentially by the SORP-making body and not published?

No

Are you responding:

On behalf of an organisation/body

Responding on behalf of an organisation/body

If responding on behalf of an organisation or body, please provide its name :

Knaphill Baptist Church, 1st Knaphill Scouts

Please select what best describes the organisation:

A charity applying FRS 102 and the Charities SORP

A charity applying FRS 102 and the Charities SORP

What was the last reported gross income as set out in the charity's last annual accounts?

Under £100K

A user of accounts prepared under FRS 102 and the Charities SORP

In which capacity were you using accounts prepared under FRS102 and the Charities SORP?

No Response

An accounting firm / auditor

How many charity clients do you supply your services to?

No Response

An accounting firm providing independent examination services to charities

How many charity clients do you supply your service to?

No Response

A sector body

How many member charities does your organisation have?

No Response

Responding as an individual

Which of the following describes you?

No Response

Question 1: Do you support the move to three tiers?

Yes

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

I was surprised to see the lower tier boundary set quite so high. £1/4m would feel more appropriate.

Question 2: Do you consider that the proposed thresholds have been set at an appropriate monetary level in order to support a proportionate approach to reporting?

No

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

As previous - lower tier i think is set too high. There is also a world of difference still between a £600k charity and a £14m charity. Hard to see them both covered by the same rules.

Question 3: Do you agree that the Exposure Draft SORP clearly sets out the proposed reporting requirements for each tier?

Yes

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

Reviewing only the relevant Tier 1 - this seems sensible.

Question 4: Do you agree that charities within the largest income threshold should be referred to as 'tier 3' charities, or should they be referred to as 'tier 1' charities?

Disagree – should be referred as tier 1

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

Tier 1 generally means "top tier"

Question 5: Do you have any additional comments in relation to the proposed tiered reporting structure in the Exposure Draft SORP?

No Response

Question 6: Do you agree that including prompt questions will help trustees to develop their Trustees' Annual Report?

No

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

Different charities will have such varied structures, objectives and approaches that a single set of prompts cannot start to cover the diversity, and trying to shoehorn everybody into one reporting format will encourage a box-ticking approach. Instead make it clear the key areas to cover and the objectives of the report, and then perhaps provide some examples from different areas

Question 7: Do you consider the requirements for impact reporting for each tier to be proportionate?

Yes

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

Considering only the relevant Tier 1, this seems appropriate. beware increasing the reporting burden on the smallest of bodies significantly as most are entirely volunteer run. An approach where they might be required to respond with a statutory period to requests for information might be more appropriate rather than preparing a report that probably nobody will read.

Question 8: Do you consider the requirements for sustainability reporting for each tier to be proportionate?

No

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

considering only Tier 1: It is more important that the charity is explaining how it is planning for its own sustaining work and its own governance than the wider view of ESG. Most of the corporate ESG guidelines are not relevant to micro and small charities. That said, some of the Tier 2 matters really ought to be part of Tier 1 - e.g. privacy and data security, even if the requirement is to point to publicly available policies.

Question 9: Do you consider the disclosures for volunteers to be proportionate?

Yes

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

Be careful to keep this proportionate. Most small charities rely 100% on volunteers. Simple statements are to be encouraged, not massive value statements

Question 10: Do you consider the explanation of reserves in the glossary helpful?

No

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

I understood reserves to be almost the opposite. That amount that might be reasonably required to allow the charity to wind up in an orderly manner, or to meet critical or unexpected commitments. Reserves implies "reserved" - "for a special purpose", not the freely available spare funds.

Question 11: Do you consider the disclosures for reserves are proportionate?

No

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

For a charity operating under R&P, reserves surely means everything in the bank not already committed, or known to be due. How should commitments like regular payments for utility bills into the future be handled? Should we show all future planned bills such as payroll as reducing reserves? How far forward?

Question 12: Do you consider the requirement for tier 1 charities to provide a summary of their plans for the future is proportionate?

Yes

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

it's valid to ask for information about whether the charity considers it's a going concern, but formal plans for the future may be hard for a micro or small charity to articulate. Would "carry on what we're doing" be considered adequate?

Question 13: Do you consider that the additional disclosure will help to explain the treatment of legacies in the accounts?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 14: Do you have any other comments on module 1 and the proposals for the Trustees' Annual Report?

No Response

Question 15: Is the example table helpful?

Yes

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

The terms Natural Classification and Activity Basis are not defined. We are not all qualified chartered accountants.... It is hard therefore to comment. However, to the unqualified eye (and hence one of the general public who might read a report) it seems that the higher requirements for Tier 2 and 3 provide less information about how and where the charity received and spent its money. Great for accountants, not good for the general public.

Question 16: Do you have any other comments on module 4?

far too much jargon. Tier 1 charities are run by volunteers and accounting amateurs. The language needs to be understandable.

Question 17: Does the module explain the relevant requirements of the five-step model in FRS 102 in a clear and understandable way?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 18: Do you find the module easy to navigate as drafted?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 19: Do you consider that the guidance on exchange and non-exchange transactions should be set out in separate modules of the SORP rather than separate sections of the same module?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 20: In the Exposure Draft SORP, all the disclosure requirements are listed at the end of the module. Would it be clearer instead to set out the relevant disclosures at the end of each section within the module?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 21: Do you consider this clarification a helpful addition to the SORP?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 22: Does the module set out the accounting requirements for legacy income clearly?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

Doesn't seem relevant for Tier 1 - operating R&P.

Question 23: Accounting for legacies can be a complex area for charities to navigate. Is there a need for further guidance on this topic outside of the SORP?

Yes

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

there is no guidance for Tier 1 charities operating R&P.

Question 24: Do you have any other comments on module 5?

No Response

Question 25: Do you find the module easy to navigate as drafted?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 26: Does the module explain the relevant requirements of FRS 102 in a clear and understandable way? Please select all options that apply.

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

Not relevant to Tier 1 - i do hope that you're not burdening us with stuff like this.

Question 27: Does the section (paragraphs 10B.68 to 10B.84) on arrangements that are significantly below market value provide clarity on how to account for such arrangements?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 28: Are the additional disclosure requirements set out in paragraphs 10B.95 and 10B.129 reasonable for charities with such arrangements?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 29 - please provide any other comments you have on module 10B:

another area to be very careful not to burden Tier one charities. It should be enough to explain that a lease exists and it's term and any financial commitments. for R&P it should not be necessary to do anymore than show the period's payments.

Question 30: Do you agree with the proposal in the Exposure Draft SORP that only tier 1 and tier 2 charities, that do not meet the small entity threshold, and all tier 3 charities are required to prepare a statement of cash flows?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

I did not find the relevant information to decide what constituted exemption.

Question 31: Do you have any other comments on module 14?

Information to help decide not included in the report. Surely a £50k charity is not subject to the same rules as a £14.9m company, and should not have to plough through all of FRS to find the information needed. We need the charity commission to help us here....

Question 32: Do you agree that the additional disclosures are helpful?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 33: Do you agree that the additional disclosures are proportionate?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 34: Do you have any other comments on module 20?

No Response

Question 35: Do you agree with the new approach to using the generic term 'social investments' instead of referring to 'programme related' and 'mixed motive' investments?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 36: Do you agree that the simplification of how gains and losses on social investments are reported is beneficial?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 37: Is the Exposure Draft SORP clear on the requirements for comparative figures and disclosures?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 38: Do you think there is a need for further guidance on the treatment of comparative figures and disclosures in this area?

No opinion

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

No Response

Question 39: Do you have any other comments on module 21?

No Response

Question 40: Do you agree that the drafting, structure and proposals in the Exposure Draft SORP support the needs of smaller charities whilst addressing the needs of users of charity reports and accounts?

No

Please provide any reasons for your answer here, if you wish to do so: (250 word limit applies)

It feels like the burden of reporting is increasing out of all proportion to the benefit to the wider public good or disclosure. This document was VERY hard to read and to identify what was relevant to a smaller charity, and i trust that the final guidance will be tailored much more to help us. We should not need to chew our way to 300 pages of guidance for multi-million pound organisations to find what is required for much smaller entities, who are perhaps operating at <1% of the scale of the big ones.

Question 41: Do you agree with the SORP-making body's decision to continue to disallow the application of Section 1A?

Do not understand the position enough to comment

Please provide reasons for your answer or suggestions on how you think Section 1A could be applied differently: (250 word limit applies)

No Response

Question 42: Do you have any other comments on the Exposure Draft SORP?

This survey would have been much more helpful if the relevant sections in the SORP were called out for each question. I agree that it's vital that charities of all size should be transparent about what they're doing, especially when using other people's money. But this proposal doesn't seem to take into account the disclosure needs of the man who gave £10 to his local church. He isn't going to read the statements on sustainability, even less lease accounting. He wants to see where the money went and what difference it made.