

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:

Jonathan Coyle

Email address:

[REDACTED]

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

Accountant

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

Yes

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 :

Sayer Vincent LLP

Please select what best describes the organisation:

An accounting firm / auditor

An accounting firm providing independent examination services to charities

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?

No Response

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?

More than 50 charity clients

An accounting firm providing independent examination services to charities

How many charity clients do you supply your service to?

more than 50 charity clients

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)

We agree that it is helpful to better clarify the requirements for charities of sizes in this way – the references to large charities in the previous SORP were frequently confused with company reporting requirements.

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)

We consider that the middle tier is too wide and would be better starting in line with the primary audit threshold for charities in England and Wales, ideally the proposed £1.5 million limit as per the recent DCMS consultation on financial thresholds in charity law.

Alternatively, consideration should be given to formally aligning it to the audit threshold to ensure simplicity when considering the various rules a charity must follow. This would avoid the need to separately revise the threshold in the event of other legislation changes.

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)

We agree that each section of the SORP is clear on what requirements exist for each tier.

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)

We acknowledge the desire to think small first, however we consider that there is a risk of confusion with tier 1 being the smallest as this conflicts with many other reporting tiers. Consideration needs to be given to those without a working knowledge of the SORP who may misunderstand a tier 1 charity being small.

It may be more appropriate to change the description from tier 1,2,3 to something like grade or level if the current proposed structure is retained.

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

Income only threshold

We consider the tier thresholds should not simply be income driven. We are aware of complex charities with large gross assets but very low levels of income which would not be required to adhere to the reporting requirements that may otherwise be expected of them.

Adjusted thresholds for different periods of accounts

We consider that there should be consideration of an adjustment to the threshold where a charity has a long or short period of accounts.

Moving between tiers

There is no guidance for charities transitioning between tiers. There are sometimes instances of late and unexpected changes which may require additional information to be reported. Consideration should also be given to some sort of two-year rule similar to that within the Companies Act.

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

Yes

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

We consider that prompt questions will be of most use for tier 1 charities but potentially risk boiler plate responses which could restrict the ability of a charity to demonstrate its impact in its own words. As such, we consider it would be helpful to make it clear that these are prompt questions with flexibility in the approach to considering and responding to them.

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)

We agree that charities of all sizes should explain the difference they have made and are making.

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)

We consider that more guidance is required on what is expected as there is limited information available other than that for large companies, which is very extensive and likely too challenging for many charities to follow.

We do not consider that the ability to provide links to existing sustainability reports is particularly helpful due to the risks of links being broken. If a report has already been produced we consider there is likely to be minimal effort involved in extracting the key messages to support the requirements for this purpose.

We also consider the use of the word encouraged is unhelpful as this moves away from the must/should/may requirement regime and is likely to cause further confusion. If this term is to be retained, we recommend clarity is included on expectations.

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)

There appears to be duplication and a risk of confusion with the requirements of paragraphs 1.27 and 6.32 in relation to disclosures of the contribution by unpaid volunteers.

Paragraph 1.27 asks for information on number of volunteers and the activities volunteers support in the trustees annual report, whereas 6.32 asks for details of the contribution of unpaid volunteers in the notes to the accounts.

Greater clarity of what is expected in each section would be helpful to reduce the risk of duplication, or a note that permits cross-referencing between sections (we are aware the requirements of 6.32 are derived from FRS102).

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

Yes

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

We agree that this is a helpful addition to improve the consistency and accuracy of reporting.

We request that a link directly from paragraph 1.37 to the glossary is provided.

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

Yes

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

We agree that this is a helpful addition to improve the consistency and accuracy of reporting.

We consider that paragraph 1.39 may benefit a slight revision to make clear what "the figure for reserves" means. We assume this is the free reserves figure, but may be helpful to be more explicit.

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)

We agree that future plans are often more important to users of the accounts when determining whether to provide potential support to a charity.

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

No

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

We do not consider that a narrative explanation will resolve the underlying issue that exists with the recognition of legacy income.

The requirements of paragraphs 5.89-5.100 are still incredibly unclear and risk substantial differences in accounting treatments. Narrative descriptions to explain complex accounting policies can often be very drawn out and risk further confusion. This is the purpose of the estimates and judgements section in the notes to the accounts and would lead to duplication of disclosure. It also isn't clear why legacies alone are being singled out, many charities have complex accounting matters which require explanation about their impact.

We consider that it would be more appropriate to give greater expectations, with examples, to support legacy income recognition. The requirements of paragraph 5.90 include the requirement for executors to have established there are sufficient assets to pay the legacy, in our view this pushes the recognition much closer to the point of distribution that may be applied by many charities.

We consider it is unhelpful to recognise legacies well in advance of receipt as we consider the assets are not within the control of the recipient charity and cannot be used to support charitable activities until the funds are physically received. We also consider it would be beneficial to include guidance around monitoring legacy receipts/notifications after the end of the reporting period, including whether there should be a cut-off date.

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

Para 1.43 Material uncertainties

We consider that the disclosure requirement of para 3.18 (where there are no material uncertainties about the charity's ability to continue to report on a going concern basis, this judgment should be disclosed) should be included as part of 1.43 – it is likely to be overlooked otherwise.

Para 1.56 Disclosure of trustee names

We consider the current disclosure including the word OR is confusing – it gives the impression there is a choice to report either the names of trustees who were in post at the date of approval or those during the reporting period, but our understanding is it is both

Para 1.58 Disclosure of CEO and other senior management

We consider that this may be better aligned with the disclosure of key management personnel, both a link to the KMP note as well as whether "senior" should be replaced by "key".

Para 1.7 fundraising practices statement

Notes this is required if meet both:

- Subject to audit
- Raises funds from public

We believe this is incorrect in that we understand (from reviewing The Charities (Protection and Social Investment) Act 2016) the requirement applies to all charities subject to a statutory audit, irrespective of whether funds are raised from the public. The term "funds raised from the public" is also not defined which is unhelpful.

Para 1.34 Performance of material FR activities

We consider this requirement should apply to tier 2 and 3 charities. This is likely a fundamental element of the income generating activities for many charities and so is helpful to provide a fuller overview of activities and performance.

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)

We agree that the inclusion of an example is helpful for those charities that may wish to adopt this presentation.

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

The example tables 3 and 4 give the impression that the natural classification basis requires more detail on the face of the SoFA as table 4 only includes a single line for charitable activities. This conflicts with the requirements of paragraph 4.5. We consider it would be helpful to add additional rows ("Activity A, B, C, etc") under the charitable activities heading to make it clear this is a heading and that actual charitable activities should be stated.

As gains/(losses) on JCE and associates are less common, we recommend that in the following row the word other is bracketed to make clear this can be removed if the row above is not applicable.

D3 – other gains/(losses) – this subcategory has the same name as the section – from the detailed requirement it appears there is an expectation this name may need to be changed, however we consider it would be beneficial to make this clear in the model tables.

Para 4.22 Discontinued operations

We consider that the inclusion of additional columns is unhelpful and is likely to result in increased clutter and confusion as there are already lots of columns. We consider that an alternative approach, whether it is using extra rows or a brief narrative description at the foot of the SoFA, should be considered.

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

No

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

We accept that there are limitations due to the requirements being driven by FRS 102, and consider that on the whole the requirements are reasonably well explained. This remains a very complex area, which even qualified accountants may struggle to correctly interpret.

We consider that where the requirement is directly lifted from FRS 102, it would be simpler to simply link to FRS 102. There should then be greater narrative on charity specific requirements to assist preparers.

As such, we consider that detailed working examples need to be provided to support preparers of accounts, especially those in tier 1 who may have very limited technical accounting experience.

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

No

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

We consider there needs to be better formatting, with key terms highlighted and potentially linked to the glossary. This will assist with the understanding of users of the accounts. As noted in question 19, there needs to be greater separation between exchange and non-exchange transactions.

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?

Yes

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

We consider that there needs to be greater separation, which could either be separate sections, or 5A/5B (like 10A/10B). There could be an introductory section covering the requirements of 5.1-5.8, before then separating exchange and non-exchange.

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?

Yes

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

At present, the disclosure section has swapped the order of requirements for exchange and non-exchange transactions. In addition, there are occasions where it is not clear which type of transaction a particular disclosure requirement is referring to. By having specific disclosure requirements laid out for different transaction types, even if this results in duplication, we consider it would better support the needs of preparers of accounts.

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

No

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

We don't agree this is a helpful inclusion.

We consider that all fixed assets should be designated to give clarity over the free reserves position of a charity. If this requirement were retained, we have concerns about how it would be presented where a charity already designates all fixed assets.

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

No

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

The requirements of paragraphs 5.89-5.100 are still incredibly unclear and risk substantial differences in accounting treatments. Narrative descriptions, as proposed for the trustees' annual report, to explain complex accounting policies can often be very drawn out and risk further confusion.

We consider that it would be more appropriate to give greater expectations, with examples, to support legacy income recognition. The requirements of paragraph 5.90 include the requirement for executors to have established there are sufficient assets to pay the legacy, in our view this pushes the recognition much closer to the point of distribution that may be applied by many charities.

We consider it is unhelpful to recognise legacies well in advance of receipt as we consider the assets are not within the control of the recipient charity and cannot be used to support charitable activities until the funds are physically received. We also consider it would be beneficial to include guidance around monitoring legacy receipts/notifications after the end of the reporting period, including whether there should be a cut-off date.

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?

No

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

We consider there needs to be greater guidance within the SORP itself and that it would be unhelpful to have the existing vague requirements supported by information that readers would have to look elsewhere for.

If any guidance were to sit outside the SORP, it will need to be clear on whether this is a must/should/may requirement. There is the potential for further disagreement on how to treat legacies.

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

5.2 "Income is an increase in assets, or a decrease in liabilities" - we consider this is odd language in relation to liabilities which could be misunderstood by some preparers of accounts when assessing the treatment of transactions.

5.14 – there is a cross-reference to FRS 102 if the quoted criteria are not met, we consider that the requirements should be explicitly stated in the SORP where they are key to the reporting requirements.

5.78 – we consider that the requirement to allocate all restricted grants/donations to income from donations does not best align with the expectations of activity based reporting. We consider that where a restricted grant/donation is given which falls within a reported charitable activity, it is more helpful to present that income under charitable activities.

5.85 terms/conditions that do not prevent recognition

We disagree with the statement that certification of expenditure is an administrative requirement, as this can frequently result in reduced levels of income being provided where a claimed cost is disallowed. We consider that the entitlement to income does not arise until a donor has confirmed the claimed expenditure is valid.

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

No

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

The section is extremely long and we consider that some of the large paragraphs detailing examples (eg 10B.39-10B.40) would be better laid out in a table or through the use of flow-charts. Some of the sections may be better to be further broken down and formatted to draw the reader to the key elements of the requirements.

We consider that where a requirement is directly lifted from FRS 102, it would be simpler to simply link to FRS 102. There should then be greater narrative on charity specific requirements to assist preparers.

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

Yes

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

We agree the requirements are clear and understandable for us as accountants.

We do have concerns about the ability of others to interpret the rules correctly. We are aware of the statement about the intended user of the SORP which states "It is anticipated that users of this SORP will be familiar with accounting concepts, principles and terminology and possess a reasonable knowledge of accounting practice.", however we consider this may be a challenge for those working for or supporting smaller charities and does not align with "think small first".

We consider the examples given are too brief, and would benefit from additional scenarios being included, either within the SORP, or as part of supplementary supporting document.

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

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

We consider that the requirements are unduly challenging for charities, especially those in tier 1, to adhere to.

Our view is that in the vast majority of cases, the amount a charity is actually paying will be the same as the amount they would be willing to pay. There are normally sufficient alternative properties available to enable a charity to choose something that fits within their budget. As such, we expect most charities simply to believe there is no non-exchange component in any leases they hold.

10B.79 is unhelpful in stating "it is expected to be reasonably obvious...if there is a social donation lease"

There is currently a lack of detail about the implementation of recognising a non-exchange component. It should be clarified whether the value of the non-exchange component should be recognised in full at the commencement of the lease, or only as lease payments are made. The treatment of any depreciation linked with this should also be clarified.

In relation to peppercorn arrangements, 10B.75 states "it is unlikely such arrangements would meet the definition of a lease". It would be helpful to include details of a scenario where a peppercorn arrangement would meet the definition of a lease.

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

Yes

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

The requirements of both 10B.95 and 10B.129 appear reasonable and we consider them to be easily understood.

Where there is a list of requirements, as in 10B.95, this should be presented in a bulleted list to ensure each key item is easily identifiable.

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

No other comments

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?

Yes

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

We consider the statement of cashflows has limited benefit for many users of charity financial statements and so agree with this proposal.

We do accept that some readers with a non-financial background may more easily understand movements in cash. In addition, the inclusion of a statement of cash flows does assist with clarifying the other primary statements are prepared on an accruals basis.

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

No other comments

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

Yes

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

We agree that any additional guidance within the SORP itself, rather than in separate publications, is beneficial to the preparers of accounts as well as users of those accounts.

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

Yes

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

We agree that it is important to ensure there are disclosures for the circumstances they relate to

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

It appears that the requirements of paragraph 20.15 (disclosure requirements in the trustees' annual report) is the only instance of a TAR requirement not mentioned in section 1. We believe this should be included in a similar way as paragraph 1.6.

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?

Yes

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

We agree that the generic term is more helpful. In our experience we found there was confusion about when to use the different terms, with many charities simply choosing to use "social investments"

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

No

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

We disagree with this proposal, as it moves away from primary intention of many social investments which are expected to support a charity's charitable objectives rather than driving a desire for a financial return. Many charities choose social investments as an alternative to grant support, and would choose to convert a failing social investment to a grant in the event that an organisation may struggle to repay invested funds. We believe there should still be an option to report this as part of charitable expenses.

Alternatively, guidance should be provided for the accounting treatment in the event of the conversion of a social investment into a grant as we would expect this to be reported as part of charitable expenditure.

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

No

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

The requirements of 21.6 are clear in relation to the need to restate comparative information

There is no clarity on the requirements for comparative information in general which differ for tangible fixed assets and other potential types of social investment

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

Yes

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

As noted in question 37, we consider there should be further detail to confirm whether full comparative information is required for tangible fixed assets or whether the disclosure exemption in FRS102 remains.

We also consider that it should be explicitly stated whether a full comparative SOFA is required.

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

We consider there is a risk of confusion when considering the requirements of paragraphs 21.13 and 21.15 in relation to property.

21.13 states that if a property is let to further a charity's own charitable purposes it must be accounted for as part of tangible fixed assets.

21.15 states that property held to generate rental income must be accounted for as investment property.

Any property generating rental income would appear to be caught by 21.15 however many properties will be rented out by a charity to further a charity's purposes. Whilst it is common that 21.13 would apply where discounted rent is offered, this may not always be the case with some charities choosing to rent to only those organisations that support its charitable purposes, even where the rent is at full market rate.

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)

We consider that the aspiration to think small first has not been met. The requirements for tier 1 charities have actually increased. Whilst we agree with the majority of the changes, we consider it is important that sufficient guidance and detailed working examples are made available to assist those smaller charities with their reporting requirements.

There are a number of complexities where support and guidance will need to be provided to charities. Many independent examiners of smaller charities may have insufficient experience to be able to provide such advice and so this risks there being errors in reporting arising from the changing requirements.

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

Yes

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

We agree that the application of section 1A of FRS 102 would remove some key reporting requirements that we consider are beneficial.

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

We were surprised there is no comment about the interaction between the requirements within FRS102 for public benefit entities and what the Exposure Draft SORP has done to reflect and incorporate these.

2.17/2.23 impact of restricted/endowment funds on reserves

We aren't sure what these paragraphs are suggesting so may need further explanation.

2.35 – bullet point 8 appears have a formatting error – we believe the final sentence should be a new bullet point

3.20-3.25 Materiality

We consider this is still very vague and open to interpretation. We consider that some potential calculation methods may be helpful as charities will need a reference point for determining whether something may influence decision making by users of the accounts.

Module 5 – Income from non-exchange transactions

We consider that the income recognition tests of entitlement, probability and measurement remain helpful when assessing the recognition of non-exchange transactions. These are a useful and well understood set of concepts, which we feel still are relevant to all income from non-exchange transactions. We consider that they should be re-introduced.

There is an explanation in Appendix 4 Basis for conclusions. B.51 states these terms no longer relevant and now only used when they are the relevant criteria for a particular type of income. It states the term "entitlement" is only used in relation to the recognition of dividend income and in the definition of a performance related condition.

However the word "entitlement" is also used in section 21 re social investments in relation to entitlement to income acquired.

It is also used to define "deferred income" in the glossary. i.e. deferred income is where no entitlement to the income at the balance sheet date.

Module 6 – Donated goods, facilities and services

For donated services, there is an exemption (6.17) from recognition (value deemed to be nil) where a charity would not otherwise have purchased a service.

The same exemption does not exist for donated goods, which are required to be recognised (6.10) either at the point of donation or sale.

Whilst we agree this is appropriate for goods donated for resale, we consider it is not appropriate for charities that are donated goods they use to support their charitable objectives, but which would not have otherwise been purchased. There is a substantial administrative burden associated with identifying the value of donated goods, especially where this may be high volumes of goods for free distribution to beneficiaries.

We consider that where a donated good is not expected to be sold, the deemed value of such goods should be nil.

Module 9 – we consider that the disclosure exemption for tier 1 charities, unless they are a non-small company, is confusing and is likely to lead to errors. We consider that one-off disclosure exemptions are unhelpful as they add a layer of additional complexity, especially for what is a relatively simple disclosure. To avoid this, we consider that all tiers should be required to disclose the staff cost note.

9.8-9.11 Disclosure of trustees' expenses

This is an area where there is often confusion with our clients. We consider that further guidance would be beneficial to make it clear these are expenses attributable to individuals and not those costs benefitting multiple trustees, e.g. venue hire and catering for meetings. If this is not the case, then this should be clarified.

9.24 Disclosure of amounts payable to auditor/independent examiner

The ICAEW requires this disclosure to exclude VAT, as it is the benefit received by the auditor. We consider this requirement should be explicitly stated in the SORP guidance to ensure comparability of reporting and for the avoidance of doubt.

9.33 Employee benefits exceeding £60,000

This threshold remains unchanged when there are proposals to increase other reporting requirements. We consider that an inflationary uplift should be applied, bringing the reporting threshold to approximately £100k.

In addition, there is a difference between the £/€ figures which does not apply to the tier thresholds – we consider there should be consideration to align.

We also consider there should be guidance on how to translate into alternative currencies, or state that this disclosure should always be presented in £ to ensure comparability of reporting between charities.

9.35 Remuneration and benefits received by key management personnel

We consider it would be beneficial if guidance could be included about non-employees fulfilling KMP roles – we are aware the guidance feeds from FRS102, however we believe for more accurate reporting the disclosure should be role based to give clarity on the true cost of KMP which may otherwise be

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

understated by excluding non-employees.

13.5. Examples of events occurring after the end of the reporting period that require adjustment

We consider that preventing the recognition of designated funds identified after the reporting date likely means the accounts could show a less accurate position of the future plans and intentions of a charity. Many designations can only be approved once the year-end result is known, and failure to recognize them has the potential to overstate the free reserve position of a charity when a board has actively decided to utilise some of those reserves for a particular purpose.

15.8 Strategic report requirements

We consider it would be beneficial to include further guidance on what is actually expected, or potentially change the reporting requirements to instead permit a charity to explain in the preamble that it covers the requirement of a strategic report.

15.22 Disclosure of revaluation reserves (UK companies)

This paragraph simply notes "when assets are revalued upwards" without any reference to the type of asset. We consider that greater clarity is required here to avoid errors in reporting. We believe this requirement only applies to those assets where there is an accounting policy choice between historic cost and fair value (e.g. tangible fixed assets) and not those which must be held at fair value (e.g. listed investments).

17.20 Obligations under a defined benefit multi-employer plan

This refers to charities needing to recognise a liability, but we consider it would be beneficial to clarify this means within short and long term creditors, rather than further down the balance sheet as a provisions.