

FRS 102 consultation questions

- Q.1 Do you agree that the new format of the SORP meets the needs of all those preparing accounts using the SORP, including smaller charities? If not, what improvements should be made and why?

As a smaller charity we were able to work with the new format, although in a few areas to be mentioned later, the requirements were cumbersome.

- Q.2 Is more assistance required to help smaller charities? If so, please explain what is needed and why.

On behalf of our small charity no more assistance was required, although clarification was required for the disclosure of Trustee donations.

- Q.3. Is the use of the terms 'must', 'should' and 'may' successful in distinguishing 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 on how a particular disclosure or other requirement might be met? If not, what alternative format should be adopted and why?

I agree the use of those terms is successful in clarifying compliance.

- Q.4 Given the requirements for financial reporting that are now explained in FRS 102, is the retention of a SORP still necessary in the charity sector? Please give reasons for your answer.

Providing the modular concept is followed allowing for smaller Charities to use exemptions from reporting, then FRS should be able to allow charity sector reporting.

- Q.5 Do you have any suggestions as to the changes needed to address issues on implementation or in meeting the SORPs requirements? If so, please explain what are they are and where possible please give examples.

N/A

- Q.6 Do you agree that there needs to be a third tier of reporting by only the largest charities and if so at what level of income should that reporting requirement apply?

As a preparer of a smaller charity accounts, no opinion on this.

- Q.7 If you agree that there should be a third tier of largest charities, what items in the existing SORP that apply to larger charities should be restricted to just these largest charities?

N/A

Q.8 Do you agree with one or more of the four suggested areas for review of the trustees' annual report recommended by the SORP Committee? If so, which ones do you support and if you do not support any of these suggestions, please give your reasons as to why not?

There is no requirement from our charity, or its members, that the information supplied in the Annual Report, together with the accounts, lacks either clarity or detail, so no review is required.

Q.9 Do you agree with either of the two suggested areas for the review of the accounts recommended by the SORP Committee? If so, which ones do you support and if you do not support any of these suggestions, please give your reasons as to why not?

As a charity that owns only investments, the SORP provides enough clarity as it is.

Q.10 Do you agree with one or more of the six themes for review of the SORP suggested by the charity regulators? If so, which themes do you support, and if you do not support any of these suggested themes, please give your reasons as to why not?

Making a Difference for the public benefit – This is already covered in the Association's published report. To provide any further detail could be difficult from a confidentiality aspect. No support for this proposal.

Risk Management – Although this is very important, smaller Charities are unlikely to have strong financial controls where they operate with only one, or a few, staff, so internal controls are very basic. Similarly, for "simple" Charities, by definition smaller Charities, the Reserves situation does not require more clarification.

Going Concern – Although an important issue, the accounts are prepared on the Going Concern basis, which is stated in the notes to the accounts. If there were uncertainty it would be expected that the Independent Examiner would draw this to the attention of the members. If applicable for larger Charities, it is not necessary for smaller Charities.

Enhanced analysis of expenditure – This is not applicable to the Charity I run, and would not be supported as it is not necessary.

Disclosure of who funds a Charity – This is not supported as donors like to remain anonymous, and having to publish names would result in a loss of donations. Disclosing for whom is the Charity acting is not applicable.

Disclosure of Key Facts – Possibly more appropriate for larger Charities, but smaller Charities usually provide this detail in the Annual Report if not in the Notes to the Accounts. For our Charity, a Statement that all Admin Costs are paid for by donation from a Company, satisfies the percentage of members' donations funding benefits.

Q.11 If you do support one or more of the suggested themes, which, if any, of the specific issues identified within each theme do you agree needs attention in the next SORP? Alternatively, if you support none of these suggested issues, please identify the issues that need to be addressed and explain your reasons why? - **See above**

Q.12 Are there any items in the report or accounts which could be removed. If so, what are they and what are your reasons for removing them?

N/A

Q.13 Are there any items in the report or accounts which could be changed to improve the information provided to the user? If so, which items would you change, what would the change be, and how would it improve the information to users of the report and accounts?

The Cash Flow in the FRS102 format is not the best, and quite confusing to most recipients of Charity accounts. The starting point for the Cash Flow of: Net cash used in operating activities, requires a separate note of reconciliation, whereas using a starting point of: Net income/(expenditure) before gains and losses on investments, and analysing working capital and investments on the cash flow keeps the format in the one place, makes it easier for readers of the accounts, and greatly improves the transparency.

Q.14 Are there any items you would like to add in to the report or accounts? If so, what are these items and how would their inclusion help the user of the report and accounts?

There is nothing in the accounts of our Charity that requires further analysis, so nothing to add.

Q.15 Are there any disclosures in the notes to the accounts that you believe can simply be removed altogether? If so please state the disclosure, the relevant SORP paragraph(s) and give your reasons as to why this disclosure is not useful to the user of the report and accounts?

One item that gave concern whether to include in the notes to the accounts was; Donations from Trustees. As these donations were all unconditional my interpretation of the paragraph below was that the information need not be disclosed:

Transactions with related parties that do not require disclosure

9.18. The following transactions involving trustees or other related parties need not be disclosed unless there is evidence to indicate that they have influenced the charity's activities or use of resources:

• Donations to the reporting charity from a trustee or a related party provided the donor has not attached conditions which would, or might, require the charity to alter significantly the nature of its existing activities if it were to accept the donation. Examples of conditions that make the donation a transaction that must be disclosed include: requiring the charity to purchase goods or services from a specified supplier; making an interest bearing loan to the charity; or requiring that payments be made to a specified third party. However charities must provide an aggregate disclosure of the total amount of donations received without conditions.

Showing unconditional donations from Trustee can be embarrassing, both to those Trustees who have donated and equally to those who haven't. Also, it may not be reassuring to members to have that information disclosed.

However, on checking with other similar Charities, it was decided to disclose the donations from the Trustees, all of which were unconditional.