

Hi,

My role is providing independent examinations to lots of small, and very small charities, as well helping them with annual accounts preparation and other governance and advice issues.

Many of my charity clients are limited companies and so need to comply fully with FRS 102 and the SORP, even though they may not have paid staff, nor any in-house financial expertise, and are often run by busy people who are willing to volunteer to help a good cause but are completely de-motivated by unnecessary 'red tape'.

I have two main points to feed-back on the future development of the SORP:-

**1. The unintended consequence of the FRS requirement to show comparatives** for all figures in a set of accounts becomes ridiculous and very cumbersome in a set of charity accounts. We often have to duplicate the whole SOFA from the previous year. This then causes confusion. For example, having talked to other accountants they agree with me that when looking through the accounts one often finds oneself looking at the wrong page and wondering why it doesn't agree to the other figures etc.. The lay user probably finds it even more confusing to have two very similar pages.

The need to duplicate the fixed asset note, the restricted fund movement note, the funds analysis note all from the previous year, means the whole set of accounts becomes a very dense set of numbers and tables. This is very off-putting to the average non-accountant reader. Many trustees find it difficult enough to engage with the financial aspects of their charity and understand the numbers. The inclusion of all this comparative information is not helping them at all. It is in fact a disservice to the people that matter, the trustees and other stakeholders.

All the comparative information is very readily available to anyone who wants it, simply by accessing the previous year's accounts through the Charity Commission or Companies House websites. These are both user-friendly.

My suggestion is that just the key comparative information is required - perhaps last year's SOFA Total column and Balance sheet figures. (Charities could of course provide more if they wish eg. if there were significant changes in the Restricted funds compared to a previous year.)

Is it not possible to create an exception to FRS for public benefit entities - because all the comparative information is readily publicly available? Or perhaps there can be a new FRSSSE just for public benefit entities?

Currently sometimes it is simpler just to ask the trustees to attach last year's accounts to this year's! So this also highlights the point of how much extra paper is currently needed, and the environmental cost.

Simplification of the accounts will mean far more people can engage with them and understand them. Although there may be technical reasons why charitable companies and the SORP both have to follow the FRC requirements we should really be putting the users real needs above this bureaucracy and serving the interests of the charity sector far better.

**2. The requirements around pension scheme disclosure** mean that many small charities, such as individual local churches in multi-employer schemes, can have up to two extra pages in their accounts filled up just with the pension note. The note is full of pensions jargon and actuarial data which is pretty meaningless to the average charity accounts reader and user.

My suggestion is that all but the very simple key information is disclosed and explained, and then a link is provided to a website (perhaps the charity's own or the Charity Commission if you need a permanent record), where the full information is provided to anyone that wants all the detail.

Kind regards,

**Mary**

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