

Charities SORP Committee Minutes

Date	21 September 2020	
Venue	Microsoft Teams meeting	
Joint Chair	Laura Anderson	<i>Office of the Scottish Charity Regulator (OSCR)</i>
	Nigel Davies	<i>Charity Commission for England and Wales (CCEW)</i>
	Sarah Finnegan	<i>Charity Commission for Northern Ireland (CCNI)</i>
Members present	Caron Bradshaw	<i>Charity Finance Group</i>
	Michael Brougham	<i>Independent Examiner</i>
	Daniel Chan	<i>PwC</i>
	Tony Clarke	<i>Clarke & Co Accountants</i>
	Tom Connaughton	<i>The Rehab Group</i>
	Diarmaid Ó Corrbuí	<i>Carmichael Centre for Voluntary Groups</i>
	Tim Hencher	<i>Scottish Council for Voluntary Organisations</i>
	Noel Hyndman	<i>Queen's University Belfast</i>
	Joanna Pittman	<i>Sayer Vincent</i>
	Carol Rudge	<i>Grant Thornton</i>
	Max Rutherford	<i>Association of Charitable Foundations</i>
	Neal Trup	<i>Neal Howard Limited</i>
	Gareth Hughes	<i>Down and Connor Diocesan Trust</i>
In attendance	Gillian McKay	<i>CIPFA, Secretariat to the SORP Committee</i>
	Milan Palmer	<i>CIPFA, Secretariat to the SORP Committee</i>
	Sarah Sheen	<i>CIPFA, Secretariat to the SORP Committee</i>
Observers	Jenny Carter	<i>Financial Reporting Council</i>
	Jelena Griscenko	<i>The Charities Regulator in Ireland</i>
Apologies	Jenny Simpson	<i>Wylie + Bissett LLP</i>

- 1. Welcome, apologies for absences and declarations of interest Action**
 - 1.1 The Chair welcomed SORP Committee Members to the meeting.

There were no declarations of interest.
- 2. Minutes of the meeting of 2 July 2020 and matters arising**
 - 2.1 The draft minutes of the previous committee meeting were approved subject to minor amendments regarding double numbering of paragraphs 2.2 and 3.2.

2.2 SORP reserve committee members

2.3 The Chair informed the committee that information relating to the clarification of the role of reserve members and the criteria for their being appointed to serve on the committee were a vacancy to arise, would be circulated subsequent to the meeting.

2.4 Matters arising

2.5 CIPFA has not received any further feedback from the committee regarding involvement with the strand convenors.

2.6 Induction materials

2.7 The induction materials are in development and the Chair would inform the committee when they are on the SORP microsite.

2.8 Information Sheet 5: The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, as applied to Charitable Companies

2.9 The updated Information Sheet 5: The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, as applied to Charitable Companies has now been issued and is on the SORP microsite.

3. Briefing regarding the engagement strands

3.1 Engagement strand meetings

3.2 Since the last meeting there have been two meetings with the convenors.

The first meeting was for the convenors to share their expectations of how the process may work for them and allowed some opportunity to discuss ideas to take to their first engagement strand meetings.

The next meeting was to provide feedback from the engagement strand meetings. Following the initial meeting, all convenors had had at least one meeting with their engagement strands, some had held two. Discussions with the engagement strands had centred around both technical and non-technical matters.

Key technical topics discussed included donations, donated goods and services, pensions and going concern reporting. Consideration had been given to the range in size of charities, with a desire for better differentiation, for example, large versus small charities. The discussions had recognised that even within these distinctions that diversity existed. For example, for small charities, there can be considerable differences between a £5k turnover charity and a £500k turnover charity.

The trustees' strand was considered by the committee. The trustees strand had been very mindful of the limitations of changing the SORP and was keen to restrict the scope to trustee reporting. The trustee report should be used to tell the story rather than treating it as a tick box exercise and the SORP should facilitate this.

Sustainability and governance had been popular with some members but was perhaps viewed as an imposition by others. There had also been a brief discussion about Brexit.

The SORP committee considered that it was important that the focus of the convenors of the strands needed to remain on the engagement strand subject area and care would need to be taken to avoid debates straying into their own professional background and to ensure each strand maintains good coverage of their subject area. It was recognised that many members of the strands could wear different hats and represent different perspectives.

The committee considered that this was the exploration phase that needs to focus on the needs and wants of users. The energy and enthusiasm of the members is very much appreciated.

The convenors had requested that the minutes of the two meetings were to be shared with the committee. This will be done once the minutes from the second meeting are finalised.

- 3.3 The SORP website contains a dedicated page for each strand, each convenor can ask for materials to be added to their respective page.

3.4 Committee engagement with the strands

- 3.5 A committee member asked whether any other committee members were members of the engagement strands. The following committee members confirmed their membership on the engagement strands:

Name	Strand
Caron Bradshaw	Larger Charities
Michael Brougham, Tony Clarke, Neal Trup, Diarmaid Ó Corrbuí	Smaller charities and independent examiners
Max Rutherford	Major funders, donors, government and public bodies

The Chairs welcome participation from committee members in the strands.

3.6 Questions arising from the strands

- 3.7 Committee members are keen not to lose the gains from the work of the former SORP committee to ensure that conversations that have already been held are not repeated.

A request had been received to share the papers from the former working groups. A decision had been made to share them as the papers are seen as being relevant and that the information provided will not prevent the groups from forming their own thoughts. Though it was noted the papers would only be provided on request to avoid over-burdening the strands or creating any perception of leading the discussions.

A committee member noted that the major funders and donors with government and public bodies strand was a small group and it had

considered the need to issue a survey to gain views. It was noted that this survey had managed to cover all four jurisdictions.

A committee member enquired whether there were any similar or contradictory themes across strands. Common themes had been tiered reporting. But again, there were observations regarding the variety between tiers and that also that there were different reporting requirements across different types of charity. Other considerations were given to the sectors that charities are involved in and whether this gives rise to different user needs. Common issues included reserves and going concern reporting.

The committee considered that many of the participants are professionals and preparers of accounts and therefore many of the questions will come from this perspective.

There may need to be a discussion around clarity of the role of committee members in the engagement strands, however, full participation with the debate at the strands is encouraged.

4 Matters to discuss at the joint chairs/convenors meeting of 17 November 2020

- 4.1 The Chair noted that it would be a large meeting and therefore it was useful to discuss with the committee how to get the most out of the conversation with the convenors.

There will be an additional meeting with the convenors prior to 17 November 2020 and they will need to consider the same issue.

It will be a challenge to manage a meeting of this size remotely. Consideration was given to creating an online common resource where committee members will be able to post comments and questions in advance. This will allow the chairs to prioritise questions and the time available at the meeting.

Presentations from each convenor could be used but these would need to be time limited and would need to respond to a limited number of questions/issues. It was noted that six presentations could take up considerable time.

The revised SORP development timetable has been shared with the strands and some strands have planned their meetings into 2021 to allow at least 2 meetings per strand for the exploration stage. Planning what influence this may have on the committee's agendas this far ahead is quite difficult now as it is not yet known what issues will be generated by each strand.

The chairs also asked the committee to consider the content debated at the research meetings and whether any of the items raised there would be something the committee would like the strands to discuss.

A committee member suggested that considering some of the feedback coming from the earlier meetings, it may be more useful to ask the strands where there isn't a consensus (such as sustainability and the environment, the gender pay gap, Brexit etc).

The following will be shared with the convenors:

- the possibility of producing a short presentation for the November meeting
- the proposal for having a shared space to document and share issues raised
- suggestions for questions that could structure the conversation in November.

5. AOB

5.1 FRED 76 Draft amendments to FRS 102 and FRS 105 – COVID-19-related rent concessions

5.2 The committee noted that the FRC has considered the responses to its consultation on the proposed amendments to FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* for COVID-19-Related Rent Concessions. It was anticipated that subject to a few minor changes, the amendments to FRS 102 should be issued in the next couple of months.

5.3 Committee members were asked to consider whether any guidance needed to be produced for charities accounts preparers to assist with the application of the amendments. If guidance was needed, committee members were invited to contact CIPFA.

**Committee
and CIPFA**

5.4 Comprehensive review of IFRS for SMEs

5.5 The committee was informed that the IFRS for SME's is currently being reviewed by International Accounting Standards Board (IASB). IFRS for SME's does not flow directly into FRS 102, but it may worth considering whether some of the items might inform the agenda for the development of FRS 102 under the next triennial review (for example, leases will be considered under that review).

5.6 The consultation on IFRS for SME is a large document covering a number of changes to its sections. The FRC will be responding to the IASB consultation and would be interested in the SORP Committee's views, on any of the issues raised by the consultation.

6. Dates of next meetings

6.1 These are:

- 22 October (research review part I)
- 9 November (research review part II)
- 17 November (joint meeting with convenors).

Committee

6.2 The joint chairs had considered the number of research papers that would be considered by the committee at its next two meetings and was of the view that more time would be needed for effective discussion and debate.

Milan Palmer had therefore emailed committee members to find the dates for an additional meeting and/or whether the current two research meetings should be extended.

Committee

[Note an additional meeting is confirmed as being at 10:00 on 13 November 2020].