

Charities SORP Committee Minutes

Date	6 July 2016	
Venue	Conference Call	
Joint Chair	Laura Anderson Nigel Davies	<i>OSCR Charity Commission in England and Wales</i>
Members Present	Sarah Anderson Caron Bradshaw Richard Bray Pat Dennigan Mark Hill Noel Hyndman Simon Ling Sheila Nordon Carol Rudge Joe Saxton Jenny Simpson Darren Spivey	<i>Deloitte LLP CFG Cancer Research UK Focus Ireland Regeneris Limited Queen's University Belfast National Association of Almshouses ICTR Grant Thornton nfpSynergy Wylie + Bissett LLP Royal National Lifeboat Institution</i>
In attendance	Jenny Carter Alison Scott Easton Bilsborough	<i>FRC CIPFA, Secretariat to the SORP Committee CIPFA, Secretariat to the SORP Committee</i>
Apologies	Michael Brougham Tom Connaughton Pesh Framjee Geoff Hunt Kenneth McDowell Fiona Muldoon Mark Spofforth	<i>ACIE The Rehab Group Crowe Clark Whitehill, Technical Advisor to CIPFA Secretariat Wolfson Foundation Saffery Champness Charity Commission Northern Ireland Spofforths Chartered Accountants</i>

Action

1 Welcome, apologies for absences and declarations of interest

- 1.1 Laura Anderson welcomed members to the meeting.
- 1.2 Apologies for absences were received from Michael Brougham, Tom Connaughton, Pesh Framjee, Geoff Hunt, Kenneth McDowell, Fiona Muldoon and Mark Spofforth.
- 1.3 Laura Anderson asked if there were any declarations of interest to be made. No declarations of interest were noted by members.

2 Approval of the minutes of the meeting of 23 March 2016 (Paper 1)

- 2.1 The draft minutes of the previous committee meeting were approved, subject to a number of minor amendments.

3 Members' matters arising and members' verbal update on their SORP consultation events

- 3.1 The members of the committee gave details of events and other promotional activities which their own organisations were running and others that they were aware of. Laura Anderson expressed her thanks to the members for facilitating these events which would ensure the coverage and reach of the research exercise is maximised.
- 3.2 Feedback from the regulator in the Republic of Ireland was that the focus has been on developing the legal framework and accounting regulations necessary to make the SORP a mandatory requirement for charity reporting, rather than focusing on promotion of the SORP consultations. However, the ICTR was expected to make a considered response to the consultation, taking the view of those finance directors using the Charities SORP (FRS 102).
- 3.3 Nigel Davies reminded the committee that details of all events run in connection with the consultation are to be included in the report highlighting the research findings. This is necessary to demonstrate to the FRC that the committee has proactively sought the views of stakeholders. Therefore, it would be useful for these event details (including the stakeholder groups present and event numbers) to be sent to Easton Bilsborough at CIPFA. **Cttee**
- 3.4 Nigel also informed the group that events could be advertised on the SORP micro-site if the details of these were sent to himself. This [section](#) of the website was to be launched shortly.
- 3.5 Joe Saxton also noted that he had set up a twitter handle for Charity SORP ([@CharitySORP](#)) where events could also be publicised.
- 3.6 Richard Bray expressed his concern that whilst the range and reach of the events was large, we were at risk of missing important stakeholder groups. This includes the general public – who are both donors and beneficiaries of charities. Noel Hyndman noted that engaging with the public to get their views can be difficult, however, this was done as part of the last research exercise. A discussion guide for facilitating these focus group discussions could be circulated to those planning to hold any such events by Noel. **Noel**

4 Update from the FRC

- 4.1 Jenny Carter, Director of UK Accounting Standards at the FRC, provided a verbal update on the developments to UK accounting standards.
- 4.2 She opened her update by explaining that there had been a number of updates to standards, however these were not relevant to charities.
- 4.3 The period for comments on any aspect of FRS 102 and its implementation remained open and was due to close on 31 October 2016. An email address for views to be sent to had been set up (ukfrsreview@frc.org.uk). The FRC was seeking practical issues which had come up in the implementation of this new standard. These would be taken into account as part of this first triennial review of FRS 102. **Cttee**
- 4.4 Jenny also reported that the FRC would look at changes in international standards in this review. They would be looking at changes in IFRS since FRS 102 had been first developed and consider whether these should be incorporated into FRS 102, and if so, how. A consultation about how FRS 102 would be developed to keep up-to-date with international reporting standards was planned to be launched after the summer.
- 4.5 It was expected that the first phase of the triennial review would begin with a consultation looking at incremental improvements to FRS 102, which would be

launched in 2017, in advance of a planned effective date of 1 January 2019. This would be followed by a second consultation which would look at the possibility of more significant changes to FRS 102 arising from change in international standards. The effective date of these more significant amendments would be deferred beyond 2019, possibly to 2022. The consultation would look at the application of specific international standards, for example IFRS 16 (Leases), to ensure that the broad approach taken by FRS 102 was consistent with international standards but remained appropriate for users of FRS 102. Jenny noted that the FRC would remain conscious of the broad application of the standard as part of the triennial review.

- 4.6 Caron Bradshaw enquired as to the impact of the UK referendum vote to leave the EU on the FRC. Jenny noted that the FRC had released a statement following result. The FRC's regulatory framework remains unchanged and it would continue to work with stakeholders to ensure their work continues to support economic growth.
- 4.7 Richard Bray commented on the potential impact of IFRS 16 on the charity retail sector. Jenny noted that this would be considered as part of a consultation, and would not be effective until a later date, for example say 2022. IFRS 16 is expected to provide better information to financial statement users, and so it may be expected that a similar approach would be applied by other organisations. However, FRC would be consulting on the application of the standard.
- 4.8 The committee agreed that this could be a potential issue for the sector and should be included on the agenda at the next meeting. CIPFA would prepare a paper on the impact of the standard for this meeting.

EB/AS

5 Background and call for topics for an Information Sheet (Paper 2)

- 5.1 Nigel Davies talked the Committee through the paper, emphasising the purpose of these publications is to provide clarity to users of the SORP where the existing text is ambiguous. Information Sheets provide advisory guidance and users are under no obligation to follow it. It provides advice which 'should' or 'may' be followed, in line with the language of the current reporting framework.
- 5.2 The paper sets out the handful of issues which have been identified by charity regulators as potential Information Sheet subjects (Para 2.2). Nigel noted that the new regulation for England and Wales refers to the disclosures regarding fundraising activities which will be brought in on the implementation of the Charities (Protection and Social Investment) Act 2016. These are set out in the Commission's guidance [CC20](#) (Charity fundraising: a guide to trustee duties). It is not currently known when the relevant provision for these reporting requirements will come into force.
- 5.3 Caron Bradshaw enquired as to whether the Information Sheet would be a series or a one off publication. Nigel noted that this would be dependent on topics submitted by members of the committee. He emphasised that this was not the only opportunity for Information Sheets to be issued to accompany the current SORP. There was no limit to the number that could be issued and there would be further opportunities to do so.
- 5.4 The committee also questioned whether the Information Sheet would contain a 'mixed bag' of issues or if issues would be segmented by theme. Nigel noted that once again, this would depend on the topics submitted by the committee. Carol Rudge suggested that it would be most useful for Information Sheets to be linked to the different modules and particular sections of the SORP. This would allow clear linkage between the SORP and supplementary guidance. The committee

agreed with the logic of this approach, but acknowledged the difficulty of those instances where issues blur between modules.

5.5 The five actions set out in the paper (Para 3.4) were agreed by the committee.
ACTION: It was agreed that suggested topics should be sent to Easton Bilsborough at CIPFA by COP 9 September 2016.

Cttee

5.6 The committee were asked to submit worked solutions/approaches together with issues as early as possible in advance of the 9 September deadline. This will enable the secretariat to compile draft Information Sheets with different solutions/approaches for discussion at the October meeting. The layout used by Sarah Anderson (circulated to the committee prior to the meeting) was noted as an example of how ambiguities and possible solutions could be presented.

5.7 Richard Bray commented on several areas of the SORP where ambiguity exists and different approaches are taken. The Information Sheet would have to exercise a preference if the Committee wished for a consistent approach to be taken. Nigel referred to the process of issuing Information Sheets, which was dependent on the consensus of the Committee. The October meeting would allow for these issues and the differing approaches to be discussed and debated.

5.8 The Committee felt that for some issues one approach would be preferable and a consensus would be easily reached. However, for others it would be preferable for a level of ambiguity to remain and 'falling down one side of the line' would not be appropriate. Often standards need to be flexible to allow a true and fair view to be given. Therefore, it may be the case that the consensus of the committee is to allow discretion in certain areas.

6 Any other business and dates for next meetings

6.1 Laura Anderson asked the Committee if there was any other business they would like to raise. The following points were discussed and clarified:

6.2 The date of the next meetings were confirmed to be:

- Thursday 13 October, CIPFA, 77 Mansell Street, London
- Wednesday, 14 December, CIPFA, 77 Mansell Street, London
- Tuesday, 14 March 2017, CIPFA, 160 Dundee Street, Edinburgh

6.3 CIPFA Secretariat will canvas the Committee for 2017 meetings dates.

EB/AS

6.4 There was no other business and the meeting closed.