

SORP Committee

Minutes of the SORP Committee Meeting of 25 January 2008 (Approved at the 13 June 2008 SORP Committee Meeting)

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Present:

Kirsty Gray, Deputy Chair of the SORP Committee
Debra Allcock Tyler
Tidi Diyan
Pesh Framjee
Peter Gotham
John Graham
Chris Harris
Keith Hickey
Noel Hyndman
Ray Jones
Tris Lumley
Kate Sayer
Catriona Scrimgeour
Carol Rudge
Paul Spokes

In attendance:

Nigel Davies, Secretary to the SORP Committee
Alan O'Connor, Accounting Standards Board

Apologies:

Andrew Hind
Lynne Robb

Item 1: Chairman's opening remarks and matters arising

1.1 The Deputy Chair opened the meeting and advised that unfortunately the Chair was not able to attend and so she would be chair for the meeting.

Item 2: Approval of the minutes and matters arising

2.1 The minutes of the meeting of the 23 November 2007 were considered and approved. Matters arising from the minutes, paragraph 6.1 would be covered under the agenda item media and communications.

Item 3: ASB accounting for heritage assets update

3.1 Alan O'Connor provided a verbal update on the Accounting Standards Board's (ASB) ongoing consideration of the accounting for heritage assets. He explained that the Board in returning to this subject on January 10 re-affirmed its conclusion that improved narrative disclosures should be required for holdings of heritage assets and that conceptually heritage assets should be reported in the balance sheet. The Board asked for further research on specific aspects and will consider the results of this research, including the outcome of the Kingston University and RICS research project at a future date.

Item 4: Letter to the ASB on SORP development work

4.1 The Committee noted the recent letter to the ASB advising the ASB of the Committee's plans for undertaking research through the Stakeholder Forum and a series of roundtable events.

4.2 Alan O'Connor explained that the ASB Chairman had been on overseas visits but had read the letter and would be responding with an invitation to meet with Andrew Hind and Kirsty Gray to discuss the Committee's plans and other issues, including convergence and the impact on the development of the next SORP.

Item 5: Stakeholder Forum

5.1 Nigel Davies summarised the paper and recapped on the timetable, the speakers, and the themes for the day and those arrangements where further Committee input was needed. The event had been renamed from a conference to a Forum to emphasise the desire for dialogue and the speakers from the Committee would be presenting on a theme drawn from their sector expertise.

5.2 The revised Forum arrangements met with widespread approval. A number of members were keen to share their ideas with Keith Hickey and Kirsty Gray for the final session of the morning, which would be setting the context for the afternoon discussion group. It was felt that insufficient time was allowed for the discussion and so it was agreed that the timetable of the day be extended by 30 minutes.

5.3 A number of Committee members agreed to act as discussion group facilitators: Carol Rudge, Kate Sayer, Tidi Diyan, Paul Spokes, Catriona Scrimgeour, and Chris Harris. Kate Sayer offered to assist with guidelines for facilitators to ensure the discussion groups were as successful as they could be.

5.4 Regarding the 4 questions about charity reporting and accounting to facilitate the discussion groups, after discussion it was agreed these should be changed to:

- Are there key challenges that have not been identified?
- What should be the priority order of the various issues identified in the last session?
- What issues do you think are most important to your constituency (membership or public or clients)?
- What suggestions do you have about educating the wider sector about best practice in charity accounting and reporting?

5.5 It was agreed that to ensure delegates had the maximum opportunity to be heard each delegate should also be given post it notes to pen comments on “what works for you about SORP” (yellow) and “what does not work for you about SORP” (pink) which would be collected in and collated to provide additional feedback.

5.8 The Committee agreed that:

- **The allocation of places to organisations should be supplemented with invitations to CEMVO, BEMIS, Community Foundations Network and the Charity Treasurers Forum;**
- **Six members agreed to act as facilitators for the discussion groups with the Secretariat to work with support from other attending members;**
- **Secretariat to draft facilitator guidelines and seek views and advice from Kate Sayer;**
- **a revised set of four questions was agreed; and**
- **the revised Forum arrangements were approved with the delegate packs to include information on the roundtables.**

Item 6: Taking the pulse: Stakeholder Roundtables

6.1 Nigel Davies summarised the paper and in recapping on the timetable for the roundtables noted that the number of roundtables would vary for each stakeholder group, with roundtables in England and Wales, Scotland and Northern Ireland. The assistance of the Charity Finance Directors’ Group, Directory of Social Change, Queens University and the Department for Social Development (Northern Ireland) was gratefully acknowledged.

6.2 The Committee agreed that:

- **the Secretariat should proceed with arrangements for roundtable venues with arrangements to be finalised at the June SORP Committee meeting;**
- **the timetable and purpose of the roundtables should be included in the Forum delegate pack to ensure that the period between the Forum and the roundtable is used effectively by organisations to canvass their constituency;**
- **the organisations representing charities should be specifically tasked to ensure they consider the interests of users and beneficiaries in their comments on charity accounting and reporting; and**
- **the feedback from the roundtables is a key piece of research to inform the development of the SORP.**

Item 7: Proposed media and communications guidelines

7.1 Ray Jones introduced the paper noting that the SORP process was intended to be as open and transparent as possible with the minutes, agenda and most Committee papers posted on the web. The overarching aim was to support the ASB in advancing and maintaining standards of financial reporting. Articles and other communications were a valuable way for members to publicise the Committee's work and in the light of the Forum and roundtables were there sufficient guidelines in place to help members know what was expected?

7.2 The Committee had a full discussion about the main areas where members would wish to contribute and how best those contributions could assist the work of the Committee in terms of content and timing.

7.3 The Committee concluded that:

- **An effective Committee works on trust and mutual respect and members need to share their experience and views in confidence in Committee. Members should share their views in Committee initially before writing articles or external communications;**
- **members should advise the secretariat of any issues that they wish to put on the agenda or of any papers a member wishes to table so that full opportunity is taken of the Committee meetings to discuss those issues;**
- **the Secretariat should keep a running log of issues flagged by members, whether or not a member requested it be on the agenda, so that more specific points could be noted for later SORP review;**
- **where members worked for organisations, the views of the organisation may differ from that of the member and an organisation may seek to raise issues externally and so where possible a member should advise the Secretariat in advance of their organisation's views;**
- **it was expected that most issues on the sector's agenda would be aired at the Forum or via the roundtables but if not there would be an opportunity to explore additional issues as the work of the Committee progresses;**
- **members can write explanatory articles on the SORP and note their membership of the Committee but in articles expressing a personal view they should not include any reference to Committee membership; and**
- **the guidelines summarised in the paper were sufficient.**

Item 8: Draft Information Sheet on the Statement of Principles

8.1 Ray Jones introduced the draft Information Sheet, noting that the Interpretation of The Statement of Principles for Public Benefit Entities (the Interpretation) was intended to assist preparers and auditors and did not over-ride standards or the SORP. The SORP was consistent with the Interpretation but the Interpretation provided some additional valuable guidance in a number of areas and provided a helpful insight into the development of accounting standards.

8.2 Alan O'Connor welcomed the draft Information Sheet which does not form part of the SORP and so does not require formal approval by the Accounting Standards Board or its Committee for Accounting for Public Benefit Entities (CAPE) though CAPE should be informed of its publication. He noted that there were no major issues posed by the Interpretation for the Charities SORP.

8.3 The Committee discussed the draft Information Sheet and noted it would be valuable as a background briefing to promote debate in the roundtables planned for the autumn. Any drafting comments by members were to be tabled by e-mail.

8.4 The Committee discussed the ASB's view of the defining class of user and the qualitative characteristics of financial information as set out in the Interpretation. After discussion it was agreed this would be useful information to include in the briefings for the roundtables.

8.5 The Committee concluded that:

- **an introduction should be added that makes it clear that the Information Sheet is aimed primarily at preparers and auditors rather than trustees;**
- **it should also be made clear that the Information Sheet is advisory and not a part of the SORP ;**
- **any drafting comments on the Information sheet to be provided by e-mail to SORP Secretariat within 2 weeks of the circulation of draft minutes; and**
- **secretariat to include information on relevant aspects of the Interpretation in the roundtables delegate packs.**

Item 9: Progress on the reprint of SORP 2005

9.1 The Committee were asked to note that the reprint of SORP 2005 to take account of changes in law would be timed after April 2008 when further changes should be in effect following further implementation of the Charities Act 2006 and Companies Act 2006.

Items 10: Dates of meetings in 2008.

10.1 The dates of the next Committee meetings was confirmed as June 13 and the October date was subsequently confirmed as 17 October.

Items 11: Any other business.

11.1 An Information Sheet on public benefit reporting and the trustees' annual report would be very valuable.

11.2 The Commission and OSCR should consider publicising the Stakeholder Forum by press release.

11.3 In future the Secretariat should revert to the practice of offering a range of possible dates.