Table of Topics Allocated over Lists of Areas

| **Topic Number** | **Topic Including Brief Description** |
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| 1 | **Summary financial information/key facts page*** Key financial information/key facts page including the use of infographics.
* Summary financial information.
* Summary financial statements?
* This should not be a mandatory requirement.
* Accessible information should be provided.
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| 2 | **Impact reporting (the difference a charity makes)*** More focus on impact reporting – should this be enhanced to demonstrate the difference the charity is making?
* Should this be expanded to all charities?
* More guidance needed but a balance as to whether this would be in the SORP or separate advice.
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| 3 | **Sustainability reporting** * In response to the need for transparency.
* Different models of sustainability reporting- identifying whether to adapt an existing approach or to create our own.
* Covers reporting on climate change, diversity and gender pay gaps- identifying the right content.
* Future proofing the recommendations of the SORP.
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| 4 | **Reserves*** Greater clarity (more guidance) about how reserves are defined and estimated, particularly free reserves. This guidance should make these issues easier to understand.
* Linkage to reserve policy and performance against the policy.
* Linkages to financial sustainability and going concern also needs to be understood by users and other stakeholders?
* Reserves note explicitly in the accounts and not the trustees’ annual report.
* More or better narrative to support the reserves.
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| 5 | **Support costs*** A need for consistency in estimation to improve comparability.
* The amount of choice appears to be affecting this.
* Education issues around understanding of overheads which are not allocated – these are seen to be ‘bad’.
* Distinction between charitable and non-charitable activity is seen as problematic.
* Cross reference to expenditure classification (topic 6)
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| 6 | **Expenditure classification** * Suggestions around removing the requirement for the allocation of support service costs.
* How best to classify expenditure?
* Use of natural classifications of expenditure for smaller charities (see tiered reporting topic).
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| 7 | **Activity reporting (describing how money was spent)*** General lack of understanding by preparers of the accounts.
* The link between the cost of the activity and the income is often not obvious.
* Links also to topic 12 (presentation of the SOFA) and the links of the costs to related income where appropriate.
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| 8 | **Accrual basis of accounting for grants*** Permit charities to use the accrual accounting basis of accounting for some or all grants.
* Need to consider performance obligations to be able to recognise on an accrual basis – these are not always easy to identify.
* There are perceptions that this would distort performance particularly for smaller charities.
* Should a flexible approach be used?
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| 9 | **Donated goods and services*** Need for inclusion in the SOFA was questioned.
* How does it align with FRS102?
* Should this be included in a note instead?
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| 10 | **Income recognition** * Someissues of interpretation on classification (though this appeared not to be a major issue). This is more of an issue on the smaller end of larger charities.
* Consideration of the recognition in the accounts of multi-annual funding.
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| 11 | **Legacies*** More guidance/clarity on accounting treatment.
* Issues around the need to make judgements.
* Note that current guidance is based on FRS 102.
* What might need to be changed?
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| 12 | **Presentation of the SOFA*** Link expenditure to income.
* Use of an upside-down SOFA.
* Link to activity reporting (topic 4).
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| 13 | **Notes on financial information** * Guidance on how to reduce the length and complexity of financial information presented – (note that this will be linked to the topic on materiality (topic 15).
* Those disclosures that are required by the SORP only should be reviewed to ensure they are still necessary.
* Reduce scope to apply the SORP with the use of boilerplate disclosures.
* Reconsider the inclusion of complex pension information. (Changes required to FRS 102)
* Can clutter be reduced using hyperlinks, signposting and cross referencing?
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| 14 | **Funds note*** Consideration of making the funds note more prominent (though it is noted that the order of notes is determined by standards and/ or legislation).
* Consideration of extra guidance on this note as this is one some charities can find it difficult to get right.
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| 15 | **Materiality** * Guidance on materiality would be helpful (this is especially for larger charities to avoid including too much detail which might obscure the key messages of the accounts).
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