

1 Objectives

- 1.1 The primary objective of our work is to develop the Charities SORP to provide a coherent set of recommendations and where appropriate interpretations that will assist the UK charity sector meet the challenges of financial reporting that is fully convergent with International Financial Reporting Standards (IFRS). The Accounting Standards Board (ASB) has stated its intention to converge UK GAAP with IFRS. The ASB's latest proposals were set out in a Discussion Paper on Convergence and discussed at a public meeting on 19 January 2006 which proposed a "big bang" approach targeted for 1 January 2009.
- 1.2 In the absence of a conceptual framework providing an interpretational basis for the application of IFRS by charities the role of the Charities SORP will perhaps be of even greater importance. This points to a need for the new SORP to follow as soon as possible after convergence is achieved.
- 1.3 For a SORP to succeed it is vital that both preparers and users of accounts are involved in its development. This approach is inherent in the due process requirements set by the ASB's Code of Practice applying to SORP-making bodies. We are committed to involving both preparers and users of accounts in our development work and make use of roundtable events to explore technical issues that arise.
- 1.4 As identified in Paper 5 our forward planning must take place against a background of some inherent uncertainty. The outline plan set out in this paper is based on a number of key assumptions, these include ongoing uncertainty over:
 - the convergence timetable;
 - the adoption of an SME standard (or equivalent) and its application to charities; and
 - the long-term retention of UK GAAP and future role of the ASB
- 1.5 However, if our objective of publishing a new SORP to follow soon after convergence is to be achieved then work needs to commence on the development of a new SORP.

2 SORP Development Plans

The development of a new SORP could be divided into the following stages:

- **Explaining our plans and taking the pulse** – the plan proposes a series of events in the period January to April 2008. These events are designed to launch the SORP development process, explain the challenges faced and to gauge what key stakeholders want from the

process. The plan envisages these events taking place in partnership with members of the SORP Committee.

- **Drafting the new SORP** – the plan sets out the steps leading to the sign off by the SORP Committee of a consultation draft of the SORP in February 2009. The process involves a proposal to use a technical sub – committee to consider particular technical issues identified, and the use of a separate sub-committee to look at issues such as “plain English” and accessibility.
- **The consultation process** – the plan sets out the steps from ASB sign-off of the consultation draft to the analysis of feedback and final amendments. The plan envisages an external event to explain the SORP’s recommendation and why particular approaches have been adopted. The consultation process ends in September 2009.
- **Final review and publication of SORP 2010** – the plan sets out proposals for post consultation review, sign-off and publication in March 2010.
- **Updating Charity Commission guidance** – although not falling within the remit of the SORP Committee an outline plans for updating guidance are also set out.

Questions:

- **Is the Committee content with the outline plan set out in section 3 of this paper?**
- **Would members of the Committee be willing to volunteer to partner the sector and accounts user events planned for January to April 2008?**
- **Does the Committee agree that there will be merit in setting up a technical sub-committee to meet during the period May to September 2008 to address specific technical issues arising?**
- **Would members of the Committee be willing to volunteer to sit on a technical sub-committee during the period May to September 2008.**
- **Does the Committee agree there will be merit in setting up a sub-committee to meet in January 2009 to undertake a “plain English” review of the draft SORP?**
- **Would members of the Committee be willing to volunteer to sit on a “plain English” sub-committee during January 2009.**

3 SORP 2010 – Draft time-line

3.1 The draft time-line sets out the key stages involved in developing the next SORP. The inherent uncertainties in the convergence agenda will result in a need for these proposals to be reviewed at key stages and amended as necessary.

Events	
Explaining the challenges and taking the pulse	
<ul style="list-style-type: none"> • Conference setting the agenda: <ul style="list-style-type: none"> ○ Event to explain plans, constraints and issues. 	Late January 2008
<ul style="list-style-type: none"> • What do users want – 2 roundtable events: <ul style="list-style-type: none"> ○ Government funding departments and local authorities; ○ Foundations, philanthropists, analysts and sector commentators. 	February 2008
<ul style="list-style-type: none"> • How can we help the small? – roundtable event: <ul style="list-style-type: none"> ○ Key umbrella groups eg. DSC, Community Matters, ACRE, Almshouse Association, PCCs etc. 	March 2008
<ul style="list-style-type: none"> • What are the technical issues for preparers and auditors - roundtable event: <ul style="list-style-type: none"> ○ Eg Charities Consortium and CFDG members; ○ Auditors from Charity Finance top 50, professional bodies and ACIE. 	March 2008

Drafting the new SORP	
<ul style="list-style-type: none"> • Technical review of SME standard – identification of key issues 	January – April 2008
<p>SORP Committee Meeting :</p> <ul style="list-style-type: none"> • Review of outcome from events and roundtables; • Identification of key technical issues from SME standard; • Consideration of Trustees Annual Report. 	Late April 2008
<p>SORP Technical Sub-Committee :</p> <ul style="list-style-type: none"> • Provisional dates – to consider particular issues arising (meeting of technical sub-committee to consider technical papers) 	May 2008 June 2008 September 2008
<ul style="list-style-type: none"> • Technical roundtables- where particular issues identified technical roundtables with sub-sectors affected (plan to be prepared following completion of technical review) 	May to September 2008
<ul style="list-style-type: none"> • Technical Drafting - preparation of first working draft of new SORP 	May to September 2008
<p>SORP Committee Meetings:</p> <ul style="list-style-type: none"> ○ series of monthly meetings to undertake detailed review of first draft of the revised SORP 	October 2008 November 2008 December 2008
<p>SORP Sub - Committee “plain English” review :</p> <ul style="list-style-type: none"> ○ Review by SORP sub-committee 	January 2009
<p>SORP Committee Meeting:</p> <ul style="list-style-type: none"> ○ sign –off of Consultation draft ○ planning for consultation process 	February 2009
<ul style="list-style-type: none"> • Negotiation of publication and distribution contract for new SORP 	March 2009 - September 2009

The Consultation Process	
• Pre-consultation clearance by CAPE and ASB	March 2009
• External Consultation on SORP	April – June 2009
• External Consultation on supporting Regulations (Office of Third Sector and Scottish Ministers)	April – June 2009
• Event to present consultation draft and received feedback	May 2009
<ul style="list-style-type: none"> • Analysis of consultation responses and re-draft: <ul style="list-style-type: none"> ○ Publication of consultation report ○ Post consultation amendments 	July – September 2009
Final review and publication	
SORP Committee Meetings: <ul style="list-style-type: none"> ○ To review consultation feedback; ○ To agree consultation amendments; ○ To sign-off revised SORP. 	October 2009 November 2009 December 2009
• Post consultation review by CAPE and ASB	January 2009
• Laying of necessary accounting regulations	January – February 2009
• Web-setting and printing of SORP 2010	February – March 2009
<ul style="list-style-type: none"> • Publication of SORP 2010: <ul style="list-style-type: none"> ○ Applying to accounting periods commencing 31 March 2010 	March 2010
• Launch Event – Introducing SORP 2010	April 2010

Updating of OSCR and Charity Commission guidance material	
<ul style="list-style-type: none">• Updating Commission guidance:<ul style="list-style-type: none">○ Accrual packs○ Receipts and payment packs○ Example accounts○ Accounting framework guidance○ Review of all website reference to SORP	