

Call for topics for an Information Sheet and to inform the development of the SORP

1 Role of a SORP Information Sheet

- 1.1 The role of a SORP Information Sheet is to provide advice to users on interpreting the existing text of the SORP where the meaning appears to be unclear or ambiguous or the drafting intention behind the text has not been conveyed clearly. An Information Sheet is a mechanism to address debate or confusion about the intended meaning of the existing text of the SORP and any Update Bulletin that has been issued which amends the text of the SORP.
- 1.2 A SORP Information Sheet cannot add new accounting treatments or add new text to the SORP but it can highlight the underpinning standard or cross reference to that standard where provisions helpful to users are not already cited within the SORP text.
- 1.3 A SORP Information Sheet does not have the same status as the SORP. It is advisory guidance only and users are under no obligation to refer to it or follow it. The Information Sheet is a persuasive source of guidance about preparing charity trustees' annual report and accounts as it is issued by the SORP-making body but it is not subject to consultation or formal assurance by the Financial Reporting Council (FRC). It therefore follows that users are not obligated to follow the guidance when complying with the SORP and so may choose to disregard it.
- 1.4 The topics covered are those that arise from implementation of the Charities SORP (FRS102) and Update Bulletin 1. It is not proposed to issue an Information Sheet in support of the Charities SORP (FRSSE) because the FRSSE is only in effect for a year and is not an option for financial years beginning on or after 1 January 2016.

2 Topics identified by the charity regulators

- 2.1 The charity regulators have identified a number of implementation issues on which they have offered advice. These issues are listed below. On certain issues the informal view of the FRC and the Technical Advisory Committee (TAG) to the FRC was sought. The informal advice of the FRC and FRC TAG is not public domain information but is considered to be highly persuasive where the issue is to do with FRS102 and its application to charities.

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2.2 The issues identified were:

- Comparatives apply to the notes and are always required unless otherwise stated in FRS 102 (FRC informal advice provided)
- Definition of government is 'whole of government' (FRC informal advice provided)
- Meaning of auditable charity following Update Bulletin 1 to be read as aligned to that of a 'larger charity'
- Fair value reserve for non-company charities is not required (FRC informal advice provided)
- New regulations NI, Scotland, England and Wales, and Republic of Ireland (company law)
- Governance costs can be allocated to fundraising if these relate to fundraising activities.

2.3 Implementation issues are requested from SORP Committee members with their proposed solutions, taking into account the limitations of what can be achieved in a SORP Information Sheet. These can then be collated with the solutions offered by the SORP-making body and an Information Sheet prepared.

3 Informing the development of the SORP

- 3.1 In addition to informing the content of the Information Sheet, these issues will provide changes to be reflected in the next SORP Exposure Draft which is anticipated for 2018.
- 3.2 The policy for SORPs - issued by the FRC - requires an annual review is undertaken of a SORP once issued. The Information Sheet is a practical interim step to address issues arising from implementation and helps fulfil the requirements for the annual review.
- 3.3 Given that the SORP research consultation does not close until 11 December 2016 and the results will not be available until the March 2017 SORP Committee meeting, it is suggested that the publication of the Information Sheet is not delayed.

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3.4 The Committee are asked to:

- **agree that an Information Sheet is only provided for the Charities SORP (FRS102)**
- **provide the Secretariat with their suggested topics with supporting proposed solutions by e-mail with a closing date for submissions of 9 September;**
- **note that the Secretariat will compile a draft Information Sheet for discussion at the October meeting;**
- **note that in compiling the Information Sheet, where similar topics are submitted, the Secretariat may combine the topics and solutions into a single proposal but where the suggested solutions are incompatible under a topic then the alternatives will be set out for debate; and**
- **agree that the Information Sheet is published by December 2016.**