SORP Committee 4 May 2022
Paper 4

1 Introduction

Taking the content of Paper 3 into account which allows for a shared understanding of where the current requirements stem from and therefore where our latitude and choices lie, in this paper we outline what reporting could look like based on two different scenarios and include the status quo to support comparison.

The purpose of this paper is to stimulate debate by allowing us to consider the reality of what tiered reporting does and could look like. The scenarios presented (including an overview of what reporting could look like under scenarios 2 and 3) do not represent views of CIPFA or the SORP-making body as to what should be agreed – they are presented only to support and facilitate discussion.

A letter was sent by the joint SORP-making body to the Financial Reporting Council (FRC) in May 2021 to request some flexibility regarding the application of Section 1A, FRS 102, which would permit the SORP to specify the additional disclosures for a smaller entity. We are still waiting for a formal response from the FRC in this regard. This paper assumes that the FRC does not give any flexibility for accounts prepared under a SORP.

2 Scenarios for discussion

The three scenarios are:

Scenario 1 – the status quo (two tiers) with smaller charities defined as having income of £500,000 or less and no change to the reporting requirements in the tiers

Scenario 2 – tiers based on the Companies Act definition (turnover only) of a small company with reporting requirements pared back for smaller charities

Scenarios 3 – three tiers based on thresholds that have been the subject of some previous discussion - £250,000 and £5million income – with reporting requirements pared back for the smallest charities

For each scenario, the following will be presented:

- the number of charities falling into the relevant categories or tiers
- suggestions as to what reporting could mean for each tier
- strengths and weaknesses of the scenario presented

2.1 Scenario 1 – status quo

- Number of charities falling into the relevant tiers:

Income level	Number of charities in UK	Proportion of UK charities
Tier 1 - £500,000 or less	179,067	93%
Tier 2 - More than £500,000	14,037	7%

It is helpful to note from the small charities research that in terms of charities using the SORP where they have a choice (non-companies with income of £250k and less), approximately 50% of UK charities choose to do so as opposed to preparing receipts and payments accounts.

- What does reporting look like in the different tiers?

Scenario 1: Tier 1 – income of £500,000 or less

We already have narrative reporting requirements that apply to all charities and extra ones that apply only to charities with income of £500,000 or more. Many of the narrative reporting requirements in the SORP stem from secondary legislation where we have not explored the opportunity for change with the relevant governments.

Section 1A of FRS102 sets out the minimum elements that must be included for smaller entities (see paper 3 for more detail). Charities must supplement those requirements with additional information that is necessary to ensure the accounts provide a true and fair view. In large part, this involves judgement by the preparer as to what is necessary to give a true and fair view, taking into account materiality.

The SORP seeks to support preparers in exercising this judgement by setting out many of these requirements in a way that best suits charities, taking into account their underlying principles. The SORP specifies that charities ‘must’ include or do certain things in the preparation of their annual report and accounts. These ‘musts’:

- reflect items that are required by FRS 102 as they apply to charity accounts
- are items that are specific to charity accounts (e.g. Module 2, Fund Accounting) and
- are items that reflect statutory requirements (e.g. Module 1, Trustees’ Annual report).

There are also additional disclosures required by SORP that in the main are not specifically required by FRS 102, prefixed by the phrase “this SORP requires”.

Scenario 1: Tier 2 – income of more than £500,000

The additional narrative reporting requirements that apply only to charities in this income bracket relate to the following areas:

- Objectives and activities – more details about the aims of the charity, how those link to its charitable purposes and the strategies for achieving those aims, more short and longer term.
- Achievements and performance – including a greater emphasis on reporting impact
- Financial review – including significant events that have affected the charity’s financial performance, principal sources of funding etc
- Plans for future periods – nothing is required under this heading for smaller charities
- Structure, governance and management – including details of governance structures, how trustees are trained, relationships between the charity and related parties

- Reference and administration details – primarily details of who the trustees' delegate day to day management of the charity to

The additional other reporting requirements applying only to charities in this income bracket relate to the following areas:

- Statement of Financial Activities (SOFA): Charities must report on an activity basis;
- Statement of cash flows: Larger charities must provide a statement of cash flows;
- Notes to the accounts: for charities **reporting on an activity basis**, more detail for total staff costs and employee benefits (analysis of wages and salaries, social security costs, employer's contribution to defined contribution pension schemes, the operating costs of defined benefit pension schemes etc).
- Preparation of group accounts (E&W where aggregate gross income of the group exceeds £1 million after consolidation adjustments).

Strengths	Weaknesses
No change is easier to understand and means no additional resources are necessary to get used to new reporting requirements both for charities as accounts preparers and users of charity annual reports and accounts	Potentially this does not adequately meet the needs of smaller charities – the SORP Governance Review recommended that more needed to be done.
Two tiers is easy to understand and apply.	It may be difficult to convince stakeholders that this is the optimum model following the comments above.

2.2 Scenario 2 – tiers based on Companies Act definitions

- Number of charities falling into the relevant tiers:

Income level	Number of charities in UK	Proportion of UK charities
Tier 1 - £10.2m or less	198,836	99%
Tier 2 - More than £10.2m	1,450	<1%

- What could reporting look like for different charities?

Scenario 2: Tier 1 – charities with income of £10.2m or less

Narrative reporting:

Narrative reporting requirements for charities in Tier 1 could reflect the reporting requirements that apply to all charities in Module 1 of the current SORP as many of the narrative reporting requirements in the SORP stem from secondary legislation where we have not explored the opportunity for change with the relevant governments.

Enhanced requirements could be included for impact reporting and reserves. Other requirements required by Regulations could also be included: grant-making policy (a requirement of E&W Regulations), contribution of volunteers, the achievements against objectives set, investment performance against the investment objectives set where material financial investments are held and risk management strategy.

Accounting disclosures:

These could include all section 1A requirements (as outlined in Paper 3), all 'must' requirements in current SORP; and a selection of "this SORP requires" items (yet to be agreed), see Appendix 1 of paper 3. There would be no option to use natural classification categories in the SOFA.

Scenario 2: Tier 2 – charities with income of more than £10.2m

Narrative reporting:

In addition to those suggested for Tier 1, additional sustainability disclosures currently required for charitable companies under Companies (Miscellaneous Reporting) Regulations 2018 and UK Company Charities could be included.

Strengths	Weaknesses
Does not introduce arbitrary thresholds but aligns with existing thresholds for companies (although potentially only in relation to income/turnover)	Potentially does not adequately meet the needs of smaller charities – the vast majority of charities are brigaded together meaning that opportunity to properly 'think small first' is lost.
Two tiers is easy to understand and apply.	It might be difficult to argue that the thresholds are relevant to charities that are not companies.
Greater consistency in reporting as a result of all charities producing accounts on an activity basis as no 'very small' charity tier; having accounts produced on an activity basis was found to be more helpful to users of accounts according to a 2016 research exercise and many charities with income between £250,000 and £500,000 choose the activity basis anyway.	It might be difficult to provide an option for smaller charities to produce anything other than activity based accounts (and doing so may undermine the consistency strength).

2.3 Scenario 3 – 3 tiers based on thresholds previously suggested in Committee

- Number of charities falling into the relevant tiers:

Income level	Number of charities in UK	Proportion of UK charities
Tier 1 - £250,000 or less	177,514	89%
Tier 2 - More than £250,000 up to and including £5m	20,053	10%
Tier 3 - More than £5m	2,719	1%

- What could reporting look like for different charities?

  For this scenario, it is proposed that all tiers would have to meet the minimum requirements of Section 1A of FRS102 and also the supplementary sections of the SORP that ensure accounts give a true and fair view and fulfil statutory requirements i.e. anything referring to as ‘must’ in the SORP.

  Where there is scope to create differentiation between any prospective tiers in relation to any section which states ‘this SORP requires’. This phrase is used to denote the disclosures required by the SORP that are not specifically required by FRS 102 or statutory or regulatory requirements. To assist in this discussion **Appendix A** has been provided to outline the range of instances of ‘this SORP requires’ in the SORP and to consider which may be relevant to this three tier model, based on the income bands below:

Scenario 3: Tier 1 – income of £250,000 or less

- Trustees Annual Report would have reduced disclosures compared to other tiers. These charities should be encouraged to ‘tell their story’ with other disclosures being as reduced as possible.
- Charities in this tier can use natural classifications categories in the SOFA.
- Minimum number of additional disclosures, limited to those that provide assurances over the governance and stewardship of the charity, e.g. trustee payments, related party transactions, ex-gratia payments etc.
- Disclosures in the notes to the accounts would be limited to those required by section 1A of FRS102 and relevant ‘must’ requirements of the SORP and only considered necessary for any material balances.

Scenario 3: Tier 2 – income of more than £250,000 up to a maximum of £5m

- Again, the focus in the Trustees Annual Report would be on telling the story. Expectation would be that Trustees Annual Report would be more detailed than tier 1 in order to provide greater transparency for the users of the accounts.
- All charities using activity based reporting
- This tier needs to strike a balance between minimum requirements of the smallest tier and the full disclosure of the largest tier. This could potentially be achieved by disclosure in the financial statements only where material balances exist. The SORP should stress this point.

Scenario 3: Tier 3 – income of more than £5m

- Full compliance with the requirements of the current SORP
- Possible enhanced narrative around issues such as impact reporting, reserves, sustainability reporting etc

Appendix A provides a greater sense of where the differentiation may lie between these three prospective tiers. To reiterate, these are not necessarily the views of CIPFA or the SORP-making body as to what should be agreed – they are presented only to support discussion and to prompt Committee members into thinking what exactly the requirement of these tiers would look like. Any decision made on the exact requirements for each tier will require careful thought.

Strengths	Weaknesses
Defines smallest charities differently so allows their needs to be focused on more easily.	Three tiers is more complex to understand and apply than the current two.
Three tiers might support better choices around proportionate reporting requirements.	Link to £250,000 threshold would be lost if any jurisdiction decided to change the criteria for R&P accounts.
Aligning the threshold of £250,000 to the current R&P threshold supports comparison of requirements by charities where they have a choice to prepare accrued or R&P accounts.	
Aligning to the £250,000 threshold means there is a commonly understood threshold that already exists.	
Charities under £250k represent 79% of the sector so having a tier to this level of income helps focus on the majority of charities in the sector.	

Appendix A – 'This SORP requires'

SORP Reference	**Requirement**	**Tier 1** (income max £250k)	**Tier 2** (income over £250k up to £5m)	**Tier 3** (income over £5m)
2.27	This SORP requires that items recorded in the SoFA must be analysed between unrestricted funds, restricted income funds and endowment funds. The information for endowment funds provided in the SoFA should combine the presentation of permanent and expendable endowment.	No	No	Yes
2.28	This SORP requires that the notes to the accounts must provide information on material individual fund balances, movements in the reporting period and the purposes for which the funds are held. The notes must differentiate unrestricted funds (both general and designated), restricted income funds, permanently endowed funds and expendable endowments. Table 1, 'Outline summary of fund movements' gives an example of how the movements in material funds may be shown.	No	No	Yes
2.29	In particular, this SORP requires that notes to the accounts must disclose: • a summary of the assets and liabilities of each category of fund of the charity, if not provided by presenting this information in a columnar balance sheet; • details of the purposes and trust law restrictions imposed on each material individual fund; • details of the movements on material individual funds in the reporting period, reconciling the opening and closing fund balance (small funds with similar purposes may be aggregated); • details of the reasons for any material transfers between different classes of funds; • where endowment has been converted to income, details of the amount(s) converted and the legal power for its conversion; • where the trustees have a power to invest permanent endowment on a total return basis, the details of the movements in the value of unapplied total return for the reporting period (refer to the SORP module 'Total return (investments)'); and • details of the planned use of any material designated funds, explaining the purpose of the designation.	Yes – Notes require limited disclosure	Yes	Yes – full disclosure
3.18	All charities must prepare a set of accounts annually and they should normally have a 12-month reporting period. If the accounts are prepared for a shorter or longer reporting period, the charity must disclose: • that the reporting period is for less than or more than 12 months;	Yes – due to this being a legal	Yes	Yes

	• the reason for the shorter or longer accounting period; • the fact that the comparative amounts presented in the accounts (including the related notes) are not entirely comparable; and • this SORP also requires a charity to state the legal authority it has for the change to its reporting period.	requirement		
3.37	In order to comply with the Application of Financial Reporting Requirements (FRS 100) and FRS 102 the notes to the accounts must: • this SORP requires a charity to state whether the accounts were prepared in accordance with applicable charity and/or company law in the jurisdiction(s) of registration.	Yes	Yes	Yes
3.42	Where charities have made a material departure from a recommendation of this SORP that must be followed, FRS 100 requires that the notes to the accounts must: • this SORP requires that if the departure was necessary for the accounts to give a true and fair view, the effect of the departure must also be quantified.	Yes	Yes	Yes
4.2	This SORP requires that the comparative information provided for the total funds of a charity must be presented on the face of the SoFA.	Yes	Yes	Yes
4.6	This SORP requires expenditure to be reported on an activity basis to show how the charity has used its resources to further its charitable aims for the public benefit. However, smaller charities may opt to report their charity's expenditure in a different way, for example by the nature of expenditure rather than on an activity basis.	No	Yes	Yes
4.24	Structure of the SOFA – for smaller charities Where an alternative approach (to activity basis) to analysis is adopted, this SORP requires that charities must disclose in their SoFA: • total income of the charity; • a relevant analysis of the components of income; • total expenditure of the charity; • a relevant analysis of the components of expenditure; • gains/(losses) on investments (where applicable); • net income/(expenditure); • transfers between funds • gains on the revaluation of fixed assets (where applicable); • actuarial gains/(losses) on any defined benefit pension scheme (where applicable); • net movement in funds; • total funds brought forward from the previous reporting period; and • total funds carried forward at the end of the reporting period	Yes	N/A	N/A
4.27	Structure of the SoFA – all charities reporting on an activity basis This SORP requires that larger charities and those smaller charities opting to report on an activity basis must classify their income and expenditure by activity	Only if a charity opts for	Yes	Yes

		this approach		
4.42	Unless analysed on the face of the SoFA, this SORP requires that the notes to the accounts must provide an analysis of the material components of income included within each analysis heading of the SoFA. Amounts for similar activities should be aggregated so as to provide an analysis of: • donations and legacies, distinguishing between the types of gift receivable, for example the amount of donations, grants of a general nature and legacies; • income from charitable activities, identifying the nature of the activities undertaken and the income produced; • income from other trading activities, identifying the nature of the trading or fundraising activity and income produced; • investment income analysed according to each class of investment shown on the balance sheet or in the investment note to the accounts; and • the nature and amount of other income receivable	No – income streams likely to be limited in this tier	Yes – only for material balances	Yes
4.43	Where applicable, this SORP requires that the notes to the accounts must give the amount and reason for the conversion of all or part of any endowment fund converted into income in the reporting period	No – only if material in this tier	No – only if material in this tier	Yes
4.57	This SORP requires that the notes to the accounts must provide a relevant analysis of the activities included within each expenditure heading provided on the face of the SoFA. The analysis provided should aggregate the cost of similar activities and provide the user of the accounts with an understanding of the charity's main activities.	No	Only for material balances	Yes
4.58	This SORP also requires that the analysis must give details of the support costs charged to an activity and the cost of grant funding to third parties that have been included within the cost of charitable activities. The total provided within the analysis must reconcile with the amounts presented within the relevant expenditure headings of the SoFA. This information may, for example, be presented in a tabular format (see Table 3).	No	Only for material balances	Yes
4.67	This SORP requires that the opening and closing balances for each class of fund must be shown with the difference reconciled by the movement in funds in the reporting period. The closing fund balances presented in the SoFA must agree with the equivalent totals shown in the 'Funds of the charity' section on the balance sheet.	No	Only for material balances	Yes
5.57	This SORP requires that the headings used to analyse income in the SoFA must follow those required by the SORP module 'Statement of financial activities'	Yes	Yes	Yes

7.46	This SORP requires that if unrestricted funds have been designated to fund a commitment on the face of the balance sheet, the notes to the accounts must disclose: • the nature of any amounts designated; and • if not explained in the trustees' annual report, the likely timing of that expenditure	No	Only for material balances	Yes
8.1	This module applies to all charities that prepare their statement of financial activities (SoFA) on an activity basis. This SORP requires larger charities to report on an activity basis. FRS 102 does not address how to present a SoFA on an activity basis or the allocation of costs to activities in that statement.	Only if a charity opts for this approach	Yes	Yes
8.13	This SORP requires that charities reporting on an activity basis must disclose: • details of the accounting policy adopted for the apportionment of costs between activities and any estimation technique(s) used to calculate their apportionment; • the total amount of support costs incurred in the reporting period; • an analysis of material items or categories of expenditure included within support costs, with the total amount of governance costs incurred separately identified (refer to Appendix 1, 'Glossary of terms', for the definition of governance costs); and • the amount of support costs apportioned to each of the charity's significant activities as disclosed in the SoFA or in the notes to the accounts	Only if a charity opts for this approach	Yes	Yes
9.2	The disclosure of certain transactions is important for stewardship purposes to provide assurance that the charity is operating for the public benefit and that its trustees are acting in the interests of their charity and not for private benefit. For this reason, this SORP requires that disclosure must be made of transactions involving trustees, related parties, staff remuneration and ex-gratia payments. The payments made to the auditor or independent examiner must also be disclosed.	Yes	Yes	Yes
9.6	This SORP requires that all charities must disclose in the notes to the accounts that either: • none of the trustees have been paid any remuneration or received any other benefits from an employment with their charity or a related entity; or • one or more of the trustees has been paid remuneration or has received other benefits from an employment with their charity or a related entity	Yes	Yes	Yes
9.7	This SORP requires the following information must be provided for each individual trustee who received remuneration or other benefits in the reporting period: • the legal authority under which the payment was made (for example a provision in the governing document of the charity, an Order of the Court, or the charity regulator for the jurisdiction(s) of registration); • the name of the remunerated trustee; • details of why the remuneration or other employment benefits were paid; • the amount of remuneration paid; • the amount of any pension contributions paid by the charity for the reporting period; and • the amount of	Yes	Yes	Yes

	any other benefit, for example any termination benefits, private health cover or the provision of a vehicle.			
9.11	This SORP requires that all charities must disclose either: • that no trustee expenses have been incurred; or • that one or more of the trustees has claimed expenses or had their expenses met by the charity	Yes	Yes	Yes
9.12	If expenses have been incurred, this SORP also requires that charities must disclose: • the total amount of expenses reimbursed to trustees or paid directly to third parties; • the nature of those expenses (for example travel, subsistence, accommodation, entertainment etc.); and • the number of trustees reimbursed for expenses or who had expenses paid by the charity.	Yes	Yes	Yes
9.17	This SORP requires all transactions between a charity and a related party must be disclosed subject to the exemptions set out in the paragraphs 9.18	Yes	Yes	Yes
9.19	If there have been no related party transactions in the reporting period that require disclosure, this SORP requires that this fact must be stated.	Yes	Yes	Yes
9.20	All charities that have one or more related party transactions must disclose: • the description of a relationship between the parties (including the interest of the related party or parties in the transaction); • a description of the transaction(s); • the amounts involved; • outstanding balances with related parties at the reporting date and any provisions for doubtful debts; • any amounts written off from such balances during the reporting period; • the terms and conditions, including any security and the nature of the consideration to be provided in settlement; • details of any guarantees given or received; and • any other elements of the transactions which are necessary for the understanding of the accounts; and • this SORP requires the disclosure of the name(s) of the transacting related party or parties	Yes	Yes	Yes
9.23	This SORP requires that charities must disclose in the notes to the accounts the amounts payable to their auditor or independent examiner, analysed between fees payable for: • statutory audit or independent examination; • assurance services other than audit or independent examination; • tax advisory services; and • other financial services, for example consultancy, financial advice or accountancy services.	No	Yes	Yes
9.25	This SORP requires that charities must disclose details of all ex-gratia payments made including those where the charity has obtained the authority of the Court, the Attorney General or the charity regulator for the jurisdiction(s) of registration to sanction the payment or waiver. Charities may aggregate payments of a similar nature where this does not impact on the understanding of the arrangement. For each payment (or in aggregate) the notes to the accounts must: • provide an explanation of the nature of the payment; • state the legal	Yes	Yes	Yes

	authority or reason for making the payment; and • state the amount of the payment (or value of any waiver of a right to an asset)			
9.26	This SORP requires that charities reporting on an activity basis must provide details of their total staff costs and employee benefits for the reporting period, analysed between: • wages and salaries; • social security costs; • employer's contribution to defined contribution pension schemes; • the operating costs of defined benefit pension schemes (excluding pension finance costs related to defined benefit pension schemes); and • other forms of employee benefits	Only if a charity opts for this approach	Yes	Yes
9.29	This SORP requires that all charities must disclose the average head count (number of staff employed) during the reporting period. Charities may also provide details of the average number of full-time and part-time staff for the reporting period together with an estimate of the equivalent number of full-time staff. Further analysis of staffing according to the number of staff engaged in particular activities of the charity may also be provided where this information helps the user of the accounts understand how staff are deployed	No	Yes	Yes
9.30	This SORP also requires that all charities must disclose: • the fact that there are no employees who received employee benefits (excluding employer pension costs) of more than £60,000 (€70,000); or • the number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within each band of £10,000 (€10,000) from £60,000 (€70,000) upwards	Yes	Yes	Yes
10.54	The classes of investments disclosed in the note will vary from charity to charity reflecting the differing nature of the investments held. This SORP requires that the analysis must as a minimum identify material amounts held in the following classes of investment: • cash or cash equivalents; • listed investments; • investment properties; • loans to group undertakings; • equity investment in group undertakings; • social investments; and • other investments	No	Only for material balances	Yes
10.68	This SORP requires that the notes to the accounts must also provide an analysis of the amounts, including comparatives for the previous reporting period, of the following items: • trade debtors; • amounts owed by group and associated undertakings; • prepayments and accrued income; and • other debtors	No	Only for material balances	Yes
10.73	This SORP requires that the notes must provide an analysis of amounts, including comparatives for the previous reporting period, of the following items included within current asset investments: • cash equivalents on deposit; • investment properties held for sale (charities may opt to include any properties previously classified as investment properties which have been redesignated as held for sale); • investment in group undertakings held for sale; • listed investments; and • other investments	No	Only for material balances	Yes

10.82	This SORP requires that in the notes, creditors falling due within one year and after one year must be analysed between: • accruals for grants payable; • bank loans and overdrafts; • trade creditors; • amounts owed to group and associated undertakings; • payments received on account for contracts or performance-related grants; • accruals and deferred income; • taxation and social security; and • other creditors	No	Only for material balances	Yes
16.13	This SORP requires that the notes to the accounts must provide the following details which reconcile with the total of grants payable: • the total amount of grants paid analysed between grants to individuals and grants to institutions; • an analysis of the total amount of grants paid by nature or type of activity or project being supported; and • the amount of support costs allocated to grant-making activities	No	Only for material balances	Yes
16.23	This SORP requires that where the circumstances amount to serious prejudice, a charity may withhold details of the recipient of any institutional grant but must, in such circumstances, state as part of its disclosure of material grants made to institutions: • the total number, value and general purpose of those grants where these details have not been disclosed; and • that an exemption applies to disclosure on the grounds of serious prejudice.	Yes	Yes	Yes
17.21	A charity operating a defined contribution plan must disclose: • the amount of contributions recognised in the SoFA as an expense; and • this SORP requires the disclosure of the basis for allocating the liability and expense between activities and between restricted and unrestricted funds	No	Only for material balances	Yes
19.12	This SORP requires that a charity that has acted as agent during the reporting period must disclose in the notes to the accounts: • an analysis of funds received and paid by the charity as agent; • details of any balances held as agent at the reporting date; • details of any balances outstanding between any participating consortium members for which it is administratively responsible; and • where funds have been held as agent for related parties the charity must make the required disclosures for related parties required by the SORP module 'Disclosure of trustee and staff remuneration, related party and other transactions'	Yes	Yes	Yes
19.13	This SORP requires that a charity that has acted as custodian trustee during the reporting period must disclose in the trustees' annual report or as a note to the accounts: • a description of the assets, classes of assets or categories of assets which they hold in this capacity; • the name and objects of the charity (or charities) on whose behalf the assets are held and how this activity falls within the custodian charity's objects; and • details of the arrangements for safe custody and segregation of such assets from the charity's own assets.	Yes	Yes	Yes
20.8	This SORP requires that the following accounting treatment must be used where a charity adopts a total return approach to the investment of endowment: • income from the endowment's investments must be recognised as 'investment income' in the endowment	Only for material balances	Yes	Yes

	column of the statement of financial activities (SoFA); • investment gains and losses (realised and unrealised gains and losses) must be recognised as 'investment gains and losses' in the endowment column of the SoFA; • any Yes part of the unapplied total return that is allocated to income funds must be separately identified in the SoFA as an allocation between endowment funds and income funds either within the 'transfer' line or within the 'other income' section of the SoFA; and • the amount of any unapplied total return fund must be included as a part of the relevant endowment together with the value of the trust for investment on the balance sheet			
20.10	This SORP requires that the notes to the accounts must provide the following information for each endowment fund that is invested on a total return basis: • the amount of the value of the trust for investment which comprises the gift component of the endowment at the start of the reporting period; • the amount of any additional gifts to the endowment fund during the reporting period added to the value of the trust for investment; • the amount of any unapplied total return at the start of the reporting period; • the amount of the investment return from the investment of the endowment for the reporting period; • the amount of any allocations of unapplied total return to income funds; • the amount of any recoupment to make good the value of the trust for investment; • the amount of any allocation from the trust for investment to the unapplied total return	Only for material balances	Yes	Yes
20.12	This SORP requires that a charity that has been granted the power to invest on a total return basis by a Charity Commission order (charities registered in England and Wales), or where the trustees have exercised the power granted under section 104A(2) of the Charities Act 2011, must provide the following additional information in the trustees' annual report: • the date that the initial value of the trust for investment and the initial value of the unapplied total return was established; • the policy used to identify the initial amounts of the trust for investment and any unapplied total return and the date this analysis was performed; • an explanation of the policies used by the charity's trustees and the factors considered in determining the amount of the unapplied total return allocated to income (termed the trust for application) and any amounts allocated to the trust for investment in the reporting period; • an explanation of the policies used by the charity trustees and the factors considered in determining the amount, if any, of the trust for investment (permanent endowment) allocated to the unapplied total return or any recoupment made from the unapplied total return into the trust for investment in the reporting period; and • the name and professional qualifications of any person who has provided advice to the charity's trustees as to the amount that can be allocated to income and/or the trust for investment from the unapplied total return in the reporting period	Yes – due to charity being granted power by the regulator	Yes – due to charity being granted power by the regulator	Yes

21.39	This SORP requires that larger charities must include an explanation of the charity's policy for the use of programme related investments and mixed motive investments in the trustees' annual report when such holdings are material. The report must also explain the investment's performance in relation to the objectives set by the trustees. Further guidance is provided in the SORP module 'Trustees' annual report'	No	No – unless material balances	Yes
21.40	This SORP requires that the accounting policy note must disclose: • the measurement bases used for programme related investments and mixed motive investments; and • any other accounting policies that are relevant to understanding these transactions in the accounts	No	No – unless material balances	Yes
21.41	This SORP also requires that the notes to the accounts must present programme related investment and mixed motive investment as separate classes of investment in the relevant note, if not separately disclosed on the balance sheet, and disclose: • those details required by the SORP module 'Balance sheet' for the relevant classes of fixed asset into which the investment falls; • details and amount of any guarantee made to or on behalf of a third party; • the name of the entity or entities benefiting from those guarantees; and • an explanation as to how the guarantee furthers the charity's aims	No	No – unless material balances	Yes
22.10	This SORP requires that a charity which is a pooling scheme or arrangement preparing separate accounts must disclose: • that the accounts presented are for an investment pooling scheme or arrangement; • the date and authority, if any, for the scheme or arrangement (for example, a scheme registered with a charity regulator); • the names of the charities participating in the pooling scheme or arrangement; • an analysis of the investments held within the pooling scheme or arrangement in accordance with the SORP module 'Balance sheet'; and • an analysis of the investment income, gains and investment management costs in accordance with the SORP module 'Statement of financial activities'	Yes	Yes	Yes
24.36	This SORP requires that consolidated accounts must disclose, in relation to each material subsidiary: • its name(s), company number and, where applicable, its charity registration number; • particulars including the percentage of the parent charity's equity shareholding or other means of control; • the aggregate amount of its assets, liabilities and funds at the end of the reporting period; and • a summary of its turnover (or gross income) and expenditure and its profit or loss (or surplus or deficit) for the reporting period	Yes	Yes	Yes
26.6	This SORP also requires that a subsidiary must also disclose: • the country of incorporation of its parent entity, if it is outside the UK or the Republic of Ireland; • if unincorporated, the address of its parent's place of business; • if the parent is a charity, its charity registration number and, if applicable, its company registration number in the jurisdiction of its registration; • the parent's principal purposes and activities; • how control can be exercised	Yes	Yes	Yes

	by the parent, for example through corporate trusteeship or through a power to appoint or remove the majority of trustees; and • the address from which the public can obtain the consolidated accounts that include the subsidiary charity's accounts			
26.7	Where for accounting purposes the parent entity is itself a subsidiary of another entity, this SORP requires that the notes to the accounts must disclose the same information about the subsidiary charity's ultimate parent entity.	Yes	Yes	Yes
27.15	This SORP requires that the accounts of a charity created by a merger must disclose in reporting periods subsequent to the merger: • the names and descriptions of the combining charities; and • the date of the merger	Yes	Yes	Yes
28.18	All charities with an investment in an associate must disclose: • the accounting policy adopted for investments in associates; • the carrying amount of investments in associates; • where the charity is not a parent, the effect of including those investments as if they had been accounted for using the equity method; • this SORP also requires for each material associate that is a charity, an analysis of the investing charity's share of the income and expenditure of the associate, analysed across the main areas of the associate's activities; and • this SORP requires the disclosure of the name of the associate(s).	No – unless material in this tier	No – unless material in this tier	Yes
29.19	All charities with an investment in a joint venture entity must disclose: • the accounting policy adopted for investments in joint ventures; • the carrying amount of investments in jointly controlled entities; • the aggregate amount of its commitments relating to each joint venture, including its share in the capital commitments that have been incurred jointly with other venturers, as well as its share of the capital commitments of the joint venture itself; • the fair value of investments in non-charitable joint ventures accounted for using the equity method for which there are published price quotations; • where the charity is not a parent, the effect of including those investments as if they had been accounted for using the equity method for each material joint venture charity, this SORP requires that the investing charity's share of the income and expenditure of the joint venture charity analysed across the main areas of the joint venture charity's activities; and • for each material joint venture charity the investing charity's share of the assets and liabilities and funds of the joint venture charity at the reporting date; and • this SORP requires disclosure of the name of each joint venture entity	No – unless material in this tier	No – unless material in this tier	Yes