



ASSOCIATION OF CHARITY INDEPENDENT EXAMINERS

RESPONSE TO CHARITIES SORP EXPOSURE DRAFT

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The Association of Charity Independent Examiners is a membership organisation whose sole purpose is in independent examination of charity accounts. It is registered both with CCEW and OSCR and is one of the listed bodies in legislation relating to IE.

Current and former trustees and members of ACIE have been active in charity accounting at senior levels and have significant experience in charity accounting.

Full Membership of ACIE requires attendance on a number of courses before an application is submitted along with accounts either prepared or examined by the applicant.

ACIE holds regular webinars and conferences for members and others. We intend to provide comprehensive SORP training for members and others in the first half of 2026.

Our response to the consultation is below.

Summary comments

- 1 A charity SORP has been in existence for almost 30 years yet the quality of reporting under remains inconsistent. To gain full membership of ACIE, an applicant has to demonstrate understanding of charity accounts by submission of accounts prepared or examined. In a number of cases, and sadly repeatedly, applications have been rejected by members of other accountancy bodies due to the quality being poor. A new SORP is not going to improve the quality of charity reporting without more quality control being exercised by the regulators directly engaging with charity auditors/examiners where poor work is identified.
- 2 To expect trustees to read and understand a document 303 pages long is unfair, and with most charities having income less than £1m a SORP geared much more towards the smaller charity would have been welcomed. However (and we are aware through the involvement of two of our members who have been involved in SORP committee work that there have been limitations in what the SORP can exclude) that the opportunity to make it easier for smaller charities has been missed.
- 3 Receipts and payments accounts are easier to prepare and understand without the full impact of the SORP. Charities and their examiners should be encouraged where possible to take advantage of this opportunity to simplify reporting and reduce costs. Regulators should work together to introduce consistent R&P reporting across jurisdictions and encourage professional accountants to see R&P as an option in accounting for charities.
- 4 The regulators should invest time in publishing properly reviewed and prepared guidance handbooks to cover income recognition/leases, making sure that the needs of smaller charities is at the centre of the preparers minds. This avoids the large audit firms who already have a comprehensive understanding of these modules from assuming all others do – many accountants who work with charities have not had to understand IFRS.

Responses to each question

TIERED REPORTING	
1	Yes
2	No – the tier 1 threshold should be much higher – say £1m (or set at the maximum audit threshold in the three jurisdictions) – this will reduce compliance costs for most charities
3	Yes
4	No opinion as long as there is clarity
5	No
TRUSTEES ANNUAL REPORT	
6	Yes
7	Yes
8	No – if a charity's objects are related to environmental concerns they will talk about this in their report, however introducing this for all charities (even if an 'encouragement') will lead to unnecessary text and probably 'boiler plate reporting' which has little meaning and relevance
9	Yes
10	Yes (clarification of what reserves are under R&P will be useful)
11	Yes – and ensure that it easily ties up with the CCEW return reserves figures)
12	Yes
13	No – this increases the length of a TAR and could mean that other key financial information is missed. Should this not be part of the accounting policies or notes?
14	No
SOFA	
15	Yes this looks very useful and clear
16	No
INCOME RECOGNITION	
17	No opinion – we would suggest that a full guidance manual be prepared with worked examples that cover a number of situations could be useful. The section in the SORP is complicated especially for the non-accountant and also where there are volunteer examiners who work with smaller incorporated charities who have to prepare accruals accounts and

	therefore follow the SORP. It is easy to get lost in the SORP pages on this.
18	See response to 17
19	Yes – also a better more understandable heading!
20	Yes. Why are government grants being identified separately?
21	Yes
22	Yes
23	Yes – a series of guides on aspects of SORP/charity accounting that are written clearly with worked examples and a target review date
24	No
LEASES	
25	No opinion – again simplifying this for accountants and trustees of smaller charities with well thought out worked examples in a separate guide will be of use
26	No opinion – see 25
27	No opinion – see 25
28	No opinion – see 25
29	No
CASH FLOWS	
30	Yes – but do not bring in small entity thresholds as this will bring in another potential inconsistency. Link it to tier 3 reporting only as there is little value in a cash flow statement such as this
31	No
TOTAL RETURN	
32	No opinion
33	No opinion
34	No opinion
SOCIAL INVESTMENT	
35	Yes – terminology that is understandable to the lay person (trustees!) is progress!
37	Yes
37	Yes
38	Yes
39	Separate guidance with worked examples needed

SMALLER CHARITIES	
40	No – the SORP has become too complicated for most and requires comprehensive understanding by preparers, examiners, funders and other users. There are also many charities who achieve a high level of correct disclosure and are willing to engage the right professionals in this. There are many whose accounts are deficient in many respects including references to legislation no longer in place.
41	Yes – but be aware there are many company charities that incorrectly file micro accounts and the regulators should be liaising with Companies House to identify those who do and also to ensure that should CH require xbrl filing that it can be done at no cost and easily
OTHER COMMENTS	
42	None