

Invitation to Comment Exposure Draft SORP 2026

Do you consent to personal data you provide being held, in accordance with UK GDPR and the Privacy Policy of the Charities SORP making body and its delegated parties? If you select 'no' your name and email address will not be stored, but your organisational data (if relevant) and all consultation responses will be collected.

Response: Yes

Are you happy for the SORP-making body to contact you if needed to discuss your responses?

Response: Yes

Do you want your response to be treated confidentially by the SORP-making body and not published?

Response: No

Are you responding:
- On behalf of an organisation/body
- As an individual

If responding on behalf of an organisation or body, please provide its name:

Response: On behalf of an organisation
Response: Deloitte LLP

If responding on behalf of an organisation or body, please select what best describes the organisation (multiple selection permitted):

Response: ~~A~~An accounting firm / auditor – 21 - 50 charity clients

Section 1 Tiered reporting

Question 1: Do you support the move to three tiers? - Yes, No, No opinion - Yes

Please provide reasons (250 word limit)

Response: The proposed three-tiered approach aligns with the UK's proportionality-based reporting framework, offering smaller entities reduced administrative burdens. This would be particularly beneficial for smaller charities. While a tiered system presents a risk that smaller entities' accounts may lack contextual understanding for readers and actionable insights for governance, we believe the reporting requirements for Tier 1 charities are sufficiently detailed. The initial transition will undoubtedly present challenges, with charities requiring charity-specific examples to ensure compliance. Providing examples of reports or structures across all three tiers would offer valuable illustrative guidance examples of reporting expectations.

Question 2: Do you consider that the proposed thresholds have been set at an appropriate monetary level in order to support a proportionate approach to reporting? - Yes, No, No opinion - No

Please provide reasons (250 word limit)

Response: The rationale behind the chosen thresholds is not clear, as they do not align with the Companies Act thresholds. Consistency would be beneficial, particularly given some entities are charitable companies. This lack of alignment has been noted by charities during discussions regarding the draft SORP 2026.

Question 3: Do you agree that the Exposure Draft SORP clearly sets out the proposed reporting requirements for each tier? - Yes, No, No opinion - Yes

Please provide reasons (250 word limit)

Response:

Question 4: Do you agree that charities within the largest income threshold should be referred to as "tier 3" charities, or should they be referred to as "tier 1" charities? - Agree with tier 3, Disagree - should be referred as tier 1, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 5: Do you have any additional comments in relation to the proposed tiered reporting structure in the Exposure Draft SORP? - **No**

Section 2 Trustees' Annual Report

Question 6: Do you agree that including prompt questions will help trustees to develop their Trustees' Annual Report? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 7: Do you consider the requirements for impact reporting for each tier to be proportionate? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 8: Do you consider the requirements for sustainability reporting for each tier to be proportionate? - Yes, No, No opinion - **No**

Please provide reasons (250 word limit)

Response:

We support the introduction of sustainability reporting requirements for charities in a manner that meets stakeholder information needs and acknowledge that the reporting requirements for charities in this area are not as advanced as those for other types of entity. However, we are concerned that the proposed requirements are drafted at a very high level and are not sufficiently clear or specific. This lack of clarity over the nature and extent of disclosures to be given means that they may prove challenging for charities to implement in practice as they may not be able to readily determine what information should be disclosed. Additionally, the requirements as drafted could potentially allow for very minimal information to be disclosed, which would not achieve the objective of meeting stakeholder needs. We therefore recommend that any proposals to introduce sustainability reporting requirements for charities should be subject to further consideration and consultation to ensure they are proportionate, meet stakeholder information needs and are fit for purpose. We also recommend that any sustainability disclosure requirements should be appropriately integrated with other aspects of the

Question 9: Do you consider the disclosures for volunteers to be proportionate? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 10: Do you consider the explanation of reserves in the glossary helpful? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 11: Do you consider the disclosures for reserves are proportionate? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 12: Do you consider the requirement for tier 1 charities to provide a summary of their plans for the future is proportionate? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 13: Do you consider that the additional disclosure will help to explain the treatment of legacies in the accounts? - Yes, No, No opinion - **Yes**

Please provide reasons (250 word limit)

Response:

Question 14: Do you have any other comments on module 1 and the proposals for the Trustees' Annual Report? - Yes, No, No opinion - **No**

Please provide reasons (250 word limit)

Response:

Section 3 Statement of financial activities

Question 15: Is the example table helpful? - Yes, No, No opinion - **No opinion**

[Link to table on Module 4](#)

Please provide reasons (250 word limit)

Response:

Question 16: Do you have any other comments on module 4? - Yes, No - **No**

Please provide reasons (250 word limit)

Response:

Section 4 Recognition of income

Module 5 - Recognition of income

Question 17: Does the module explain the relevant requirements of the five-step model in FRS 102 in a clear and understandable way? - Yes, No, No opinion - **No**

Please provide reasons (250 word limit)

Response:

The overall approach adopted in the SORP, of reproducing in summarised form the elements of FRS 102, has a risk that users do not consider all relevant requirements, and introduces the risk of omissions and misinterpretation of requirements through over-reliance on the SORP text. This differs from the approach of other SORPs, which place greater emphasis on supplementing specific aspects of FRS 102. The approach taken in this SORP has a risk that relevant aspects of the five step model are not considered by users. Due to the complexity of the requirements of section 23, the SORP still needs significant cross-references to the standard for elements omitted, increasing the complexity for users.

In terms of the text included in the draft SORP, we would welcome more charity-specific considerations and illustrative examples. The inclusion of supplementary materials, particularly a worked example relevant to charities, would significantly improve usability and consistency of application.

We also note that paragraph 5.6's wording on "performance-related conditions" is unclear and could benefit from simplification to "the income is subject to fulfilling performance-related conditions," thereby avoiding confusion between the entitlement to payment and the fulfilment of contractual performance conditions.

Question 18: Do you find the module easy to navigate as drafted? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 19: Do you consider that the guidance on exchange and non-exchange transactions should be set out in separate modules of the SORP rather than separate sections of the same module? - Yes, No, No opinion - **Yes**

Please provide reasons (250 word limit)

Response:

Setting out guidance on exchange and non-exchange transactions in separate modules would enhance the SORP's usability. The current structure, encompassing a large volume of information within a single module, has the risk of hindering usability and comprehension. Dividing the content into distinct, sequential modules would allow users to focus on one area at a time, assisting appropriate application in practice.

Question 20: In the Exposure Draft SORP, all the disclosure requirements are listed at the end of the module. Would it be clearer instead to set out the relevant disclosures at the end of each section within the module? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 21: Do you consider this clarification a helpful addition to the SORP? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 22: Does the module set out the accounting requirements for legacy income clearly? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 23: Accounting for legacies can be a complex area for charities to navigate. Is there a need for further guidance on this topic outside of the SORP? - Yes, No, No opinion - **Yes**

Please provide reasons (250 word limit)

Response:

Legacy income often requires significant judgement in determining whether recognition criteria have been met and the amount to recognise. This is often considered an area of greater risk by auditors, and results in adjustments due to issues in applying the requirements and in making the required judgements and estimates. Supplementary guidance would be beneficial, perhaps included in an appendix.

Question 24: Do you have any other comments on module 5? - Yes, No - **No**

Please provide reasons (250 word limit)

Response:

Section 5 Lease accounting

Question 25: Do you find the module easy to navigate as drafted? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 26: Does the module explain the relevant requirements of FRS 102 in a clear and understandable way? - Yes, No - do not understand a specific section, No - do not understand recognition exemptions, No - do not understand disclosure requirements, No - do not understand time value of money, No opinion - **No**

Please provide reasons (250 word limit)

Response:

The overall approach adopted in the SORP, of reproducing in summarised form the elements of FRS 102, has a risk that users do not consider all relevant requirements, and introduces the risk of omissions and misinterpretation of requirements through over-reliance on the SORP text. This differs from the approach of other SORPs, which place greater emphasis on supplementing specific aspects of FRS 102. The approach taken in this SORP has a risk that relevant aspects of the FRS 102 requirements are not considered by users.

In terms of the text included in the draft SORP, we would welcome more charity-specific considerations and illustrative examples. Further guidance would be helpful for charities with nominal rents, specifically on determining whether an arrangement constitutes a lease, and on assessing the substantiveness of contractual payments.

In addition, we note that the language could be clarified in paragraph 10B.22 ("Where there is a lack of clarity...the charity may need to exercise judgement").

Question 27: Does the section (paragraphs 10B.68 to 10B.84) on arrangements that are significantly below market value provide clarity on how to account for such arrangements? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 28: Are the additional disclosure requirements set out in paragraphs 10B.95 and 10B.129 reasonable for charities with such arrangements? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 29: please provide any other comments you have on module 10B - **None**

Please provide reasons (250 word limit)

Response:

Section 6 Statement of cash flows

Question 30: Do you agree with the proposal in the Exposure Draft SORP that only tier 1 and tier 2 charities, that do not meet the small entity threshold, and all tier 3 charities are required to prepare a statement of cash flows? - Yes, No, this should be required of all tier 2 and 3 charities, No, this should be required of all charities, No opinion - **No opinion**

Question 31: Do you have any other comments on module 14? - Yes, No - **No**

Please provide reasons (250 word limit)

Response:

Section 7 Total return

Question 32: Do you agree that the additional disclosures are helpful? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 33: Do you agree that the additional disclosures are proportionate? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 34: Do you have any other comments on module 20? - Yes, No - **No**

Please provide reasons (250 word limit)

Response:

Section 8 Social investment

Question 35: Do you agree with the new approach to using the generic term 'social investments' instead of referring to 'programme related' and 'mixed motive' investments? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 36: Do you agree that the simplification of how gains and losses on social investments are reported is beneficial? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 37: Is the Exposure Draft SORP clear on the requirements for comparative figures and disclosures? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 38: Do you think there is a need for further guidance on the treatment of comparative figures and disclosures in this area? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 39: Do you have any other comments on module 21? - Yes, No - **No**

Please provide reasons (250 word limit)

Response:

Section 9 Smaller charities

Question 40: Do you agree that the drafting, structure and proposals in the Exposure Draft SORP support the needs of smaller charities whilst addressing the needs of users of charity reports and accounts? - Yes, No, No opinion - **No opinion**

Please provide reasons (250 word limit)

Response:

Question 41: Do you agree with the SORP-making body's decision to continue to disallow the application of Section 1A? - Yes, No, No opinion, Do not understand the position enough to comment - **No opinion**

Please provide reasons (250 word limit)

Response:

Section 10 Other comments

Question 42: Do you have any other comments on the Exposure Draft SORP? (free text box)

Please provide reasons (250 word limit)

Response: **None**