

Report

To: Charities SORP Committee

From: Alison Bonathan, CIPFA Secretariat

Date: 22 February 2023

Subject: Income in the Charities SORP

Purpose

The purpose of this report is to outline the suggested amendments to SORP for modules 5 (Recognition of income, including legacies, grants and contract income) and 6 (Donated goods, facilities and services, including volunteers) and the rationale for the suggested amendments in response to the comments and feedback from the Charities SORP Committee meeting on 14 December 2022.

Report

1. Introduction

- 1.1. At the meeting of the Charities SORP Committee on 14 December 2022, the Committee discussed draft modules for the new Charities SORP on the topic of Income. The Secretariat has reflected on the comments made at this meeting and has redrafted extracts from:
 - module 5 (Recognition of income, including legacies, grants and contract income); and
 - module 6 (Donated goods, facilities and services).
- 1.2. Annex 1 to this report provides a detailed analysis of the proposed amendments to the Charities SORP (i.e. those amendments made since the meeting of the Charities SORP Committee on 14 December 2022) including the rationale for the proposals.
- 1.3. Appendices 1 and 2 include the draft modules in full. Appendix 1 includes a 'clean' version of the draft modules with the proposed changes. Appendix 2 presents the same modules in track changes (All Markup) so that the SORP Committee can identify new or revised content.
- 1.4. All amendments made to modules 5 and 6 since the meeting of the Charities SORP Committee on 14 December 2022 have been highlighted in yellow within Appendices 1 and 2. This is to allow Committee Members to direct their attention to the updated elements of the draft modules.
- 1.5. To aid detailed discussion of the draft modules, questions for discussion have been included within this report and in Annex 1.

1.6. The remaining paragraphs of this report address the commentaries and issues raised by the Charities SORP Committee at its meeting on 14 December 2022, unless different committee meetings are referred to all the commentaries by committee members relate to that meeting.

2. Responses to the feedback and tentative advice of the Charities SORP Committee

Treatment of funds for income from capital grants

- 2.1. The Committee clarified that the intention of its advice was not to include a requirement for the mandatory use of a separate fund for income from capital grants. The Chair summarised the advice of the Committee such that the SORP should be amended to make it clearer to charities that they may create a designated fund for income from capital grants and present the fund separately from general funds in the financial statements where the Trustees are of the view that this would be helpful when explaining the charity's reserves.
- 2.2. Paragraphs 5.27 – 5.29 of Appendices 1 and 2 have been amended to:
- remove references to the mandatory creation of a designated fund;
 - present the requirements and guidance in shorter paragraphs to enhance readability; and
 - remind Trustees that they can choose to set up a designated fund for income from capital grants if they deem it appropriate, in which case they should apply module 2 of the SORP.
- 2.3. Further, paragraphs 5.27 – 5.29 of Appendices 1 and 2 have been amended to refer to the difference between restricted and unrestricted funds *before* the discussion of use of a designated fund. This amendment is proposed to address the Committee's comment that there is potential for confusion should charities be in receipt of restricted funds for capital expenditure therefore the funds cannot be designated funds.
- 2.4. Finally, paragraphs 5.27 – 5.29 of Appendices 1 and 2 have been amended to refer to fixed assets funded through donations as well as grants. This amendment is proposed to address the Committee's concern raised at the meeting on 14 December 2022 that the funds accounting requirements for assets funded through donations should not differ from the treatment of assets funded through grant income.
- 2.5. The Charities SORP Committee deferred consideration of paragraph 5.25 of the redrafted module 5. Paragraph 5.25 uses the example of income recognition where a donation or grant is given specifically to provide funding for a fixed asset or a fixed asset is donated, and relates to the timing of income recognition (i.e. that income recognition cannot be deferred simply because the related expenditure has not been incurred). The Secretariat considers that the example in paragraph 5.25 remains relevant and helpful, therefore has not proposed deleting it. However, as the proposed paragraphs 5.27 – 5.29 now also discuss fixed assets and refer to the use of a designated fund where grants and donations are received for capital expenditure, the Charities SORP Committee may be of the view that a different or additional example may be required in paragraph 5.25, or that the example should be deleted from paragraph 5.25.

1. Following its clarification on the preferred approach in the SORP, is the Charities SORP Committee content with the amendments to paragraphs 5.27 – 5.29 to clarify that charities may create a designated fund for income from capital grants or donations for fixed assets if they wish to do so?

- 2. Does the Charities SORP Committee agree with the Secretariat's recommendation that the example in paragraph 5.25 remains relevant and should be retained?**
- 3. If the Committee recommends that a different example is introduced to demonstrate the appropriate timing of recognition of income from grants in paragraph 5.25 (rather than an example including a fixed asset), what does the Committee recommend the new example should be?**

Principles-based approach to the presentation of the Statement of Financial Activities

- 2.6. A Committee Member commented that it can be difficult to differentiate between grant income and income from contracts, therefore a principles-based approach is needed when determining where to present income in the Statement of Financial Activities (SoFA).
- 2.7. The Secretariat has reviewed paragraphs 4.31 – 4.36 of the current SORP, which provide guidance on the types of income to include within various line items of the SORP. The Secretariat is of the view that the current guidance is principles-based. For example, paragraph 4.33 of the (current) SORP indicates that income from charitable activities should contain income earned from the supply of goods or services under contractual arrangements and from performance-related grants which have conditions that specify the provision of particular goods or services to be provided by the charity, and that these activities must be undertaken for the charity's charitable purposes. Examples are then provided of the types of income that might sit in each category on the SoFA.
- 2.8. While amendments have been made to module 4 as part of the drafting process, guidance in respect of the different income categories on the SoFA is largely unchanged.
- 2.9. To assist charities in determining which line of the SoFA should be used for different types of income, cross-references to module 4 have been included within paragraphs 5.5 and 5.6. Specific paragraph numbers will be included once the amendments to module 4 have been agreed. Cross-references will be to the equivalent of paragraphs 4.31 – 4.36 of the current SORP.

- 4. Does the Charities SORP Committee agree that the guidance in paragraph 4.31 – 4.36 is principles based? If not, how should paragraphs 4.31 – 4.36 be amended?**
- 5. Is the Charities SORP Committee content that a cross-reference to module 4 is included in module 5 as proposed?**

Use of the Performance Model for recognition of income from grants

- 2.10. A Committee Member commented that accountants with a commercial background might find the performance model confusing as they would likely be more familiar with the accruals model for income recognition from grants.
- 2.11. Following a discussion with the Joint Chairs, the Secretariat has included more overt references to the performance model in module 5. Further, the Secretariat has amended the text to clarify requirements of the performance model that may confuse accountants more familiar with the accruals model:

- additional text has been added to paragraph 5.11 to specify that grant income cannot be accrued over time
 - a sentence within paragraph 5.18 on recognising income from performance-related grants has been amended from “Income must only be recognised to the extent that the charity has provided the specified goods or services ...” to “Income must only be recognised when the charity has provided the specified goods or services ...”
- 2.12. The Secretariat notes that paragraphs 5.11 and 5.18 reflect language included in the FRED 82 *Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs Periodic Review* (the FRED) rather than the current FRS 102. Specifically, income recognition criteria require that performance-related conditions are “satisfied” (rather than “met”). The Secretariat anticipates that the revised language per the FRED will remain in the new FRS 102 as “satisfied”, rather than “met”, is used throughout IFRS 15 *Revenue from Contracts with Customers* and, consequently throughout Section 23 *Revenue from Contracts with Customers* in the FRED (though the Secretariat will ensure that this position is reviewed when the amendments to FRS 102 are published).
- 2.13. Additionally, FRED paragraph PBE34.67(c) requires that any grant funding received before the performance-related conditions are satisfied (rather than revenue/income recognition criteria as in FRS 102 paragraph PBE34.67(c)) is accounted for as a liability. Again, the Secretariat anticipates that this revised language will remain in the new FRS 102 as the proposed language adds precision to the explanation of income recognition from non-exchange transactions.
- 2.14. Once the amendments to FRS 102 are finalised, augmentations to the draft SORP may be required, but the Secretariat does not anticipate that the overall approach taken in the FRED to the timing of income recognition from non-exchange transactions will change.

- 6. Is the SORP Committee content with the proposed amendments to clarify the requirements of the performance model for grant income recognition as outlined in paragraph 2.11 of this report?**
- 7. Is the SORP Committee content that the language concerning performance-related grants has been amended to be consistent with the language used in the FRED as outlined in paragraphs 2.12 and 2.13 of this report?**

Materiality and legacies

- 2.15. The commentary from the Charities SORP Committee itself at its meeting held on 9 September 2021 called for greater emphasis on materiality considerations in the requirements for accounting for income from legacies. The Secretariat responded to these comments by suggesting an additional paragraph on materiality considerations be included in the draft of module 5.¹
- 2.16. The Charities SORP Committee advised that the additional content on materiality should included in paragraph 5.36 of the draft module, which provides guidance for the recognition of legacy income where the portfolio approach would be unsuitable. Additionally, Committee Members commented on

¹ Note: 2.15 has been updated to remove unnecessary text.

the relevance of materiality to recognition of legacy income where the charity receives notification of a legacy post year end.

- 2.17. On reflection, as the Committee discussion regarding materiality emphasised issues around the receipt of notifications post year end, the Secretariat has moved the proposed text on materiality considerations to paragraph 5.37, which provides guidance on recognition of legacies where the legacy or relevant notification is received post year end.
- 2.18. Paragraph 5.37 has been repositioned within the draft of module 5. This amendment has been proposed to improve the readability of the SORP by bringing together content on legacy recognition following the receipt of a notification from executors.

- 8. Does the Charities SORP Committee agree that text on materiality considerations be included in paragraph 5.37 alongside content on receipt of the notification of a legacy post year end?**
- 9. Is the Charities SORP Committee content with the proposed location of paragraph 5.37 within the section of module 5 on Recognising income from legacies?**

Unwinding a discount on a legacy receivable

- 2.19. Paragraph 5.38 allows charities to discount legacy receivables where receipt is expected in more than 12 months to present value. In the current SORP, the paragraph states that the unwinding of the discount should be reported as an adjustment to legacy income and not as interest receivable.
- 2.20. The Secretariat is of the view that when unwinding a discount, this should be recorded as a financing transaction in the SoFA, in this case as investment income. The standard accounting treatment of the unwinding of a discount is for it to be recorded as a financing transaction, including unwinding of a discount on
- deferred consideration in a business combination (see FRS 102 [19.13B])
 - a provision (see FRS 102 [21.11])
 - a pension liability (see FRS 102 [28.13A])
 - a sale of goods or services in which the customer defers payment (see FRS 102 [23.5] and FRED [23.58]).
- 2.21. Paragraph 5.38 has been amended to require charities to record the unwinding of a discount on a legacy as investment income. This amendment is proposed to ensure consistency with extant financial reporting standards in which deferred payment or receipt is treated as a financing arrangement.

Advice from the Institute of Legacy Management

- 2.22. The Secretariat enquired of the Committee as to what might constitute an impairment of a legacy receivable, rather than measurement uncertainty. Following a brief discussion, a Committee Member suggested seeking the advice of a legacies expert to discuss measurement issues with respect to legacies.

- 2.23. Separately, at its meeting on 9 September 2021, the Charities SORP Committee tentatively advised that a flowchart should be added to the SORP in respect of handling post year end notifications. As previously noted the Secretariat has produced an initial draft flowchart which it considers would be more suitably used as guidance material rather than being included in the SORP. This is due to the range of ways in which legacies are arranged and the varying degrees of judgement required when accounting for legacies which makes it difficult to provide precise instruction in a flowchart that will adequately reflect the SORPs prescriptions and the judgements that might need to be made. The Secretariat reported that further development of the draft flowchart would be undertaken, and that expert advice would be sought for this purpose.
- 2.24. The Secretariat has contacted the Chair of the Institute of Legacy Management to obtain expert advice on both the flowchart and the measurement of legacies and will provide the Committee with further updates in due course.

Materiality and income from donated goods, facilities and services

- 2.25. With reference to the practicability of valuing donations of goods, a Committee Member suggested the SORP could explain the process of identifying the materiality of donated goods in a different way, for example, through reference to the scale of the donation, or its significance to the charity.
- 2.26. Following a review of the FRED, the Secretariat is of the view that a discussion of materiality within the section of the SORP on measurement of donated goods is not likely to be the best mechanism to reflect the nuances of the range of transactions, which will differ significantly between charities.
- 2.27. The Secretariat would highlight paragraph B34.3 of the FRED, which states that “the fair value of donated goods is typically readily determinable”. The Secretariat has amended the wording of paragraph 6.6 to reflect this.
- 2.28. The Secretariat notes that the main financial reporting issue at the centre of this discussion is not one of *whether* to measure at fair value, but *when* the measurement should be recognised as income. The Secretariat has therefore moved the content under discussion to the section on income recognition criteria (see paragraphs 6.5 and 6.6) rather than the section on measurement to ensure clarity that the issue is one of recognition.
- 2.29. The Secretariat therefore recommends removing text on assessing the materiality of a donation before measuring the income from the SORP (in paragraph 6.4 of the current SORP), as the issue of timing of income recognition is linked to practicability rather than materiality (see also paragraphs 2.31 – 2.32 of this report below).
- 2.30. Related to the issues of materiality noted in the meeting on 14 December 2022, the Secretariat notes that the SORP does not currently contain a section on the cost constraint on useful financial reporting. The cost constraint is currently alluded to in paragraph 6.7, but applies to all financial reporting. The Secretariat invites the Charities SORP Committee to consider whether SORP users would benefit from content on the cost constraint being included in the SORP in general terms (i.e. within the module on *Accounting standards, policies, concepts and principles, including the adjustment of estimates and errors*, currently module 3). The Committee may wish refer to text on the cost constraint in the FRED (see FRED paragraphs 2.25 – 2.27)

10. Is the Charities SORP Committee content with the proposed amendments to the SORP as summarised in paragraphs 2.27 – 2.30 of this report, being:

- **an amendment to the wording of paragraph 6.6 of the SORP regarding the availability of information to measure donated goods,**

- the amendment to the location of content on income recognition for donated goods within the SORP, and
- the removal of text on assessing the materiality of a donation from paragraph 6.6?

11. Is the Charities SORP Committee of the view that the SORP would benefit from the inclusion of a section on the cost constraint on useful financial reporting in the module on *Accounting standards, policies, concepts and principles*, including the adjustment of estimates and errors, currently module 3?

Measurement of income from donated goods

2.31. The FRED proposes an amendment to paragraph PBE34.70 in Section 34 of FRS 102 within the sub-section on Incoming Resources from Non-Exchange Transactions such that the paragraph becomes (NB deleted text is struck through, new text is underlined):

PBE34.70 ~~Therefore, where~~ In some cases it is may be **impracticable** to estimate the value of the resource with sufficient **reliability** when the resource is received or receivable; for example, in the case of high volume, low value second-hand goods donated for resale. In such cases, the income shall be ~~included~~ recognised in the ~~financial~~ period when the resource is sold or distributed.

2.32. Additionally, the FRED proposes the deletion of text currently in paragraph PBE34.69:

PBE34.69 When applying the requirements of paragraph PBE34.67, an entity must take into consideration whether the resource can be measured reliably and whether the benefits of recognising the resource outweigh the costs.

This text is currently incorporated into paragraph 6.10 of the SORP, which refers to situations where the costs of valuation of donated goods might outweigh the benefits.

2.33. The combined effect of the amendments in the FRED will be to require income recognition on receipt of donated goods unless this is impracticable, without reference to the relative costs and benefits of obtaining a measurement of the value of the donated goods.

2.34. The Secretariat is of the view that this proposed wording for PBE34.70 is helpful for the purposes of the Charities SORP as it provides an example of a practical problem likely to be faced by many charities. The Secretariat has therefore proposed deleting paragraph 6.10 from the current SORP, to reflect the deletion of PBE34.69 in the FRED, and replacing it with paragraph 6.6 per Appendices 1 and 2, which adopts the language used in FRED paragraph PBE34.70.

2.35. The Secretariat would note the need to review the language and final text of the revised FRS 102 when it is finalised to revise the language of the draft SORP as necessary.

12. Is the Charities SORP Committee content with the proposed amendments to delete paragraph 6.10 of the SORP and amend paragraph 6.6 of the SORP to reflect the approach to income recognition proposed in the FRED?

Recognition of 'donated services' as compared to 'volunteering'

- 2.36. A Committee Member raised the perceived inconsistency of income not being recognised from the work of some volunteers while other services provided can be recognised as donated services in accordance with the different provisions of the SORP (see paragraph 6.17 of Appendices 1 and 2).
- 2.37. The Secretariat has not proposed any amendments to the SORP in this respect at this stage. However, the Secretariat notes that the FRED includes a proposed additional paragraph (PBE34.69A) that differentiates between these two treatments basing the recognition decision on whether an individual or an entity offers the donated service as part of their trade or profession for a fee. The Secretariat recommends revisiting this matter when the outcomes of the consultation on the FRED are known.

3. Entitlement

- 3.1. The Charities SORP Committee discussed the recognition criteria for income which, in accordance with the current SORP, are framed in terms of whether the charity has entitlement to income.
- 3.2. Following a review of Section 2 of the FRED, the Secretariat anticipates changes to the definitions of the elements of the financial statements and, consequently, to the recognition criteria.
- 3.3. Paragraph 2.55(a) of the FRED defines income as “an increase in assets, or a decrease in liabilities, that results in an increase in equity, unless it relates to contributions from equity holders.” Paragraph 2.36 of the FRED defines an asset as “a present economic resource controlled by the entity as a result of past events”, while paragraph 2.42 of the FRED defines a liability as “a present obligation of the entity to transfer an economic resource as a result of past events”. Applying these definitions, the definition of income per the FRED is framed in terms of control rather than entitlement.
- 3.4. In its initial report the Secretariat expressed concern that use of “entitlement” in the income recognition criteria could lead to misinterpretation of the accounting requirements and recognition of income in a manner inconsistent with the requirements of FRS 102 and that the term was raised inconsistently in different parts of the SORP.
- 3.5. The Secretariat remains concerned about use of “entitlement” in the income recognition criteria in the SORP. However, while there were some views expressed in favour of amending the income recognition criteria such that “control” rather than “entitlement” is required for income to be recognised, the Charities SORP Committee did not reach a consensus on this therefore few changes have been made to the SORP with respect to use of “entitlement” since the meeting. Those changes that have been made are detailed in Annex 1. The Secretariat is of the view that the income recognition criteria need to be consistent and would suggest that this is reviewed against the definitions of the elements of the financial statements and the changes to FRS 102 with regard to revenue recognition.
- 3.6. Given the amendments to the definitions of the elements of the financial statements in the FRED, the Secretariat highlights that the income recognition criteria will require refinement following the finalisation of FRS 102 to ensure that the SORP is consistent with FRS 102.

4. Impact of FRED 82 *Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs Periodic Review*

- 4.1. The FRED is likely to lead to significant changes in the financial reporting requirements for income both from contracts with customers (Section 23 of FRS 102) and from non-exchange transactions (Section 34 of FRS 102). Comments have been included in Appendices 1 and 2 to indicate where the FRED may impact the SORP.
- 4.2. Paragraphs PBE34.70A, PBE34.73A and PBE34.73B of the FRED adopt the language of the current SORP with respect to requirements for recognition of income from legacies and other non-exchange

transactions. The Charities SORP Committee has previously discussed updating the language in the SORP in respect of these issues. The Charities SORP Committee is invited to consider whether to

- retain the existing language of the SORP where this language has been adopted by the FRED, or
- continue to update the language in the SORP and include commentaries in the SORP-making body's consultation response on this issue.

The SORP Committee is invited to consider the potential impact of the FRED as indicated in Appendices 1 and 2.

13. Does the SORP Committee wish to comment on any of the indicated aspects of the FRED in its response to the consultation on the FRED?

5. Other Drafting Proposals

- 5.1. Annex 1 itemises the proposed drafting proposals for modules 5 and 6 made since the Committee's consideration of the first paper on income. It is suggested that this Annex is reviewed for the remaining drafting changes and the questions that are raised in the Annex.

The SORP Committee is invited to consider the list of amendments and in Annex 1 relating to the other drafting suggestions for the expenditure Modules within the SORP.

14. Are there any further changes the Charities SORP Committee believes are necessary to the modules/sub-sections of modules under consideration (Modules 5 and 6)?

6. Paragraph references

- 6.1. Unless otherwise indicated, paragraph references in the table in Annex 1 refer to the paragraph numbers in the draft SORP modules presented as appendices to this report.

Disclaimer

This Charities SORP Committee paper its Annex and Appendix has been developed to assist in the development and drafting of the Charities SORP. Readers should not treat the information contained in this paper as being definitive for the production of the Charities SORP FRS 102 (Third Edition) which will be subject to due process including a detailed consultation.

Rationale for the second set of proposed amendments to the Charities SORP

The table below is intended to be used alongside either Appendix 1 or Appendix 2, which contain relevant draft revised SORP extracts. Appendix 2 includes the draft revised SORP extracts with track changes (All Markup) on. Appendix 1 contains the draft revised text without track changes (for ease of reading).

A version of the Appendix with track changes (Simple Markup) is available on request.

Paragraph reference	Amendment made	Reason for Proposed Amendment	Question for consideration
Module 5 - Recognition of income, including legacies, grants and contract income			
5.5, 5.6	Cross-references to module 4 have been added to the text.	These amendments are discussed in Section 2 of this report (see paragraphs 2.6 – 2.9 above).	This amendment is discussed in Section 2 of this report (above).
5.6	Additional text included.	Additional text is proposed to avoid the risk that charities could incorrectly interpret the paragraph as meaning that a grant that is restricted could not have performance-related conditions.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
5.7, 5.8	Amendments have been made to remove “entitlement” from the income recognition criteria.	These amendments are discussed in Section 3 of this report (see paragraphs 3.1 – 3.6 above).	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
5.10, 5.11, 5.18, 5.21, 5.27	Additional and updated text on the use of the performance model has been included. 5.10 – paragraph reiterates that charities are required to use the performance model. 5.11 – paragraph summarises the key requirements of the performance model. 5.18 – paragraph refers to the performance model in explaining the treatment of grant income. 5.21 – “met” updated to “satisfied”.	These amendments are discussed in Section 2 of this report (see paragraphs 2.10 – 2.14 above).	This amendment is discussed in Section 2 of this report (above).

Paragraph reference	Amendment made	Reason for Proposed Amendment	Question for consideration
	5.27 – paragraph repeats reference to the requirement to use the performance model.		
5.12	Some text has been deleted.	This amendment is proposed to enhance the usability and readability of the SORP.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
5.28	Text on the link between capital grants/donations and fund accounting has been amended.	These amendments are discussed in Section 2 of this report (see paragraphs 2.1 – 2.5 above).	This amendment is discussed in Section 2 of this report (above), see Question 1 – 3.
5.30	The phrase “that the charity is aware of” has been included in paragraph 5.30.	This amendment is proposed in response to the advice of the Charities SORP Committee that additional text should be included to avoid the SORP giving the impression that charities are expected to conduct investigations to identify challenges or other claims against a will that may impact on its validity.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
5.35	Minor amendment to the wording.	This amendment is proposed to enhance the usability and understandability of the SORP.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
5.36	Minor amendment to the wording.	This amendment is proposed to enhance the usability and understandability of the SORP.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
5.37	Content on materiality has been included in this paragraph. The location of the paragraph has been adjusted within the section on Recognising income from legacies.	This amendment is discussed in Section 2 of this report (above).	This amendment is discussed in Section 2 of this report (above).

Paragraph reference	Amendment made	Reason for Proposed Amendment	Question for consideration
5.38	An amendment has been made to the accounting for unwinding a discount on a legacy receivable.	This amendment is discussed in paragraphs 2.19 – 2.21 of this report (above).	n/a - this amendment is discussed in paragraphs 2.19 – 2.21 of this report (above).
5.40	A cross reference has been included to the income recognition criteria.	This amendment is proposed to enhance the usability and understandability of the SORP.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
5.48	Minor amendment to the wording.	This amendment is proposed to enhance the readability of the SORP.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
5.56	The paragraph has been rephrased to remove the use of “reimbursement”. A cross-reference to the new SORP module on Provisions, contingent liabilities and contingent assets has been included.	The paragraph has been rephrased to support the understandability and readability of the SORP. A cross-reference has been included to ensure charities have a complete overview of the guidance on contingent assets when determining how to treat a potential insurance receivable.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
Module 6 – Donated goods, facilities and services, including volunteers			
6.4	Amendments have been made to remove “entitlement” from the income recognition criteria.	These amendments are discussed in Section 3 of this report (see paragraphs 3.1 – 3.6 above).	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
6.5, 6.7	The paragraphs have been re-ordered.	These paragraphs have been re-ordered to prioritise the more crucial aspects of income recognition within this section of the SORP.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
6.5	Additional text on the timing of income recognition has been included.	This amendment is proposed to enhance the clarity of the SORP by expressing the recognition criteria in positive terms.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations</i>

Paragraph reference	Amendment made	Reason for Proposed Amendment	Question for consideration
			<i>with respect to the suggested amendments.</i>
Heading above paragraph 6.7	This heading has been amended to refer only to the measurement of donated goods.	This amendment is proposed to better reflect the content of the sub-section.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
6.6, 6.8	Additional text has been included.	This amendment is discussed in Section 2 of this report (see paragraphs 2.22 – 2.32 above).	This amendment is discussed in Section 2 of this report (above).
6.14	An amendment made at the meeting of the Charities SORP Committee has been reversed and the original text of the SORP reinstated.	This issue is discussed in Section 4 of this report above.	See Question 13 immediately below Section 4 of this report above.
6.24	Minor amendment to the wording.	This amendment is proposed to enhance the readability and understandability of the SORP.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>
6.27	Minor amendment to the wording.	This amendment is proposed to enhance the readability and understandability of the SORP.	<i>There is no specific question on this paragraph. Committee Members are invited to make comments or recommendations with respect to the suggested amendments.</i>

Note: 2.15 has been updated to remove unnecessary text.