

The UK charities SORP: what is it, how is it developed and how might it change?

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The UK SORP What is it?

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- The SORP is a manual for producing charity reports and accruals accounts
- Runs to 121 pages including appendices (UK GAAP runs to over 2000)
- Adapts commercial UK GAAP for charities
- Supported by regulation and endorsed by the ASB (FRS 18)
- Applies to all charities (with some exceptions)

The UK SORP- how it came about

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- In the 1980s UK charity accounting was in disrepute
- ASB SORP2 (1988) was voluntary and ignored
- 1995 SORP developed by Charity Commission underpinned with regulation
- SORP now followed. Updated SORP 2000 and SORP 2005
- OSCr joined 2006

SORP what's in it (1)?

- Unique annual report
- Fund accounting
- Definitions incl' types of fund
- Unique performance statement: the SoFA
- Balance sheet layout
- Accounting for grant and gift income

SORP what's in it (2)?

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- Income from donations in kind
- Activity based cost apportionment
- Expenses – grants paid and constructive obligations
- Heritage assets (incl' ancient churches)
- Consolidated (group) accounts
- Extra disclosure – grants paid
- Extra disclosure – related party transactions

SORP what's in it (3)?

- Investment pooling
- Has a lighter regime for small charities of:
- Simpler reporting
- Option for a 'natural' rather than activity based SoFA
- Reduced disclosure in the notes

The SORP: how is it developed?

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- SORP making body – Commission and OSCr
- Advised by SORP Committee (17 members)
- Papers and minutes on the website
- A tri-partite partnership: regulators, ASB and sector
- ASB oversees SORP development
- New SORPs consulted upon

The SORP- who is it aimed at?

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Size (income)	E&W	OSCr	Republic
Under £100,000 (excl company charities)	131696 (78%)	17337 (76%)	Over 50% under 40000 euro
Under £100,000 Companies*	12656	2064	
£100,001 to £250,000*	10515	1587	
£250,001 to £500,000*	5217	638	
£500,001 to £1m*	3381	364	Less than 10%
Over £1m*	5220	596	
Total all charities	168685	22586	24,000 (?)
*Total accruals charities	26474	5249	

The SORP and how it might change?

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- A product of partnership
- Framed by UK GAAP
- Changes with UK GAAP
- Changes with sector and stakeholder needs
- Promotes best practice
- Currently changes with law in Scotland and England & Wales

Future direction for charity accounting in the Republic?

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Today is an opportunity to reflect

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- Options for handling the UK SORP:
- Assistance - SORP is a help in the context of a unique solution for the Republic
- Adaptation – a base to build upon and a reference point going forward
- Adoption – adopted but with specific additions for specific Republic requirements