

SORP 2015 Now in Force!

We have shared various news in our Bulletins regarding the new standards for charity accounting: the 2015 Charities SORPs – see especially our roundup at the end of last year in [Kubernesis Bulletin 2014-07](#).

This is just a reminder that the 2015 SORPs are now in force. *All* charities in England, Wales or Scotland preparing their accounts on the accruals basis, must follow one of the new SORPs for the first accounting years starting on or after 1 January 2015. Only charities under £250,000 income producing accounts on a receipts and payments (R&P) basis are exempt (and the R&P option is not permitted for charitable companies, whatever the size). In Northern Ireland the SORP is strongly recommended but is not yet embodied in legislation.

This means that except for R&P charities, if you work to a calendar financial year (31 Dec year end) you are *already* in your first financial year under SORP 2015!

Did you consider at the start of the year whether you needed to change the format of your books or the structure of accounts in your accounting system – for example to deal with the new SOFA format? Will you need to collect any new information *during* the year to comply with SORP 2015? It's unwise to assume everything can be sorted out by an accountant at year end. What will be different from accounting under SORP2005?

If your financial year ends on 31 March you still have a couple of months, but your books and systems need to be ready for SORP 2015 from 1 April 2015.

Two SORPs to consider

As you will have seen from our other announcements, for most charities there is a choice of *two versions* of SORP 2015: the **FRS 102 SORP** and the **FRSSE SORP** - you need to choose one or the other. Have you decided which you will be using?

The very largest charities (those over any two of: £6.5M income, £3.26M assets, 50 employees) have to use the FRS102 SORP. For others, the FRSSE SORP is slightly simpler, but it is worth noting that the FRSSE is due to be phased out in 2016 and replaced by some simplifications for smaller entities in FRS102. So it's not a straightforward choice as adopting the FRSSE SORP will mean some further changes in a year's time.

Help from Kubernesis

At Kubernesis, we are keen to support charities with the process of changing over to SORP 2015.

- We are holding a further full-day specialist seminar entitled **Unpacking the SORPs 2015** in York on Thursday 12 March 2015. The cost is just £140 per place (or £125 per person for two or more places) and the event is limited to a maximum of 14 to allow plenty of individual discussion. Online booking is available at www.kubernesis.uk/seminars or a printable booking form allowing payment by cheque is available [here](#).
- For charities and advisers who belong to our **Kubernesis Charity Advice Service** – feel free to get in touch using the normal advice email address with any specific SORP 2015 queries and we will do our best to help. (If you do not currently belong to this service see www.kubernesis.uk/advice-service.)
- Also, the new (fourth) edition of Gareth Morgan's book **The Charity Treasurer's Handbook** is now out. This is a very substantial revision compared to other versions. It includes an introduction to accounting under SORP 2015 including an example of some very simple accounts under the FRSSE SORP 2015. Copies are available at £18.90 including postage: see www.kubernesis.uk/publications

Resources from the SORP Committee

The 2015 SORPs are produced by the Charities SORP Committee – a wide-ranging body with representation from many spheres of charity accounting – chaired jointly by the Charity Commission and OSCR.

All the resources, *including both versions of the 2015 SORP* and various helpsheets, are freely available from www.charitySORP.org or printed versions of the SORPs can be purchased from www.cipfa.org.

The SORP website (generally described as a “microsite”) now include examples trustees reports and accounts prepared under SORP 2015 (for hypothetical charities) – although we would suggest that just looking at the examples won’t be much help to anyone who hasn’t actually spent time with the relevant version of the SORP.

The SORP modules

Both versions of SORP 2015 are in a “modular” format – with 29 modules in all. The modules are effectively chapters dealing with separate aspects of charity reporting and accounting.

But only the first 14 so-called “core modules” are applicable to *all* charities – modules 15 to 29 only have to be considered when specific circumstances apply in a charity – for example: heritage assets, special types of investments, or charity mergers.

For those who are concerned just with one charity, the microsite allows you to answer some questions about the charity and then download a PDF comprising a “tailored SORP” with just the modules you need.

Bedtime reading?

Nevertheless, even if you *only* need the 14 core modules, this still amounts to 102 pages of material to consider – plus another 13 pages of glossary.

But reading the SORP itself is not as hard going as people suggest, especially with the FRSSE SORP which omits some of the more complex accounting issues that arise under FRS102. The language of the 2015 SORPs are in most respects a good deal clearer than SORP 2005, and the slight increase in length is mainly a result of better explanations, sometimes with examples, which will often save you going off to other publications.

Of course, the SORP is a standard written for accountants, but even for non-accountants if you understand the main principles of accruals accounting by charities under SORP 2005 you won’t find it too hard, especially if you make use of the glossary when you find a term you don’t understand.

So – would we recommend the SORP as bedtime reading? It depends a little on what you enjoy and what sends you to sleep, but it’s certainly more manageable than a massive novel like *War and Peace*!

Is this a requirement of charity law – what about the Regulations?

As we explained in Kubernesis Bulletin 2014-07 (available at www.kubernesis.uk/resources) the SORP is underpinned by regulations made under charity law.

- For charities registered in Scotland, the regulations are *already* in place (SSI 2014/335) so there is no doubt that one or other of the 2015 SORPs *must* be used by Scottish charities preparing fully accrued accounts for financial periods beginning on or after 1 January 2015.
- In England & Wales there has been a delay so the regulations under the Charities Act 2011 still refer to SORP 2005! But the SORP Committee has been given clear assurances that the Government will be making the necessary regulations to implement SORPs 2015 well before the first expected year ends (i.e. well before Dec 2015). It is almost certain that the regulations will be backdated to take effect for accounting years starting from 1 January 2015 onwards.

This Bulletin is prepared primarily for charities and professional advisers who belong to the [Kubernesis Charity Advice Service](#) – but may be used by others on an “as is” basis.

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- If your organisation or firm belongs to the *Kubernesis Charity Advice Service* (KCAS) and you have any queries on the points mentioned – including issues for your own charity – please contact us at the special e-mail address for this purpose (see covering e-mail). There is no charge for responding to reasonable queries if you belong to the KCAS.
- If you are not currently in KCAS it is possible to register online (see www.kubernesis.co.uk/advice-service) and then queries can be raised immediately subject to the terms of the scheme. For other enquires, please e-mail info@kubernesis.co.uk.

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