

The Charities SORP

Invitation to comment: Draft Update Bulletin 1

Charities SORP
CIPFA
77 Mansell Street
London
E1 8AN

18 September 2015

Dear Sir/Madam

Invitation to comment: Draft Update Bulletin 1

Introduction

1. The Institute of Financial Accountants (IFA) welcomes the opportunity to respond to the **Invitation to comment: Draft Update Bulletin 1 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)** issued by the Charity Commission and the Office of the Scottish Charity Regulator on 18 June 2015.

Who we are

2. The IFA is an internationally recognised professional accountancy membership body whose members work for small and medium-sized enterprises (SMEs) or who run or work in small and medium-sized accounting practices (SMPs) that advise SMEs.
3. The IFA is a full member of the International Federation of Accountants (IFAC), the global body for the accountancy profession. As such, the IFA takes its place alongside the UK and Ireland's six chartered accountancy bodies, as well as 135 national and regional accountancy organisations representing 125 countries and jurisdictions.
4. Founded in 1916, the IFA supports over 10,000 members and students in more than 80 countries with a programme of professional qualifications and education. As well as resources, events, training and seminars. IFA members uphold high standards of conduct, confidentiality and ethics and undertake annual continuing professional development (CPD) activities.
5. The IFA has amalgamated with the Institute of Public Accountants (IPA) of Australia, effective 31 December 2014. The combined bodies have over 35000 members globally which thus enables a greater focus on the needs of SMEs/SMPs.
6. The IFA's capacity to regulate its members for the purposes of the Money Laundering Regulations 2007 is recognised by HM Treasury it and is formally recognised also as an awarding organisation by Ofqual, the UK public body responsible for maintaining and monitoring standards for general and vocational qualifications and examinations.

Responses to questions

Question 1 Do you agree with the proposed amendments in draft Update Bulletin 1? If not, why not?

7. Yes, we agree with the proposed amendments in Update Bulletin 1. These draft amendments to the SORP ensure that the SORP remains consistent with the underlying accounting standard on which it is based, namely FRS 102.

Question 2 Do you agree with the proposal to amend the definition of larger charities so that it is no longer linked to the statutory audit threshold for accounts prepared under the Charities SORP (FRSSE) or Charities SORP (FRS 102) for reporting periods ending on or after 31 March 2015? If not, why not?

8. Yes, we agree with the proposal to de-link the definition of larger charities in the SORP to the statutory audit threshold to ensure consistency in reporting requirements in the UK as well as future-proofing the SORP to any future changes in any of the UK jurisdictions to charity audit thresholds.
9. However, we would encourage and strongly support the jurisdictions in the UK to work towards having a common threshold for charity audits to avoid confusion for both preparers and their advisers.