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From: Frances Wilde [mailto:frances@warnerwilde.co.uk]

Sent: 30 December 2009 12:33

To: Ian Mackintosh

Subject: Response to the future of UK GAAP consultation

Good afternoon,

My practice works solely with smaller charities with incoming resources up to £3m and I should like to respond to questions 10 – 14 relating to the future of the SORP for charities.

Q10 Do you agree with the Board's current views on the future role of the SORPs? If not, why not?

No. I think it is vitally important to consistency and quality of reporting amongst charities to retain a stand-alone document. Accounts for smaller charities are often prepared by non-specialist accountants or even non accountants and as there is no requirement for a qualified accountant as independent examiner for charities with incoming resources up to £250,000 I believe the only sensible way to promote consistency and quality is to have one point of reference. Even with the current system I regularly see charity accounts which are not compliant, I believe this will be more prevalent if the preparer has to access more than one source to identify appropriate accounting treatments.

Q11 Do you agree with the Board's proposal to develop a public benefit standard as part of its plans for the future of UK GAAP? If not, how should (converged) UK GAAP address public benefit issues?

In principal yes, but my concern is that in bringing together higher education authorities, charities and registered social landlords that one standard would struggle to address the needs of each of these disparate entities without being extremely lengthy or needing substantial additional guidance. As mentioned in my answer to Q10, I believe that it is important for charities to have a one-stop shop standard.

Q12 If you do agree with the proposal to develop a public benefit entity standard, should the standard cover all the requirements for preparing true and fair view accounts or should it cover only those issues where IFRS or the IFRS for SMEs needs to be supplemented for the public benefit entity sector?

It should cover all requirements. Aside from the point already raised concerning non accountants often drafting and examining smaller charity accounts, many charities use smaller accountants whose experience is likely to be focussed less on IFRS. It is conceivable that many smaller practices will only service micro-entities under 1million euros turnover retaining UK GAAP and have a poor understanding of the differences between that and IFRS. Although the obligation to understand both will clearly exist, pragmatically, the quality of charity accounts will be much better if all the requirements are in one place. Many charities will simply go to the lowest cost provider and many general practitioner accountants will only have a handful of such specialised clients.

Q13 Do you agree the issues listed in the above table are distinctive for the public benefit entity sector and should therefore be covered in a public benefit entity standard? What other issues might the proposed standard include?

Yes I believe these issues are distinctive to non profit entities. Other issues to be addressed might include the disclosure of reliance on donated goods or services, confirmation that conditions attached to funding have been met, a different approach to going concern where charities are often funded on a rolling basis with relatively low level reserves and disclosure of informal collaborative working.

Q14 the Board accepts there may be a continuing need for guidance to supplement a public benefit entity standard in sectors such as charities, housing and education. Where this is the case, do you think the Board should provide a Statement confirming the guidance is consistent with UK GAAP, including the public benefit entity standard?

If this were the case rather than a dedicated SORP then I think it is important for the Board to continue to ensure consistency and confirm that it has done so.

With kind regards
Frances Wilde

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