

From: [Graham Taylor](#)
To: [UKFRS](#)
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FRED 59 consultation re: FRSSE replacement

As the current draft stands FRED 59 could impact negatively on Section 1A of FRS 102 in relation to charities. This could lead to the FRSSE SORP not being replaced, thereby requiring charities to comply fully with FRS 102. This would seem to take things backwards from the recent Government commissioned review into the 2006 Charities Act by Lord Hodgson, an intention of which was to reduce disproportionate compliance burdens. One major effect of which was to double the audit threshold to £1,000,000 only as recently as 31 March 2015. To then require, amongst other things, a cash-flow statement for company charities with income starting from only just over £25,000 would seem wasteful of their scarce resources.

It is essential that compliance is proportionate to the size of entity. The charity sector comprises circa 164,000 registered charities, 75% of which have an income of up to £100,000 with a further 13% between £100,001 and £500,000. It is therefore critical to retain a FRSSE SORP option for charities. The cost burden of compliance would otherwise be hugely disproportionate and reduce the amounts charities had to use for their beneficiaries.

Kind Regards

Graham Taylor FCIE

17 Newell Street
London E14 7HP

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