Updates to this bulletin
This CIMA members in practice guidance has been updated for new guidance on reporting to the regulator by auditors and independent examiners issued in April 2017. Practitioners preparing charity accounts for reporting periods beginning on or after 1 January 2016 must also refer to the Update Bulletin 1 to the Charities SORP (FRS 102) for the changes in UK GAAP effective from 1 January 2016.

In the event that any link is non-operable, search via the Charity Commission home page via the following link: http://www.charitycommission.gov.uk/

SORP resources:
Update Bulletin 1 was issued in February 2016 and updates the Charities SORP (FRS 102) with effect for reporting periods (financial years) beginning on or after 1 January 2016. The Bulletin also dealt with the withdrawal of the FRSSE and the new definition of 'larger charity'. See http://charitiessorp.org/choose-sorp-modules/

Originally two SORPs were published that took effect for financial years beginning 1 January 2015. The Charities SORP (FRSSE) provided application guidance for the FRSSE and the Charities SORP (FRS 102) provided application guidance for FRS 102. Subsequently the FRSSE option has been withdrawn. For reporting periods beginning on or after 1 January 2016 only the Charities SORP (FRS 102) can be followed. The SORPs and accompanying help-sheets can be downloaded from the microsite: www.charitysorp.org

The help-sheets are:
- Help-sheet 1 is a destination table from charities SORP 2005 to the Charities SORP (FRS 102)
- Help-sheet 2 identifies the main changes from charities SORP 2005 to the Charities SORP (FRS 102)
- Help-sheet 3 compares the Charities SORP (FRSSE) with the Charities SORP (FRS 102).

A SORP Information Sheet dealing with implementation issues arising from FRS 102 is due to be published by summer 2017.

Accounts packs
Existing accounts pack for non-company charities preparing receipts and payments accounts: https://www.gov.uk/government/collections/receipts-and-payments-accounts-pack-cc16

Developments in UK GAAP:
The FRC issued a consultation on making further changes to UK GAAP FRED 67 Draft Amendments to FRS 102 - Triennial Review 2017. The proposed effective date for these amendments is accounting periods beginning on or after 1 January 2019, with early application permitted provided all amendments are applied at the same time. Any changes to GAAP will need to be reflected in changes to the charities SORP (FRS 102).

For further information view the FRC website: https://www.frc.org.uk/Home.aspx

Registering Charities
Information on registering as a charity can be found via the section 'Register a charity': http://www.charitycommission.gov.uk/start-up-a-charity/registering-your-charity/
Currently company charities, charitable industrial and provident societies and community interest companies cannot convert to become a charitable CIO.

We are responsible for maintaining the register of charities which you can view via our website:  

### Making Charities Accountable

Charities with yearly incomes over £10,000 must by law complete an Annual Return. For financial years ending on or after 1 April 2009 registered charities with a gross income exceeding £25,000 must also send us their accounts and annual report every year within 10 months of the end of their year-end. By law a member of the public or interested person has the right to a copy of the latest Trustees’ Annual Report and accounts (although a charity may make a charge to cover copying and postage costs). The report and accounts are also available via the register entry for the charity on our website where the charity’s income exceeds £25,000 per year. We take seriously the deadlines for providing us with this information and more information on this is available on our Meeting Our Requirements pages and we name charities that have seriously defaulted on these legal obligations on our Defaulting Charities finder facility. For more details view: [http://www.charitycommission.gov.uk/running-a-charity/managing-your-charity/completing-annual-returns/](http://www.charitycommission.gov.uk/running-a-charity/managing-your-charity/completing-annual-returns/)

### The Regulatory Framework

Larger charities that raise funds from the public must make additional disclosures in their annual reports subsequent to November 2016. Our guidance has been updated to the change in the income criterion for audit effective for reporting periods (financial years) ending on or after 31st March. This guidance sets the requirements for keeping records, the basis for preparing accounts, including receipts and payments accounts and the requirements for independent examination and audit and the submission of accounts, Annual Reports and Annual Returns to the Charity Commission.

For information on applicable thresholds for reporting, filing and external scrutiny view:


### Public Benefit Guidance

The Commission has three publications on public benefit to do with registering a charity, running a charity and public benefit reporting. These are an essential read for trustees:


### Guidance on decision-making by trustees and handling conflicts of interest


### Auditor and independent examiner duty to report matters of material significance

New guidance has been agreed by the UK charity regulators which is effective from 1 May 2017. Following this guidance is essential to fulfilling your mandatory duty to report certain matters to the regulator: [https://www.gov.uk/government/news/reporting-matters-of-material-significance-guidance-for-auditors-and-examiners](https://www.gov.uk/government/news/reporting-matters-of-material-significance-guidance-for-auditors-and-examiners)

### Independent Examination

This is essential reading for CIMA members undertaking voluntary independent examinations. This guidance sets out the 10 Directions that must be adhered to by the independent examiner when examining eligible charities (including charitable companies but not exempt charities) and has been updated for the Charities Act 2011: [http://www.charitycommission.gov.uk/detailed-guidance/money-and-accounts/independent-examination-of-charity-accounts-examiners-cc32/](http://www.charitycommission.gov.uk/detailed-guidance/money-and-accounts/independent-examination-of-charity-accounts-examiners-cc32/)
Independent examiners have a statutory duty to report matters of material significance to the regulator, for more information: http://www.charitycommission.gov.uk/detailed-guidance/protecting-your-charity/guidance-for-auditors-and-independent-examiners/

New Directions and guidance for examiners are expected to come into effect later this year.

**Guidance on protecting charities**
Guidance has been issued on protecting charities from the risk of fraud and financial crime: http://www.charitycommission.gov.uk/detailed-guidance/protecting-your-charity/protecting-charities-from-harm-compliance-toolkit/


Where problems arise, trustees should notify the Commission by way of a serious incident report: http://www.charitycommission.gov.uk/running-a-charity/your-charitys-work/reporting-serious-incidents/

**Charities and Risk Management**
This guidance outlines the type of risks charities face, the process for identifying and managing risk and reporting requirements. http://www.charitycommission.gov.uk/running-a-charity/your-charitys-work/risks-and-how-to-manage-them/

**Charity Reserves and Defined Benefit Pension Schemes**
The general guidance on reserves has been updated to consider financial sustainability can be accessed: https://www.gov.uk/government/publications/charities-and-reserves-cc19

Accounting for defined benefit pension schemes under FRS17: Retirement Benefits has raised question as to how a charity’s reserves policy is affected by the balance sheet disclosure of pension assets and liabilities: http://www.charitycommission.gov.uk/detailed-guidance/money-and-accounts/charity-reserves-and-defined-benefit-pension-schemes/

**Charities Working Internationally**
This guidance covers the legal requirements and recommended good practice for charities whose work is either wholly or partly international or overseas based: http://www.charitycommission.gov.uk/detailed-guidance/protecting-your-charity/charities-working-internationally/

**Charities and Trading**
This guidance covers those trading activities a charity may lawfully undertake in its own right and the use of trading subsidiaries to undertake non-charitable trading for fundraising purposes and other trading activities in support of the charity’s work: http://www.charitycommission.gov.uk/detailed-guidance/fundraising/trustees-trading-and-tax-how-charities-may-lawfully-trade-cc35/

**Charities and Investments**
This revised guidance covers the legal framework for charity’s to make investments, including ethical investments, programme related and ‘mixed motive’ investments and identifies good practice in investment management including arrangements with investment advisors: http://www.charitycommission.gov.uk/detailed-guidance/money-and-accounts/charities-and-investment-matters-a-guide-for-trustees-cc14/

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