

January 2016

Feedback Statement: Charities FRS 102 SORP Taxonomy

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Feedback Statement

Charities FRS 102 SoRP Taxonomy – Feedback statement

1. The purpose of this Feedback Statement is to summarise the comments received on FRC's consultation on the Charities FRS 102 SoRP taxonomy.
2. The Charities FRS 102 SoRP taxonomy was issued for consultation on 8 October 2015 for a two month period. Comments were invited in writing or via Yeti on all aspects of the draft taxonomy. The Charities FRS 102 SoRP (update bulletin) has been approved by the FRC Board on 27 January 2016. Comments were sought in particular on the following six questions:
 - a. Does the content of the draft taxonomy accurately reflect expected reporting under the relevant standard - FRS 102 and the Charity SORP (FRS 102)?
 - b. In order to be helpful to preparers/users; the draft taxonomy includes tags based on 'should' provisions rather than just 'must' requirements in the SORP. Is the inclusion of these 'should' tags in the taxonomy considered helpful?
 - c. We are particularly interested in views on the following areas. Do you consider the approach taken is appropriate and if not why not? Do you have any suggestions on how the tags could be better structured?
 - i. The basis of creating the 'transfer of funds', by way of line items and a dimension.
 - ii. The content of the Audit and Independent Examiner Report sections
 - iii. Charitable activities in the Trustees Annual Report, on the face of the SoFA and in the notes to the accounts.
 - iv. The analysis and allocation of support costs across activities in the notes to the accounts.
 - d. Does the Design Document explain changes to the taxonomy usefully and pertinently? If not, how could it be improved?
 - e. What, if any additional materials, would users of the taxonomy value. For example, website examples of how the various parts of the charity accounts could be prepared and /or consistency checklists?
 - f. For Charities that report under different SORPs (FEHE and Registered Providers of Social Housing); is the draft taxonomy sufficient or would such charities desire the development of additional tags?

An assessment of Consultation general responses

3. The comments received have been helpful and constructive. They have been supportive in most respects as far as general design and approach is concerned and they have not raised any fundamental flaws although they have included a fairly large range of detailed comments on aspects of content.
4. Many responses highlighted that the taxonomy is a welcome development that they supported. It is viewed as an effective way of increasing overall accessibility and

transparency of financial reporting and allows for potential data and trend analysis for both preparers and users.

5. Other advantages cited by some respondents included more efficient data sharing and quicker and simpler filing of accounts particularly since digital filing is already accepted by Companies House and HMRC. The Charity Commission has told the FRC that they consider that joining up with Companies House and HMRC on digital reporting will be beneficial to both users and preparers and increase efficiencies.
6. The Charity Commission has told the FRC that they put particular effort into publicizing the rationale for the update of the charities taxonomy and the impact on the sector by way of a number of UK wide presentations, the details of which were also publicised on the Charity Commission website. Despite these efforts there still remained a theme in the responses and feedback from the presentations of concern for the future and what this may mean for small charities in particular.
7. Some responses expressed concern that the charities taxonomy signals that filing of tagged accounts will eventually become mandatory for all charities when filing accounts with the Charity Commission and/or Companies House and that this will cause an unwelcome financial and administrative burden particularly for small charities. However, this is not the case. The Commission's plan to accept the filing of tagged accounts are still in the early stages and they are only considering offering it as an additional option alongside PDF at some point in the future. Smaller charities would have an option to file using free templates provided. There is no plan to remove the option for any charity to file using PDF.
8. To clarify further, a small number of large charities (income over £6.5m) have been required to submit digital accounts to HMRC since 2011, when requested to submit a tax return. This requirement remains and is independent from the Commission's or Companies House filing framework. The charity taxonomy therefore had to be updated in line with the new SoRP to allow these charities to continue to fulfil their legal obligation to HMRC in this regard.
9. A number of charities raised concerns around the cost/benefits impact to charities of adopting digital reporting. The Charity Commission consider that cost/benefits should be identified by those charities not affected by the HMRC requirement and the decision to use the taxonomy is optional and theirs to make. The Charity Commission has sought to design the taxonomy to encourage take up as digital filing becomes more commonplace over time. The Charity Commission hope that successful implementation of the taxonomy into software products will alleviate fears of burdens of costs and facilitate ease of use.
10. A list of respondees follows below. The FRC and the Charity Commission received 13 comment letters which are accessible on the FRC website on the XBRL page¹.

Responses

Written responses

- Simon Bond (Charity Trustee and Treasurer)
- Mary Wallbank (Charity Management Services)
- Trevor Barton (Systems and Support Manager OCVA)
- Tony Margaritelli (Chairman ICPA)
- Nigel Dibb (MBA FCA)
- Sue Sapsed (Charity Volunteer)
- Tony (Church Treasurer)

- PWC
- Cancer Research UK
- Grant Thornton
- CIMA
- WCVA
- NCVO

An assessment of Consultation technical responses

Yeti feedback

1. A comment via Yeti highlighted a technical error regarding an analysis item and related hypercube, which has now been corrected.
2. A suggestion was made via Yeti to add a tag for a URL link to where a charity publishes its list of grants separately to the accounts and a further unique identifier tag for grant recipients to allow more structured data. A tag has been added for the URL link. It was decided that a unique identifier tag for grant recipients would not be adopted as it is not a requirement of the SoRP.

Responses to the consultation technical questions

3. All respondents considered that the 'should' tags are a helpful inclusion to the 'must' tags enabling charities to have the flexibility to better tell their story in the way which they report.
4. Some respondents highlighted the need for the technical documents to be updated with additional chapters for charities to be helpful for developers and preparers. The FRC and Charity Commission are updating the documents to be re-issued with the taxonomy in final form.
5. Some respondents cited that in response to question 5, website examples and consistency checks would be helpful. The Charity Commission is considering whether to include these in future website publications.
6. A few respondents addressed question 6 which related to reporting under FEHE and Registered Providers of Social Housing SoRPs. Suggestions included that additional tags would be beneficial to cover both these SoRPs. The Charity Commission will communicate this to the relevant governing bodies for them to consider.
7. A respondent suggested that the taxonomy should enable the tagging of multiple designated funds. Other respondents suggested that the material funds dimension did not have enough members. Therefore to address both these issues, the material funds dimension has been increased from 10 to 50 members and can be used to tag material designated funds.
8. Most respondents consider the approach to all four areas in question 3 to be appropriate; however:
 - The draft taxonomy contained a number of groupings to allow tagging by activity in the Trustees' Annual Report and notes and also for grants and support costs by activity. Whilst other FRC taxonomies contain groupings, some respondents felt this approach would be confusing for taggers. One

respondent welcomed the proposed additional categories of support costs, however this was outweighed by a number of respondents who considered there was too much detail for this section and would be potentially confusing for taggers.

- To address the issues in the bullet point above, the activity based groupings were replaced by a generic activity dimension, income and expenditure type dimensions and the level of detailed support cost tags significantly reduced. The grouping for grants was also removed in order to be consistent. Additional guidance tags have been added where necessary to be helpful to users.
9. During the consultation period, a mismatch was identified between the presentation link base tags and the related hypercube primary items in the 'Additional fund disclosures' section. This has now been corrected.



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