

Audit of charities and not-for-profit

Is your organisation adopting best practice?

The Charities Act 2009, when fully implemented, will require financial reporting by registered charities to the Registrar of Charities. It is expected that the Registrar will specify a format of financial reporting by charities and, if so, that format is likely to follow the format specified in the UK – Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) – commonly referred to as SORP for charities.

The purpose

The purpose of the SORP is to provide a framework that enables charities to explain what they aim to do, how they go about it and what they achieve. It does so in a way that pulls together narrative and financial reporting into a coherent package focused on activities undertaken.

Reputation

Retaining and enhancing the reputation of the charity sector is very important and a goal we share with the sector. At Grant Thornton we believe that the SORP has a key role to play in this respect by assisting charities in providing financial information about their activities and resources that is of interest to donors, beneficiaries and employees alike and to meet legal requirements that such accounts give a true and fair view.

Best practice

Adoption of the SORP for charities is mandatory in the UK and regulation in Ireland is expected to become similar. To prepare for this new legislation and also to adopt best practice, some of the larger charities have already changed the format of their financial reporting to SORP format. Those charities that wish to be recognised as well-run and transparent should consider changing to SORP format financial statements before the legislation imposes the requirement.

The challenge

The SORP format financial statements are unlike traditional format and require fundamental changes in classifications of income and expenditure and supplementary notes for the year of change and for the previous comparative year financial data. Making the change from traditional format financial statements to the format set out in SORP will be a challenge for most charities.



The solution

Grant Thornton has extensive experience in auditing charity financial statements and in assisting charities to make the transition to SORP format financial statements.

Costs

At Grant Thornton we are aware that there is huge diversity within the charity sector in terms of size, structure, income, staff numbers and cost base. We have worked in the past with many small local community organisations, with as few as two staff, as well as large NGOs employing more than 100 staff in multiple locations and countries. Our solutions are completely bespoke, designed specifically according to your needs and our costs are tailored to suit your needs.

Contact us if you would like to discuss how we can help you make the switch to SORP format financial reporting.

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