



Looking forward by looking back

CHANGES AND CHALLENGES IN CHARITY ACCOUNTING
AND FINANCE



Nigel Davies FCCA DChA

Considering a couple of themes:

- How UK- Ireland GAAP and the SORP shaped the future of international non-profit accounting- a matter of common challenges and initial foundations
- Future trends in accounting and reporting and what these might mean for the future of UK-Ireland GAAP

Common challenges

- Sector failings- ICAEW research (1981)
 - A desire for consistency and comparability
 - Absence of an accepted framework
 - Moral hazard and manipulation (equalisation)
 - A lack of accountability and addressing user reporting needs
- ICAEW research - a catalyst for the first ASC charities SORP (1988)
- CCAB research (2014) identified a global desire for a non-profit financial reporting framework
- IFRNPO consulted (2021) on 10 key themes- 200 responses framed its approach to developing INPAG

Initial foundations

- GAAP post 2015- IFRS for SMEs is the foundation of our blended UK-Irish GAAP with its extra specific PBE paragraphs
- International Non-Profit Accounting Guidance (INPAG) is also an application of IFRS for SMEs for non-profits: <https://www.ifr4npo.org/> with non-profit specific elements- launches 2025
- Post 2025 could INPAG offer a more coherent solution than current UK-Irish GAAP (with its three PBE SORPs and Companies Act solutions for non-profits)?

Future trends is non-profit reporting now coming of age?

Close by posing three questions:

- Is INPAG the genesis of a International Non-profits International Financial Reporting Standard (INFRS)?
- Is now the time for the sector to fully come of age by developing its own conceptual framework rather than adapting for-profit accounting?
- In the age of net zero is it time to refocus with Environmental, Social and Governance joining financial and operational performance as the core of PBE narrative reporting?



Daniel Chan, Director, PwC

Charity reporting: Now and into the future

ICAEW: Looking forward by looking back –
Changes and challenges in Charity Accounting and Finance
12 December 2022





Daniel Chan

SORP Governance Review 2018/19

CHARITIES SORP GOVERNANCE REVIEW 2018/19

Independent Oversight Panel

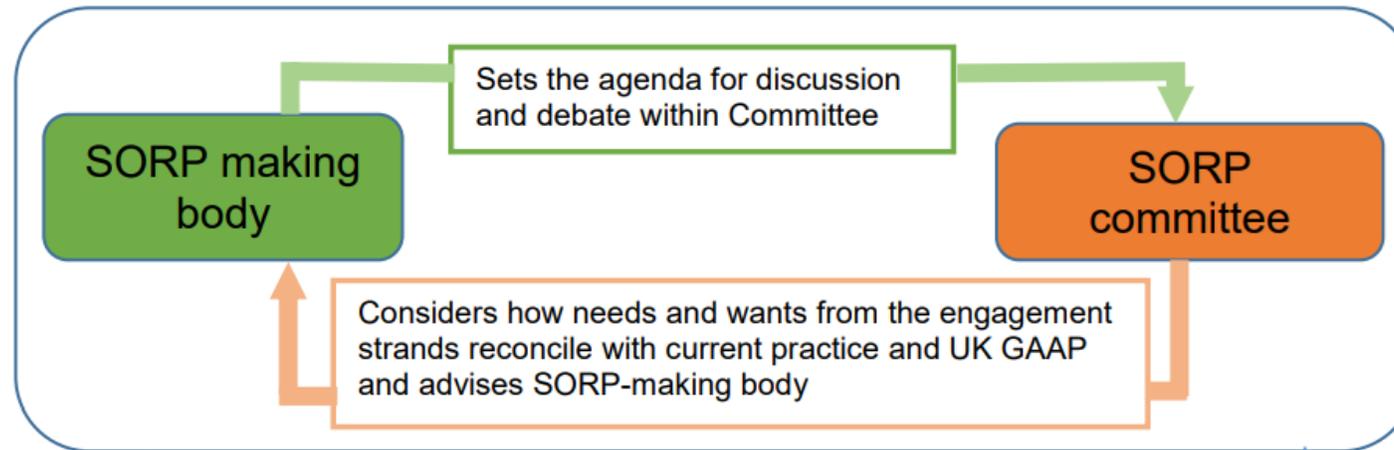
Guiding the Development of the Charities SORP

*Exploring changes to the way the Statement of Recommended Practice:
Accounting and Reporting by Charities is developed*

REPORT AND RECOMMENDATIONS

June 2019

SORP Development Process



Trustees

Smaller charities and independent examiners

Professional and technical

Larger charities

Major funders, donors, government and public bodies

Academics, regulators and proxies for the public interest

SORP Development Process: Published Briefings

SORP Objectives of standard setters	Donated goods and services
SORP and tiered reporting	Income recognition
Reserves	Impact reporting
Summary financial information (key facts summary)	Funds note
Presentation of the SoFA	Support costs
Notes to the accounts	Expenditure classification
Grant accounting	Activity analysis
Accounting for legacies	Sustainability reporting
Materiality	

Interaction with FRS 102

FRS 102 Periodic Review

- Not effective before 1 January 2025
- Public Consultation on Financial Reporting Exposure Draft (FRED)

Key topics

- Lease accounting
- Credit loss accounting
- Revenue accounting

Wider developments

- Restoring trust in audit and corporate governance

PwC Building Public Trust Awards



[pwc.co.uk/charities](https://www.pwc.co.uk/charities)

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***Cara Turtington, Partner,
Saffery Champness***

What do we look for in a leader?



Key attributes of a trainee



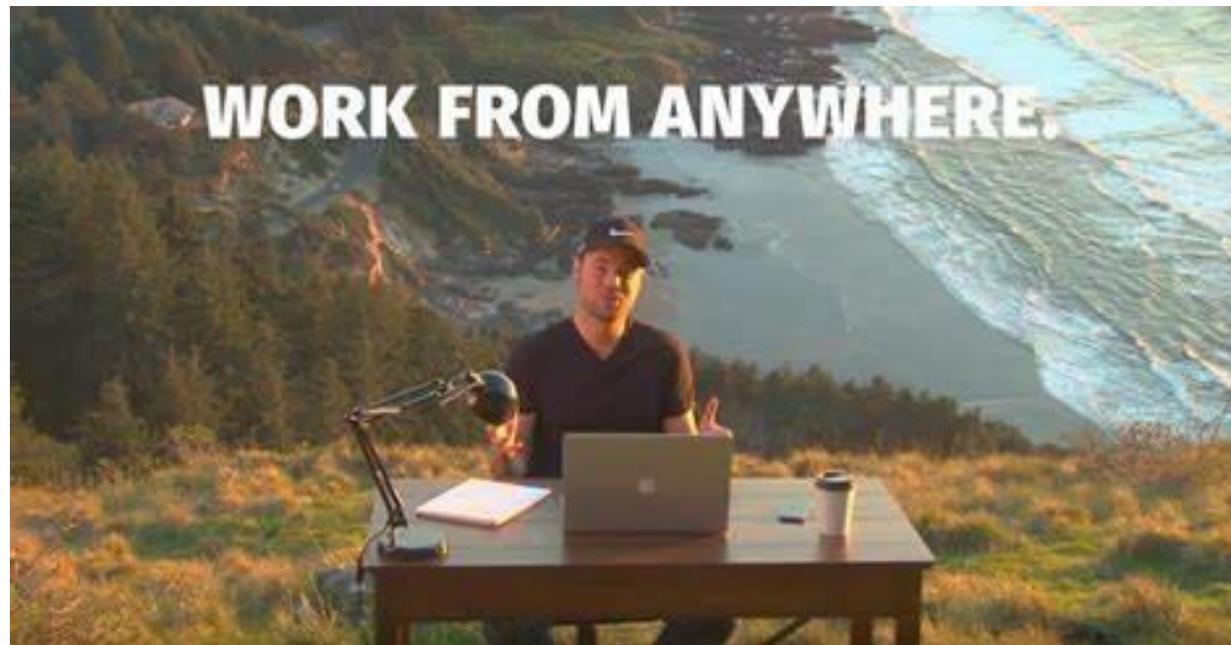
The challenges of working remotely



How does that impact training



The opportunities of a different workspace





***Alex Skailes, Director, Centre
for Charity Effectiveness at
Bayes Business School***

“Developing one’s own CV”

- A key demand from our future leaders
- Organisations need to prioritise
- The role of the Board, to understand value add
- Fit for the future?



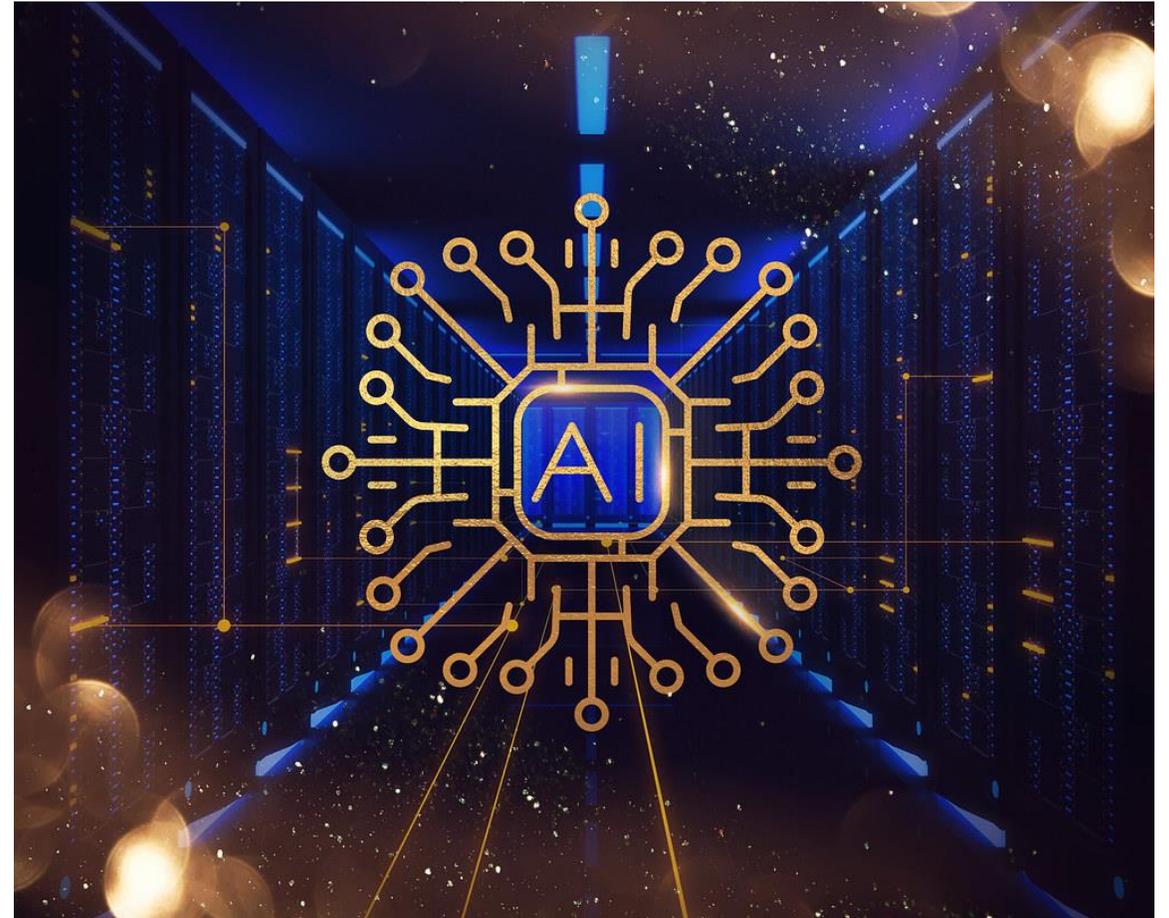
Key attributes

- Strong personal capabilities and knowledge
- Self awareness of your own personality traits, attitudes and relationship style
- Reward strategies; behaviours and values
- Collaborative leadership skills
- 2-way communication



The profession of the future

- The changing profession
- The impact of technology
- Soft versus hard leadership skills
- Are you up for the challenge?





BAYES
BUSINESS SCHOOL
CITY, UNIVERSITY OF LONDON

(formerly Cass)

Looking forward by looking back – changes and challenges in charity accounting and finance

Alex Skales

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Intellectual leadership: developing talent, enhancing performance

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Update on ICAEW's charity resources and events

Be part of the Charity Community

Supporting finance professionals in their paid and voluntary roles in or with the charity and voluntary sector. Membership is free and open to everyone, including non-ICAEW members.

Join for free

☆ Community launches 2023



Benefits at a glance

A new community for 2023, containing resources for charity finance professionals and charity volunteers.



Regular webinars and e-newsletters providing insights into charity sector developments.



Technical content designed to meet the needs of charity advisers, finance leaders, and volunteers.



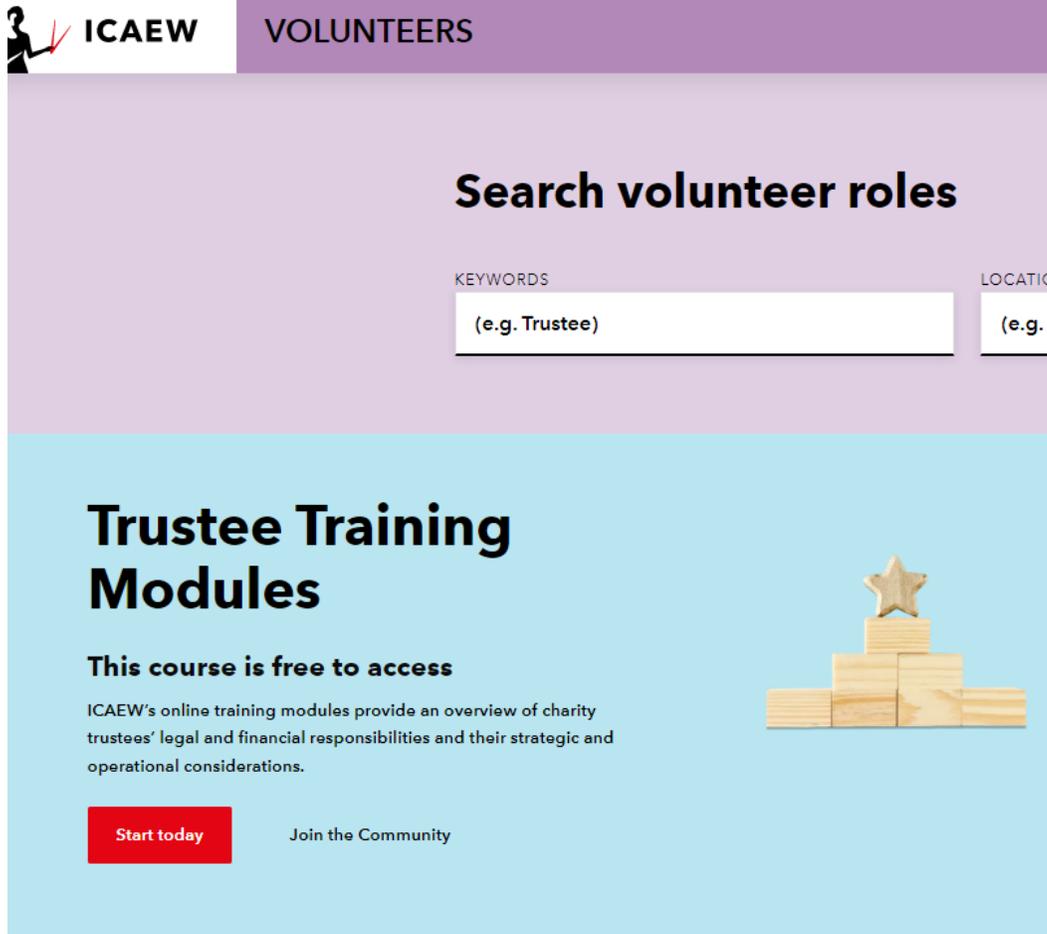
Discounted rates for sector-specific events including ICAEW's popular annual Charity Conference.

Charity Communities: changes in 2023

- **Charity Community:** bringing together content for charity finance professionals, trustees and skills-based volunteers
- Replacing the Charity Finance Professionals Community and the Volunteering Community from 2023
- **Free of charge for members and non-members**
- The management liability insurance provided to members of the Volunteering Community will cease 31 December 2022.
- Volunteers can purchase professional liability insurance for volunteers at a competitive rate from Marsh Commercial:
<https://www.icaew.com/membership/offers-discounts-and-services/marsh-commercial-pii-for-volunteers>

<https://www.icaew.com/groups-and-networks/communities/join-charity-community>

What will stay the same?



The screenshot shows the ICAEW website interface. At the top left is the ICAEW logo. A purple navigation bar contains the word "VOLUNTEERS". Below this is a search section titled "Search volunteer roles" with two input fields: "KEYWORDS (e.g. Trustee)" and "LOCATION (e.g. M)". The main content area has a light blue background and features the heading "Trustee Training Modules". Below the heading, it states "This course is free to access" and provides a brief description: "ICAEW's online training modules provide an overview of charity trustees' legal and financial responsibilities and their strategic and operational considerations." There are two buttons: a red "Start today" button and a blue "Join the Community" button. To the right of the text is an image of a wooden pyramid with a star on top.

- The [new Charity Community](#) will continue to highlight charity-related events and free access to webinar recordings. It will also provide free and easy access to [ICAEW's Trustee Training Modules](#) and to [ICAEW Volunteers](#), our 'job site' connecting you to volunteering opportunities. There will be no changes to these free resources.
- If you are interested in actively contributing to ICAEW's activities, you can find out how best to get involved in our new [ICAEW Volunteering Hub](#).

Upcoming charity-related events and webinars

13 & 14 December 2022 (Virtual classroom over two half-days)

Introduction to the Charities SORP (FRS 102)

https://events.icaew.com/pd/21745/2022-introduction-to-the-charities-sorp-frs-102?pk_vid=c6e04af6a41f55d71667996567bc7a7e

19 & 20 January 2023 (Virtual conference over 2 days)

Charity Conference 2023

<https://www.icaew.com/learning-and-development/events/charity-conference>



<https://www.icaew.com/learning-and-development/events/charity-conference>

On-demand webinars 2022

- Development of the International Non-Profit Accounting Guidance (INPAG)*
- Small charities: topical issues 2022
- Charity Accounting, Tax and Governance Update 2022
- Generating sustainable investment income in the current investment environment*
- Trustee recruitment strategies: best practice in finding trustees to help your organisation thrive*
- Practical application of the Charities Act 2022*
- Communicating impact – a step by step guide for reporting on your charity’s Environmental, Social and Governance (ESG) performance*
- Masterclass in Receipts & Payments Charity Accounts for Preparers and Examiners*
- What’s on the horizon for charity trustees?*
- How to establish your charity’s reserves policy in a post-pandemic world*

*free webinars

“The range of topics covered in such a short timeframe was fantastic. Speakers were knowledgeable, relatable and enthusiastic about their topics. Lot of information to take back to my workplace and a new passion for my professional role. Thank you!”

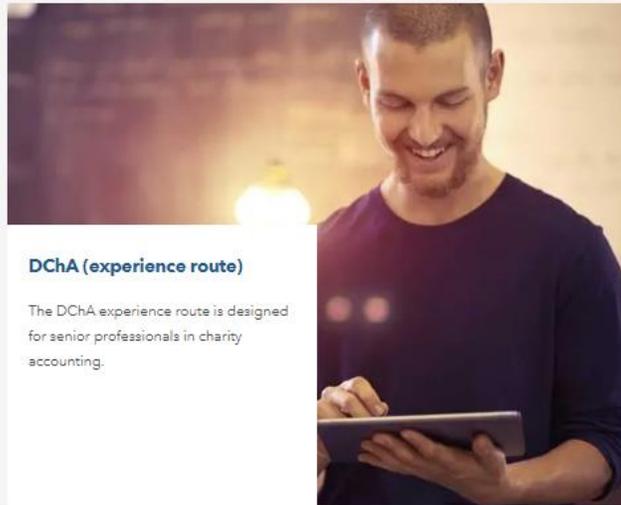
Delegate at Small charities: topical issues 2022

All recordings are available within the **Charity Community** to watch on demand.

Diploma in Charity Accounting (DChA)

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The Diploma in Charity Accounting (DChA) inspires confidence and demonstrates that you have the skills and knowledge to make a real difference to organisations in the charity and voluntary sector. There are two ways to obtain the DChA.



DChA (experience route)

The DChA experience route is designed for senior professionals in charity accounting.

DChA (study route)

The DChA study route is designed for those looking to progress their skills in charity accounting and financial management.

Benefits to employers

DChA will enable your employees to inspire confidence.

The Diploma in Charity Accounting inspires confidence and demonstrates that you have the skills and knowledge to make a real difference to organisations in the charity and voluntary sector. There are two ways to obtain the DChA:

1) DChA experience route

Designed for senior professionals in charity accounting and financial management, the Diploma in Charity Accounting (DChA) experience route will formally recognise your achievements and expertise.

2) Bayes Business School DChA study route

The DChA study route is delivered by the world renowned Bayes Business School, which has its own Centre for Charity Effectiveness to bring you the very best expertise in the sector.

<https://www.icaew.com/learning-and-development/academy/specialist-qualifications/dcha>



[icaew.com](https://www.icaew.com)