



Charity Seminar

26th November 2025



Welcome

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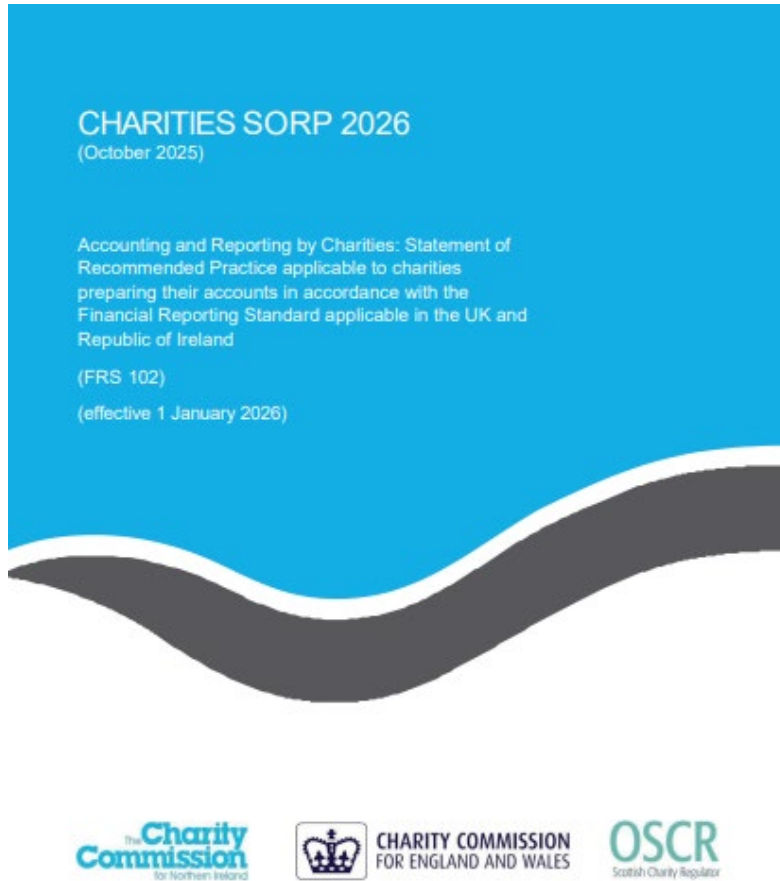
Agenda

- 09:35 Setting the scene
 - 09:50 What keeps me up at night?
 - 10:20 Technical update – SORP 2026
 - 11:00 Coffee & networking
 - 11:15 Technical update – SORP 2026
 - 11:45 A Year in Review
 - 12:00 Driving Change: Philanthropy and the Evolving Charity Sector
 - 12:45 Q&A
 - 13:00 Lunch & Close
- 



Technical Update

Charities SORP 2026



Based on Financial Reporting Standard FRS102
Significant changes

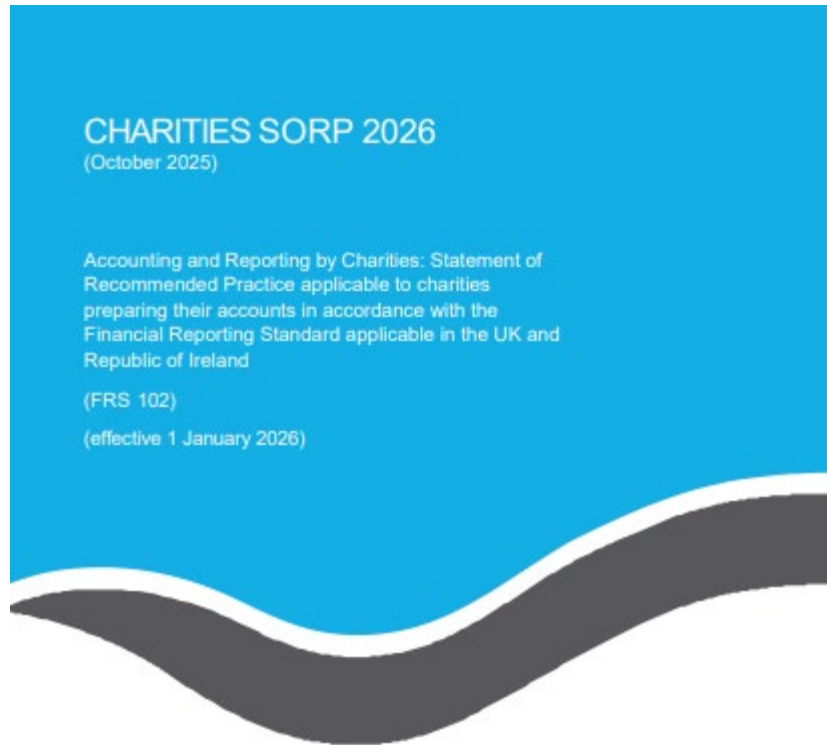
Guidance & explanations for charities

“Think Small First” – Limited ability to protect

Apply to **all** charities preparing accruals accounts

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Charities SORP 2026



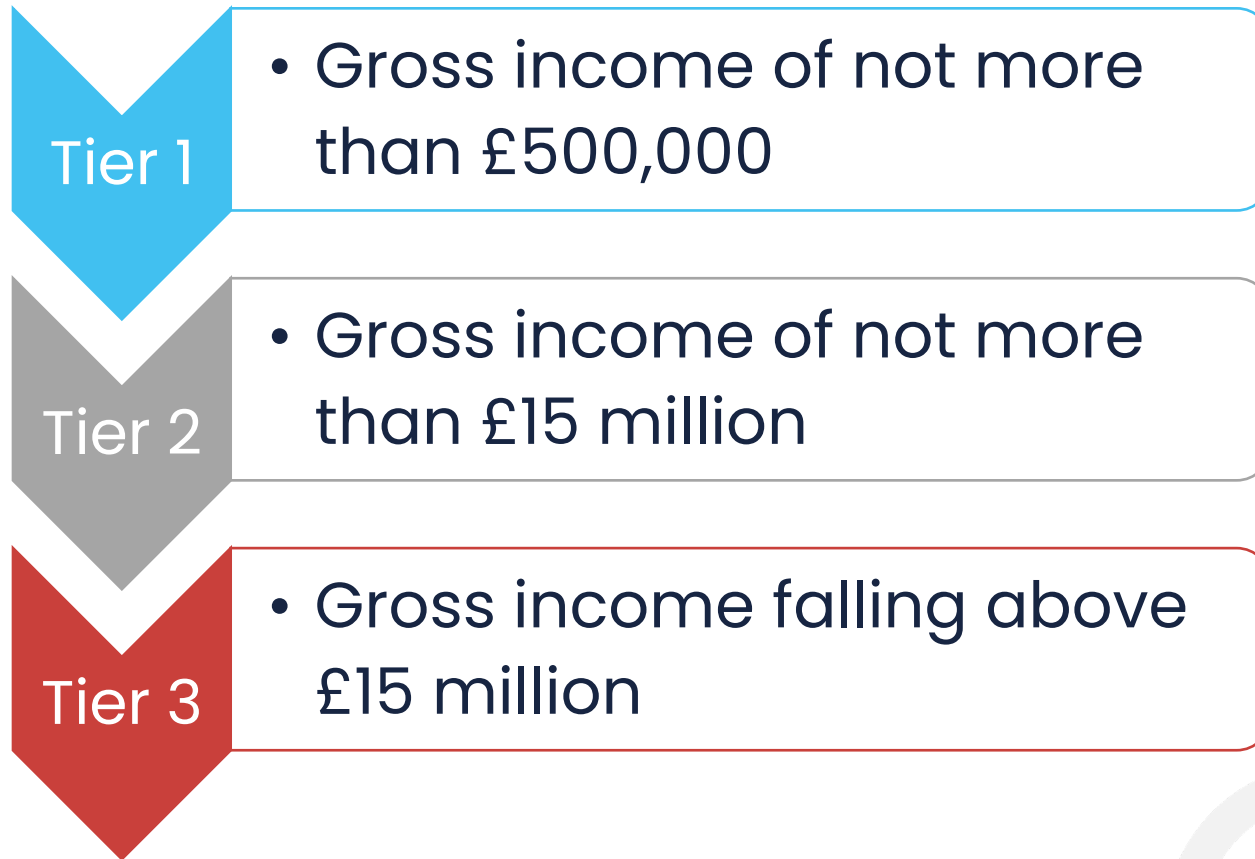
Effective date 1 January 2026

- 31 December 2026
- 31 March 2027
- 30 June 2027

Summary of Changes

SORP 2026

Tiered Reporting



- Reporting burden proportionate?
- Charitable companies – Consider Companies act eligibility for disclosure exemptions
 - Assets
 - Employee numbers

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Tiered Reporting



- Other considerations:
 - Non –Company charities
 - receipts and payments accounts income not exceed £250,000.
 - (£500k based on the new thresholds – sept 26)
- Not aligned to audit thresholds
- SORP-making body
 - Committed to considering tiers further
 - Additional consultation expected

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Tiered Reporting

Module 1 – Trustees' annual report

Module 4 – Statement of Financial Activities

Module 8 – Allocating costs by activity in the statement of financial activities

Module 9 – Disclosure of trustee and staff remuneration, related party and other transactions

Module 14 – Statement of cash flows

- SORP 2026 – 29 modules
- Only affects 5
- Additional disclosures encouraged where relevant to users

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Key areas of Change

Tiering

Cashflow
statement

Trustees
Annual Report

Heritage
Assets

SORP 2026

Leases

Income

Social
Investments

Disclosures



Trustees' Annual Reports

- Significant changes

public accountability and stewardship of funds

- Context for the financial statements
- Module Trustees are most likely to engage with
- Tiers apply – Increased requirements for T1

fair, balanced and understandable



Trustees' Annual Reports

- Opportunity to tell the charity's story
- Content unique to each organisation
- Prompt questions

Who are the users of the report?

What are the changes or differences the charity seeks to make through its activities?

What criteria or measures does the charity use to assess success in the reporting period?

What are the charity's strategies for achieving its stated aims and objectives?

What information do the users need?



Trustees' Annual Reports

Impact Reporting

- Difference to beneficiaries?
- Benefits to wider society?
- Long term impact
 - Personal or society wide impact stories
- T3 – Fundraising

The impact the charity has made is, arguably, the ultimate expression of its performance

Volunteers

- Scale & nature of activities
 - Define volunteer roles
- T2 & T3 Contribution of general volunteers
 - Numbers of volunteers
 - activities supported/provided
- Number of hours or staff equivalents?
- Module 6 – Specific examples for income recognition



Trustees' Annual Reports

Legacies

T2 & T3

- Narrative explanation of how legacies are included
- Highlight where income recognition is before receipt
- Plans sustainable
- Module 13 – e.gs

Exemptions

- removal of the requirement to disclose why exemptions have been taken to not disclose names or address of key staff or Trustees

Trustees' Annual Reports

Financial Review

- Review of performance & position at year end
- **Must** be consistent with financial statements
- Risks – Cyber (T2 & T3)
- Reserves
- Going Concern

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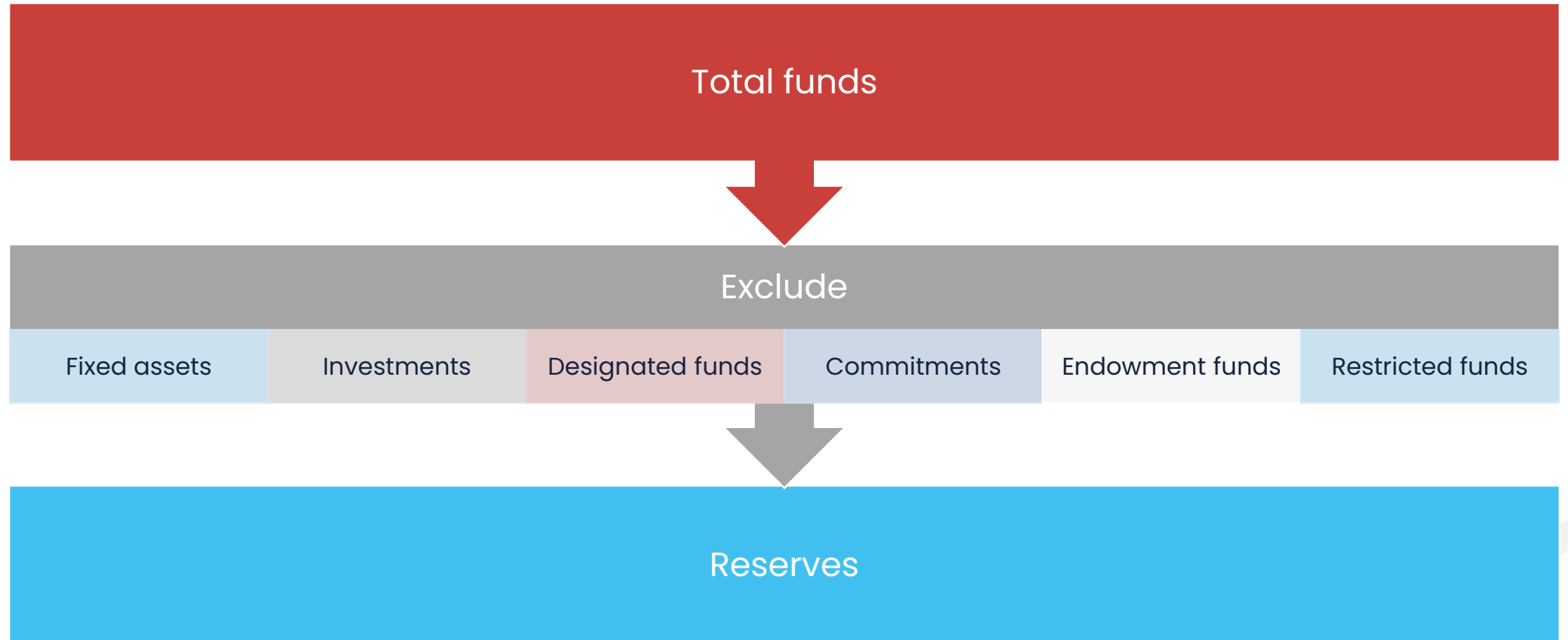
Financial Review

Reserves Definition

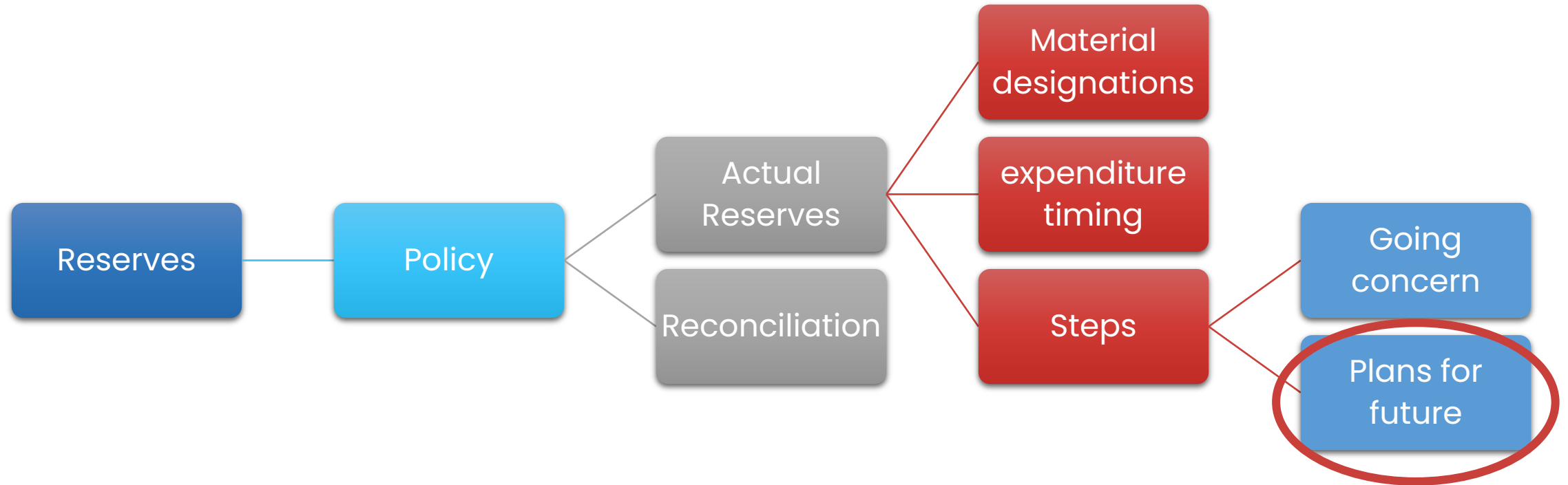
- Funds that are freely available to spend on any of the charity's purposes

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Reserves Definition



Reserves Reporting



Now required for all Tiers

ESG Reporting

Environmental

- Climate-related risks
- Climate-related opportunities

Social

- employee engagement and wellbeing,
- board diversity and inclusion
- supports of local community

Governance

- privacy
- cyber security, data security
- business ethics

- how the charity is responding to and managing environmental, governance and social matters.
- T1 & T2 Optional (consider needs of stakeholders or if medium/large company)
- T3 – Required



ESG Reporting

SUSTAINABLE DEVELOPMENT GOALS



- Adopted by all United Nations Member States in 2015
- a shared blueprint for peace and prosperity for people and the planet, now and into the future



Trustees' Annual Reports

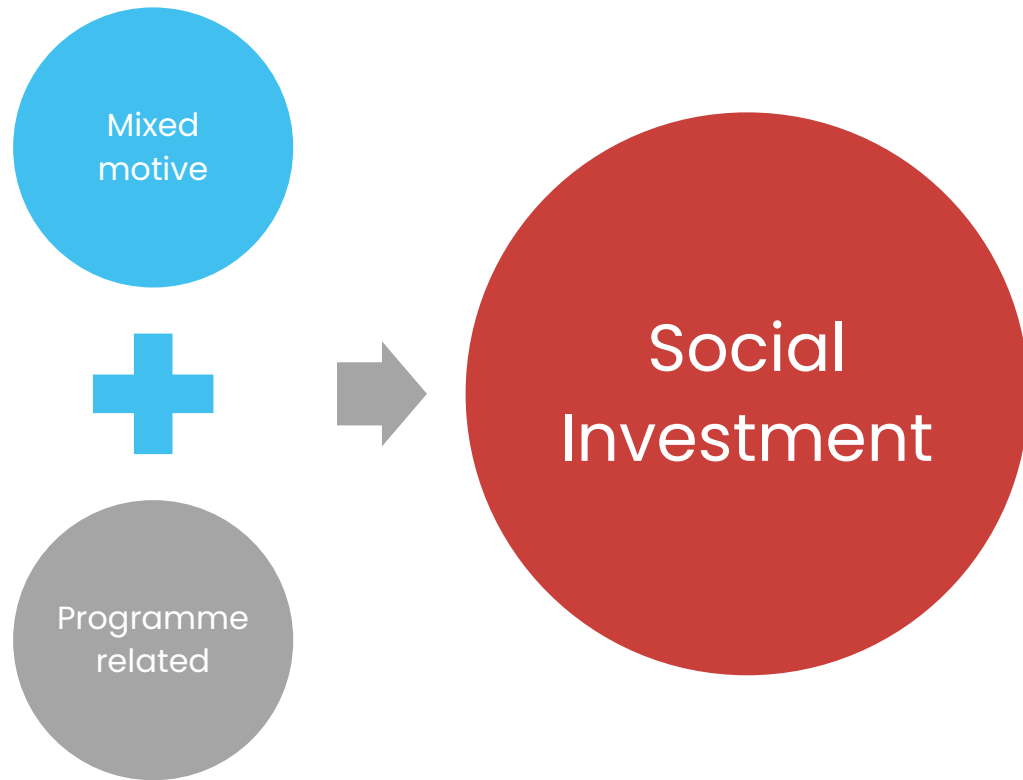
- Significant additional information
 - Tier 1 reporting increased
- Consider systems to collate information
- Disclose the impact of SORP 2026 changes expected in the coming year

“expected that this information is already available to the charity trustees in governing the charity appropriately”

“considers the reporting requirements to be proportionate”



Social Investments



- Aligns with Charities Act
- financial return and to further the charitable purposes
- Judgement – investment grant or donation
- Impairment losses, charitable expenditure
 - previously in investment losses
- Gains other income
 - no change



Social Investments

- T2 & T3 Social investment policy in TAR
 - Explain how contributed to achievement of purposes
- Clarifications on types of benefit considered Return
- Clearer guidance on loans to trading sub which help deliver Charitable objectives

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Total Return (Investments)

- Alignment to Charities Act 2022 changes
 - Power to fund a social investment
 - negative or uncertain financial return
 - Provided losses are offset by gains elsewhere in the fund
 - New disclosures
 - the amount of total return invested in such social investments
 - amount of investment return (if any)
 - the amount of any losses
 - how the losses have been offset
- 

Natural Statement of Financial Activities (SOFA)

	Unrestricted funds	Restricted income funds	Endowment funds	Total funds	Prior period Total funds
	£	£	£	£	£
Income and endowments from:					
(e.g.) Donations and legacies					
(e.g.) Charitable activities					
(e.g.) Other trading activities					
(e.g.) Investments					
(e.g.) Other					
Total					
Expenses incurred:					
(e.g.) Salary-related costs					
(e.g.) Premises-related costs					
(e.g.) Grants made					
(e.g.) Interest expense					
(e.g.) Depreciation					
(e.g.) Impairment charges					
(e.g.) Other expenses					
Total					

- Tier 1
 - Income <£500,000
- Simplification and customisation
- Change of accounting policy



Other areas

Heritage assets

- Clarity on the measurement of donated assets
- Disclosure requirements
 - Specify why fair value could not be obtained

Disclosures

- Former related parties
- KMP
 - part period – length of employment
 - T2 & T3 – may wish to disclosure on individual basis?



Tax Updates



HM Revenue
& Customs

- July 2025: [publication of draft legislation for Finance Bill 2025/26](#)
- The changes include:
 - tainted donations – ‘financial assistance’
 - approved charitable investments
 - attributable income – legacies
 - sanctions for failure to meet tax obligations

Summary of impacts

Exchequer impact (£ million)

2024 to 2025	2025 to 2026	2026 to 2027	2027 to 2028	2028 to 2029	2029 to 2030
0	Negligible	+20	+35	+35	+35

These figures are set out in Table 5.1 of Autumn Budget 2024 and have been certified by the Office for Budget Responsibility. More details can be found in the policy costings document published alongside Autumn Budget 2024.

If enacted, the legislation will take effect from April 2026.

Economic Crime & Corporate Transparency Act

- Charitable companies
- Registered with Companies House
- Trustees also Statutory Directors
- New ID requirements for Directors
 - 12 months from 18th Nov 2025 to comply



Economic Crime and
Corporate
Transparency Act
2023

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Companies House filings

- From April 2027
- Paper and web-based filing options closed
- All accounts filed using commercial software
- All accounts must be iXBRL tagged
- Applies to all (charitable) companies



Charities Act 2022

Changes due to come into force on 27 November 2025

- how charities make ex gratia or moral payments.
- changes will enable:
 - trustees to delegate decision-making authority for moral payments
 - for example, a member of staff or a trustee sub-committee
 - charities to make certain moral payments without Commission authority
- exception of certain statutory institutions
 - relevant museums and galleries



Charities Act 2022





Coffee break



Q&A Opportunity



Lunch & Close