

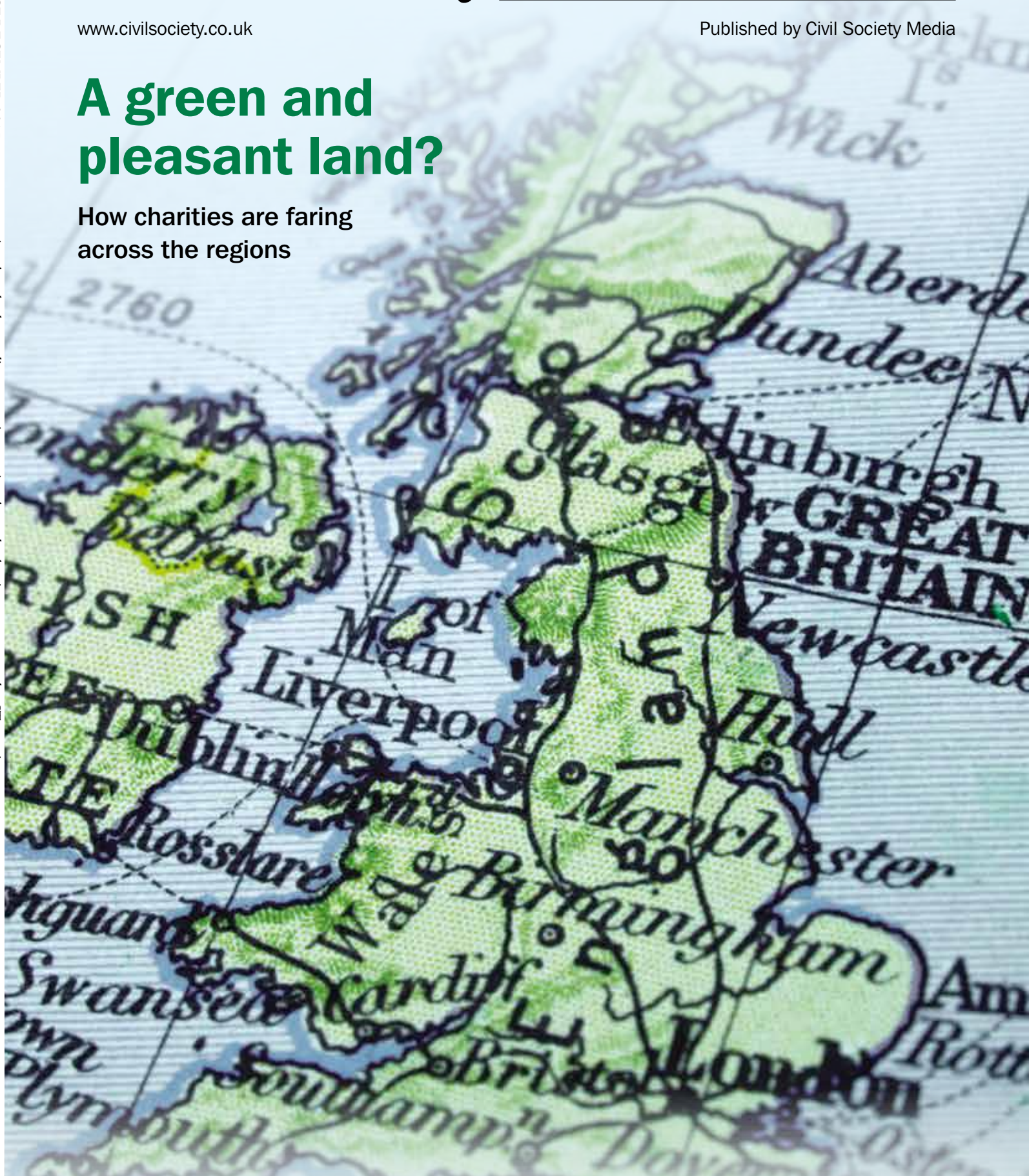
# Charity Finance

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## A green and pleasant land?

How charities are faring across the regions



# All change

## The new Sorps regime is here but how smooth is the transition to the new rules likely to be, asks **Diane Sim**.

WITH THE NEW Sorps taking effect for accounting periods beginning on or after 1 January 2015, charities with financial year-ends falling at the end of this month will be the first to put them to the test. Despite long lead times and extensive consultation periods, however, transition to the new Sorps looks set to be far from straightforward.

Based on income levels, the vast majority of charities are eligible to use the FRSSE Sorp, which is based on the *Financial Reporting Standard for Smaller Entities* and which has fewer disclosure requirements than the FRS 102 Sorp, which is based on *Financial Reporting Standard 102*.

However, the one-year shelf life of the FRSSE Sorp and current uncertainty over what exactly it will be replaced with are leading many charities to consider adopting the FRS 102 Sorp now. This is despite the fact that it has a number of new disclosure requirements – particularly in areas such as pensions and senior management remuneration policies – that many charities, both large and small, are not altogether comfortable with.

### Charity auditors

Figure 1 overleaf ranks audit firms by the audit fees of their charity clients. The data is derived primarily from the 1,076 charities that participated in *Charity Finance's* 23rd annual survey of the charity audit market and related reporting issues.

The survey data is supplemented by audit data from the top 350 UK charities based on income, which *Charity Finance* routinely tracks for the purposes of compiling the Charity 100 and Charity 250

Indexes. This results in coverage of 1,363 charities, which collectively have annual income of £25.9bn and pay fees of £26.8m.

Coverage of the larger UK charities is therefore pretty comprehensive, while coverage of charities with annual income of less than £16.8m – the cut-off point for membership of the Charity 250 Index – is reasonably representative.

“**Crowe Clark Whitehill tops the league table for the seventh year running**”

Charities with annual income of over £10m represent 34 per cent of all audit clients listed in figure 1, while the remainder is split between charities in the £5m-£10m income bracket (13 per cent), charities in the £1m-£5m income bracket (28 per cent) and charities with income of below £1m (25 per cent).

Crowe Clark Whitehill (CCW) tops the league table for the seventh year running with audit fees of £3.6m from 130 charity clients, which collectively report annual income of £3.6bn. It is followed by PwC with audit fees of £3.2m from 38 charity clients, which together generate total income of £4.6bn.

CCW and PwC have occupied the same top two positions in each of the last seven years. Together they account for 25.5 per cent of charity audit fees included in figure 1. Their combined share, which is down from its 28.5 per cent peak in 2011, has been comfortably above 25 per cent over the last six years.

Nine of the top ten players are the

same as last year, with Sayer Vincent moving up two places to replace public audit bodies in tenth position. However, there is also some variation in the order of the top ten, with Grant Thornton and BDO switching to take up fourth and fifth position respectively.

KPMG has also moved up two places to sixth position – its charity practice is now headed up by Ian Pennington after Nicola May left at the end of last year to join CCW. Making way are RSM – known until recently as Baker Tilly – and Deloitte, which each move down a place, to seventh and eighth respectively.

The “Big Four” accountancy firms – namely Deloitte, EY (Ernst & Young), KPMG and PwC – have a significant presence in the charity audit market, accounting for 22 per cent of audit fees listed in figure 1. Of the four, PwC leads with a 12 per cent share, followed by KPMG with 5 per cent, Deloitte with 4 per cent and EY on less than 1 per cent.

Deloitte may be the one to watch in the coming year. According to charities and not-for-profit group head Reza Motazedi, the firm has had a particularly successful year in terms of new client acquisition, winning the audits of six top-100 charities. These include the UK’s largest charity, Lloyd’s Register Foundation (with annual income of over £1bn), the Wellcome Trust and the Royal British Legion, and these changes will be reflected in next year’s survey.

### M&A activity

Mergers and acquisitions (M&A) are still a key feature of the charity audit market. In May, Moore Stephens merged with Chantrey Vellacott, and the combined firm has now taken up 11th position as a result. “The size of our charity and not-for-profit team

has doubled as a result of the merger, as has our client base,” says Nick Simkins, head of charities & education at the new Moore Stephens.

Also in May, Scott-Moncrieff (which is a member of Moore Stephens International) merged with Inverness-based Callander Colgan, giving the firm an increased presence in the Highlands. The Scottish firm moves up from position 30 in last year’s ranking to 15<sup>th</sup> this year, based on audit fee income of £0.4m from 28 clients.

Earlier this year MHA MacIntyre Hudson, in position 13, acquired Spain Brothers in Kent and MHA Bloomer Heaven in Birmingham. “Both firms have significant charities practices and have considerably expanded the firm’s geographic coverage in England,” says Simon Erskine, charities technical partner at MHA MacIntyre Hudson.

Rebranding is also a key feature of this year’s ranking, reflecting in many cases a firm’s affiliation to an international network. As mentioned earlier, Baker Tilly has recently rebranded as RSM, underlining the decision to join RSM International in 2014.

The rebranding helps to alleviate any possible confusion about the firm’s relationship with Baker Tilly International, its former parent. MHA MacIntyre Hudson has now joined Baker Tilly International as a replacement, slotting in alongside Monahans, Henderson Loggie, Broomfield & Alexander and Larking Gowen.

Further down the ranking, James Cowper and Reeves have rebranded to reflect their membership of Kreston International. The former is now known as James Cowper Kreston and sits in position 28, while the latter has become Kreston Reeves (in position 39).

figure 1: Top 40 audit firms ranked by audit fees

	Audit firm (2014 rank in brackets)	Audit fees (inc VAT) £	Income of audit clients £	No. of clients
1	Crowe Clark Whitehill (1)	3,639,268	3,641,025,842	130
2	PricewaterhouseCoopers (2)	3,219,600	4,626,600,600	38
3	haysmacintyre (3)	2,615,483	1,664,537,237	157
4	Grant Thornton (5)	2,088,257	2,762,635,219	34
5	BDO (4)	1,800,538	2,105,229,128	51
6	KPMG (8)	1,437,853	1,626,444,796	24
7	RSM (6) <sup>a</sup>	1,177,044	1,277,421,608	41
8	Deloitte (7)	1,148,000	1,655,999,048	22
9	Kingston Smith (9)	997,457	789,888,601	56
10	Sayer Vincent (11)	965,312	564,089,482	60
11	Moore Stephens (-) <sup>b</sup>	826,708	651,848,412	65
12	Public audit bodies (10)	759,200	998,532,000	13
13	MHA MacIntyre Hudson (13)	545,380	222,117,159	60
14	Buzzacott (12)	491,900	319,110,475	15
15	Scott-Moncrieff (30)	367,246	196,255,607	28
16	HW Fisher (14)	339,125	106,176,596	43
17	Mazars (16)	325,432	189,248,369	28
18	Saffery Champness (29)	225,800	171,761,430	9
19	Bishop Fleming (-)	196,961	77,378,823	23
20	Monahans (31)	196,718	62,312,550	35
21	Knox Cropper (19)	195,814	240,909,678	5
22	PKF Littlejohn (18)	190,800	81,984,034	3
23	Henderson Loggie (25)	187,996	198,801,290	13
24	Price Bailey (32)	185,870	81,508,075	23
25	Broomfield & Alexander (24)	182,094	98,792,912	32
26	BHP (17) <sup>c</sup>	176,372	97,431,672	24
27	PEM (21) <sup>d</sup>	134,381	32,962,701	19
28	James Cowper Kreston (23) <sup>e</sup>	123,755	48,769,963	15
29	Russell New (28)	122,310	38,085,644	16
30	Francis Clark (39)	102,678	71,149,686	7
31	Clement Keys (36)	93,803	46,850,000	1
32	Goldwins (-)	88,741	12,622,400	26
33	Lovell Blake (26)	88,511	30,997,934	17
34	Critchleys (34)	85,660	78,101,798	5
35	Clark Brownscombe (35)	85,365	60,890,044	16
36	Larking Gowen (33)	85,021	42,321,884	23
37	Ernst & Young (22)	71,000	62,011,000	3
38	Griffin Stone Moscrop (37)	67,182	39,343,546	12
39	Kreston Reeves (-) <sup>f</sup>	64,686	20,341,618	18
40	Haines Watts (-)	61,424	63,336,582	5
	Other firms	1,091,565	716,714,652	148
	<b>Total</b>	<b>26,848,311</b>	<b>25,872,540,095</b>	<b>1,363</b>

(a) Formerly known as Baker Tilly

(b) Merged in May 2015 with Chantrey Vellacott, which occupied 15th position in last year’s ranking.

(c) Formerly known as Barber Harrison & Platt

(d) Formerly known as Peters Elworthy & Moore

(e) Formerly known as James Cowper

(f) Formerly known as Reeves

Barber, Harrison & Platt and Peters Elworthy & Moore have become BHP in position 26 and PEM in position 27 respectively.

M&A in the audit market is clearly leading to greater consolidation and the creation of larger firms with more diversified product lines and enhanced geographic coverage. Affiliation to a national or international network can also act as a precursor to merger, as in the case of MHA MacIntyre Hudson and MHA Bloomer Heaven where both were members of the UK-based network MHA.

According to many industry commentators, the increase in the audit threshold from £0.5m to £1m in England and Wales (as from 31 March 2015) may act against the

M&A trend, in that it will increase the number of charities opting for independent examination, which is frequently undertaken by smaller firms and sole practitioners.

According to Sayer Vincent partner Kate Sayer, around 4,000 charities that would have had an audit this year will now have an independent examination (IE) instead.

At the same time, however, it is important to note that the IE directions are being revised. “The Charity Commission will need to ensure that the independent examination directions are still appropriate given the increased threshold,” says Nick Brooks, who heads up the not-for-profit group at Kingston Smith. “The fact that larger charities are now coming

into the IE regime is likely to affect the level and type of work required and may give rise to resourcing issues,” he adds.

### Reporting issues

With the introduction of the new Sorps, which are effective for accounting periods beginning on or after 1 January 2015, it is hardly surprising that the top issue on which charities have sought advice from their auditors this year is adoption of the new accounting rules.

For large charities, the adoption of the Sorp based on FRS 102 is comparatively straightforward. For smaller charities eligible to use the FRSE, however, the situation has been complicated by the fact that the Financial Reporting Council (FRC)



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has replaced it with a new section of FRS 102 for smaller entities, which takes effect for accounting periods beginning on or after 1 January 2016.

Charities eligible to use the FRSSSE Sorp need to decide whether to move directly to the FRS 102 Sorp, or whether to adopt the FRSSSE Sorp now only to find that they have to change again the following year. The difficulty with the former option is that they do not yet know whether they will be able to benefit from the reporting exemptions allowed to smaller entities by the new section

of the FRS 102 and they are unlikely to find out until next year.

This uncertainty over future use of the FRS 102 affects charities with income up to £10.2m, which is around 98 per cent of charities.

“Given that the vast majority of charities are eligible for the FRSSSE, the question of what to replace it with is really important,” says Erskine at MHA MacIntyre Hudson.

“The Charity Commission and OSCR may use recent statements from the FRC on the paramount importance of showing a true and

fair view to require all charities to apply FRS 102 in full. This would restore the status quo of just one Sorp for all charities but even small charities could potentially find themselves having to make complicated disclosures.

“The one remaining ray of sunshine is that ‘small’ charities will not have to prepare cashflow statements, but we still have to wait till next year to find out what ‘small’ means – it could be £0.5m, £1m or £10.2m income,” he adds.

Many auditors surveyed this year are telling their clients to ignore the FRSSSE Sorp. “We are advising our clients to go straight to the FRS 102 Sorp, rather than find that in a year’s time they are putting things back into the accounts that they had taken out under the FRSSSE requirements,” confirms Sayer at Sayer Vincent.

According to Allison Gibson, director of audit at Scott-Moncrieff, charities may be tempted to the FRSSSE by reduced disclosure for defined-benefit pension schemes, investment gains and losses, key management personnel remuneration and the cashflow statement. “If a

figure 2: Number of years with auditor (percentage of respondents)

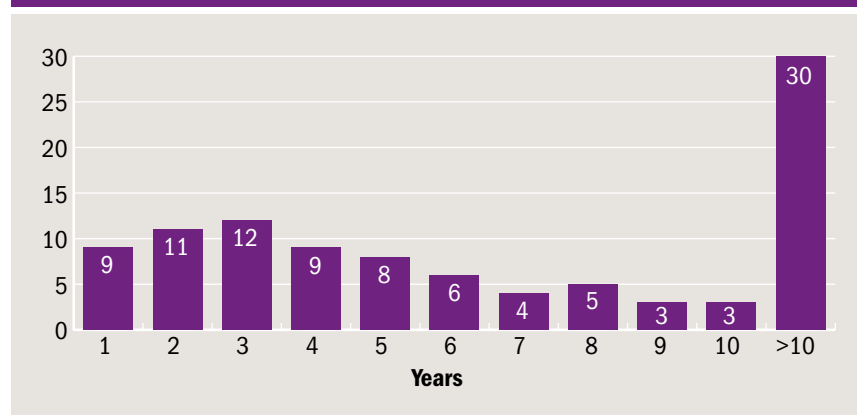


figure 3: Audit fees by charity income band

Income band (£m)	No. of charities	Highest fee £	Lowest fee £	Median fee				1-year change %	3-year change %	5-year change %
				This year	Last year	2012	2010			
< 0.1	63	7,200	50	1,260	1,650	1,500	1,100	-24	-16	15
0.1 - 0.25	62	8,500	120	2,510	2,466	2,622	2,500	2	-4	0
0.25 - 0.5	78	10,000	450	3,192	3,441	3,888	3,751	-7	-18	-15
0.5 - 1	136	13,000	870	5,200	5,419	6,000	5,605	-4	-13	-7
1 - 2	162	29,000	1,200	7,698	7,225	7,800	7,111	7	-1	8
2 - 5	221	42,000	3,250	9,770	10,440	10,080	9,341	-6	-3	5
5 - 10	180	37,200	4,990	13,320	13,820	14,056	14,720	-4	-5	-10
10 - 25	199	80,200	4,800	21,472	20,000	21,440	20,332	7	0	6
25 - 50	144	93,803	12,000	32,000	34,000	33,000	36,000	-6	-3	-11
50 - 75	44	155,000	19,000	42,100	44,000	45,000	44,150	-4	-6	-5
75 - 100	28	140,000	10,000	48,000	46,000	59,500	49,500	4	-19	-3
>100	46	600,000	16,800	94,000	102,500	87,000	84,500	-8	8	11

charity has a choice of which Sorp to apply and if they are affected by any of these issues, they will likely choose to follow the FRSSE Sorp.

“While the prospect of less disclosure may be appealing, its withdrawal in 2016 means that charities that choose to use it will potentially face changes to their accounting policies and disclosures twice in two years, generating more work for finance teams,” she says.

Neal Gilmore, charities principal

at HW Fisher, can also see the appeal for certain charities of using the FRSSE Sorp, even if only for one year. “Charities which participate in multi-employer pension schemes have had difficult choices, especially where the total value of an agreed deficit-repayment plan is significant. In some cases charities have opted for the FRSSE to defer the inclusion of the liability, even though they will have to change the accounts format in the following year,” he says.

### Managing the change

Of course, the changes introduced by the new Sorps will take some getting used to, both on the part of finance teams and trustees. “Finance teams have had to understand how the changes impact on the presentation of their financial statements, and trustees have had to consider the one-off options and choices available on transition to FRS 102,” comments Sladden, head of charities and social enterprises at RSM. “Once the exercise is complete, trustees and finance teams alike will need to learn how to interpret the new format financial reports.”

“Planning ahead,” adds Carol Rudge, global and UK head of not-for-profit at Grant Thornton, “and making sure that trustees have enough time to understand and get used to the new formats before they have to sign off the accounts will be critical to the success of the transition to the new rules.”

The impact of the changes on an individual charity is determined largely by the make-up of its income, expenditure, assets and liabilities, says Don Bawtree, lead audit partner for charities at BDO. “All charities are different but common discussion points relate to whether or not to revalue properties, getting legacies right, and multi-employer pension recovery plans hitting the balance sheet.”

Areas requiring new accounting treatment, where charities commonly need help from their auditors, include the following: ownership of freehold property; running a charity shop or shops; recognition of legacy income; disclosure of government grants; staff-leave accrual; a total-return approach to investments; and social investment and financial instruments.

Particularly problematic areas for charities include the new disclosure

figure 4: How was your auditor chosen? (percentage of respondents)

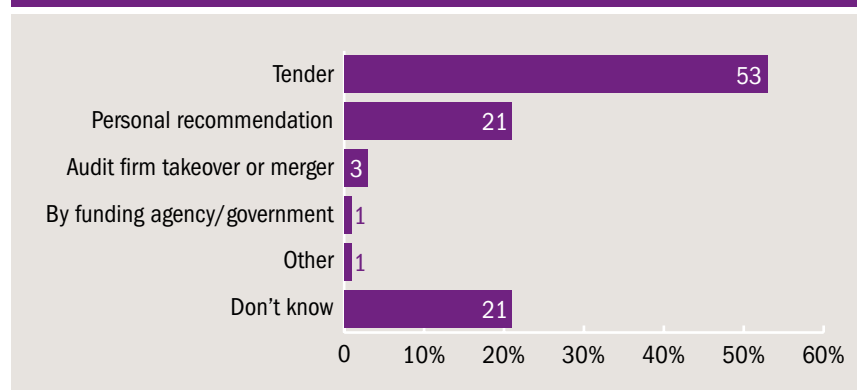


figure 5: What factors were important when choosing your auditor? (percentage of respondents)



requirements for pensions and senior management remuneration policies. “Charities applying the FRS 102 Sorp may find that they have additional liabilities to include in the balance sheet if they have a multi-employer pension scheme such as many of those run by the Pensions Trust, for which there is a schedule of agreed deficit-reduction

payments,” says Sudhir Singh, not-for-profit partner at MHA MacIntyre Hudson.

As PwC director and head of charities Ian Oakley-Smith points out: “The disclosure of these liabilities on the balance sheet can, in some cases, make a charity look insolvent, which in turn can make funders and contractors wary of

awarding funding or contracts due to concerns about financial sustainability.”

In the area of senior management remuneration policies, “a regular area of debate has been the definition of key management personnel,” says Richard Weaver, who heads up the charity and not-for-profit unit at haysmacintyre.

figure 6: Do you have any of the following problems with your auditor?

Audit firm	No. of charities responding	No. of charities reporting problems	No. of problems reported	Poor understanding of own charity	Poor understanding of charity sector	Fees too high	Lack of technical competence	Staff changes	Slow to deliver	Poor liaison	Lack of access to partner	Other
BDO	16	7	13	0	0	0	0	5	1	1	3	3
BHP <sup>1</sup>	24	3	3	0	0	0	0	1	0	2	0	0
Bishop Fleming	23	2	2	0	0	0	0	1	0	1	0	0
Broomfield & Alexander	32	5	6	0	0	0	0	0	0	5	0	1
Clark Brownscombe	15	0	0	0	0	0	0	0	0	0	0	0
Crowe Clark Whitehill	95	17	26	2	3	2	1	7	1	4	2	4
Goldwins	26	1	1	0	0	0	0	0	0	0	0	1
Grant Thornton	11	5	10	0	0	2	0	3	0	3	1	1
Griffin Stone Moscrop	12	2	2	0	0	0	0	0	0	1	0	1
haysmacintyre	140	20	25	0	6	0	0	5	2	5	4	3
HW Fisher	43	2	3	0	1	0	0	1	0	1	0	0
James Cowper Kreston <sup>2</sup>	15	4	4	0	1	0	0	2	0	1	0	0
Kingston Smith	43	3	3	0	1	0	0	1	0	0	0	1
Kreston Reeves <sup>3</sup>	18	2	2	0	0	0	0	0	0	1	0	1
Larking Gowen	23	4	4	0	0	0	0	1	0	3	0	0
Lovewell Blake	17	4	5	0	0	0	0	1	0	4	0	0
Mazars	24	4	7	0	2	0	0	3	0	0	2	0
MHA MacIntyre Hudson	60	7	9	0	0	0	0	3	0	4	1	1
Monahans	35	5	6	0	0	0	0	0	0	5	1	0
Moore Stephens <sup>4</sup>	60	6	9	0	3	0	0	2	2	2	0	0
PEM <sup>5</sup>	19	3	4	0	0	0	0	1	1	1	0	1
Price Bailey	23	2	3	0	1	0	0	1	1	0	0	0
RSM <sup>6</sup>	18	11	25	2	2	3	1	3	2	8	3	1
Russell New	16	4	4	0	0	0	0	0	0	4	0	0
Sayer Vincent	55	10	16	0	1	0	0	3	1	9	1	1
Scott-Moncrieff	26	4	8	0	1	0	0	1	1	4	1	0
Other firms	187	41	78	1	16	3	4	15	4	16	12	7
<b>Total</b>	<b>1,076</b>	<b>178</b>	<b>278</b>	<b>5</b>	<b>38</b>	<b>10</b>	<b>6</b>	<b>60</b>	<b>16</b>	<b>85</b>	<b>31</b>	<b>27</b>

(1) Formerly known as Barber Harrison & Platt  
(2) Formerly known as James Cowper

(3) Formerly known as Reeves  
(4) Merged with Chantrey Vellacott in May 2015

(5) Formerly known as Peters Elworthy & Moore  
(6) Formerly known as Baker Tilly

“Many smaller charities could argue that all members of staff are, to some extent, involved in management. For larger charities, which have large senior management teams, the figures can become much larger, but without definition, we shall no doubt end up with variations on a theme, and the numbers will not be comparable even between similarly sized organisations,” he says.

“The most contentious disclosure, however, relates to termination payments,” he argues. “If you have them, and you ask staff to sign a non-disclosure clause, having to then disclose the value of such an award, where there has only been one in the year, may well lead to some awkward conversations. This was not well thought through,” he adds.

Another difficulty relating to the adoption of both Sorps is the delay of the issue of the *Charities Accounts and Reports Regulations (2015)* authorising the issue of the new Sorps, according to Simkins at Moore Stephens. “The guidance advises charities to delay reporting until the new regulations have been issued, but we find that charities tend to be very timetable-

**figure 7: Satisfaction – how do you rate your auditor on the following? (percentage of respondents)**

Audit firm	Total responses	Charity expertise			Commitment to the voluntary sector			Overall service		
		Good	Average	Poor	Good	Average	Poor	Good	Average	Poor
BDO	16	100	0	0	94	6	0	81	13	6
BHP <sup>1</sup>	24	100	0	0	92	8	0	100	0	0
Bishop Fleming	23	91	9	0	87	13	0	96	4	0
Broomfield & Alexander	32	100	0	0	94	6	0	100	0	0
Clark Brownscombe	15	100	0	0	100	0	0	100	0	0
Crowe Clark Whitehill	95	97	3	0	96	4	0	88	12	0
Goldwins	26	100	0	0	100	0	0	100	0	0
Grant Thornton	11	91	9	0	64	36	0	82	18	0
Griffin Stone Moscrop	12	92	8	0	75	25	0	92	8	0
haysmacintyre	140	98	2	0	97	3	0	93	7	0
HW Fisher	43	90	10	0	83	17	0	93	7	0
James Cowper Kreston <sup>2</sup>	15	93	7	0	93	7	0	93	7	0
Kingston Smith	43	100	0	0	100	0	0	100	0	0
Kreston Reeves <sup>3</sup>	18	100	0	0	100	0	0	100	0	0
Larking Gowen	23	100	0	0	87	13	0	96	4	0
Lovewell Blake	17	100	0	0	94	6	0	100	0	0
Mazars	24	100	0	0	91	9	0	91	9	0
MHA MacIntyre Hudson	60	95	5	0	88	10	2	93	7	0
Monahans	35	97	3	0	97	3	0	97	3	0
Moore Stephens <sup>4</sup>	60	97	3	0	92	8	0	93	7	0
PEM <sup>5</sup>	19	100	0	0	100	0	0	95	5	0
Price Bailey	23	100	0	0	100	0	0	95	5	0
RSM <sup>6</sup>	18	61	39	0	61	39	0	44	50	6
Russell New	16	100	0	0	94	6	0	100	0	0
Sayer Vincent	55	100	0	0	100	0	0	96	4	0
Scott-Moncrieff	26	96	4	0	96	4	0	96	4	0
Other firms	187	80	18	2	77	21	2	82	16	2
<b>Total</b>	<b>1,076</b>	<b>94</b>	<b>6</b>	<b>0</b>	<b>91</b>	<b>9</b>	<b>0</b>	<b>91</b>	<b>8</b>	<b>1</b>

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driven in their audit and finalising of accounts.

“We will therefore have to monitor the situation closely to determine whether any additional disclosures will need to be made in the trustees’ report, where clients are signing off their accounts before the regulations have been issued,” he adds.

One result of the transition to the new Sorps for audit firms is continuity, says Jamie Davidson, partner in the charities team at Henderson Loggie. “On average charities tend to review their auditors every five years, though many are postponing their review activity as they want continuity though the transition to the new Sorp.”

When sticking with your auditor, fees can be kept flat

if your requirements remain the same, adds Pesh Framjee, who heads up the not-for-profit team at Crowe Clark Whitehill (CCW). “If a client prepares the accounts in the new format and simply requires a pure audit, then there will be no additional costs. There will only be additional costs – and therefore fees – if we are, for example, asked to prepare the accounts in the new format, or if there are issues requiring extra work such as complex financial instruments,” he says.

#### Not all about Sorps

While adoption of the new Sorps has been the main issue for charities this year, it is clearly not the only issue. The collapse of Kids

Company has highlighted the role of charity governance and increased the pressure on charities to demonstrate good governance through their reporting.

“Going concern work has received more emphasis recently in the wake of the Kids Company debacle,” says Weaver at haysmacintyre. “Trustees are placing greater emphasis on the quality of financial forecasting in considering their own financial circumstances.

“Trustees are much more aware of the need to ensure and communicate their financial sustainability to stakeholders,” concurs Pennington at KPMG.

“A particular focus of attention has been the issue of reserves,” says Sladden at RSM, “and we have seen

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how rapidly a charity can collapse when it has insufficient reserves to meet its running costs. Charities not only need to have a reserves policy, they need to be able to stick to it to ensure that there is enough of a buffer to deal with any unexpected funding problems as and when they arise.”

Another topical issue that may over time have implications for reporting practices is fundraising. The charity sector has been severely undermined over the last year by allegations of widespread use of improper fundraising techniques

and the sale of donor data to third parties. There is now a pressing need to rebuild public trust in fundraising charities and, according to many of the auditors surveyed this year, the trustees’ annual report may prove to be a suitable medium for this.

At the very least, charities that have experienced a fall-off in donations – or anticipate a fall-off in donations – as a result of the fundraising scandals will need to make reference to this in their annual report. However, a number of charity auditors expect charities

that derive a significant amount of income from fundraising to take the opportunity to make more detailed comment in this area.

“We expect that charities undertaking fundraising activities will become more transparent in their trustees’ report surrounding their activities and the fundraising methods that they use in order to rebuild public confidence,” comments Simkins at Moore Stephens. “This could take the form of a separate paragraph within the trustees’ report, such as when currently reporting on volunteers.”

Singh at MHA MacIntyre Hudson observes: “The public concern over how charities ask for money should have been a major issue discussed by each charity at a 2015 board meeting, with the potential of media criticism highlighted ... In terms of reporting requirements we can perhaps expect to start seeing fundraising appearing as a ‘principal risk’.”

Haysmacintyre partner Sam Coutinho believes that greater transparency in this area would be welcome, but stresses that it would result from voluntary rather than statutory disclosure. “From a reputational risk and public relations point of view, charities may wish to report more on fundraising governance. It may be that guidance and suggestions for additional reporting in the trustees’ annual report is provided by the Charity Commission, but it is unlikely to be required,” she says. ■

**Charity auditor awards 2015**

With over 90 per cent of respondents rating the service levels provided by their auditors as good, many clearly display a high level of satisfaction with their auditors.

Nonetheless, we have tried to identify firms worthy of special mention based on the ratings they have received and the number of clients rating them, on the basis that the larger the sample gets, the harder it is to maintain a consistently high rating. For this reason, firms with fewer than 10 clients rating them have been excluded from the rankings.

**Overall service (30+ responses)**

- 1 Kingston Smith
- 2 Broomfield & Alexander
- 3 Monahans
- 4 Sayer Vincent
- =5 MHA MacIntyre Hudson
- =5 Moore Stephens

**Charity expertise (30+ responses)**

- 1 Sayer Vincent
- 2 Kingston Smith
- 3 Broomfield & Alexander
- 4 haysmacintyre
- 5 Crowe Clark Whitehill
- 6 Moore Stephens

**Overall service (10-30 responses)**

- 1 Goldwins
- 2 BHP
- 3 Kreston Reeves
- 4 Lovewell Blake
- 5 Russell New
- 6 Clark Brownscombe

**Charity expertise (10-30 responses)**

- 1 Goldwins
- 2 BHP
- 3 Mazars
- 4 Price Bailey
- 5 Larking Gowen
- 6 PEM

**Prize draw winner 2015**

All charities responding to the survey in full were entered into a prize draw for a luxury Christmas hamper. Congratulations to Robin Goater, finance director at the Birmingham Association for Mental Health, who is this year’s winner.



*Diane Sim is a research analyst at Charity Finance*

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