

Tagged accounts – unlocking the data we hold

The major part of the taxonomy is taken from the existing for-profit taxonomy developed for the Financial reporting Standard applicable in the UK and Republic of Ireland (FRS 102) but it has been extended to cover aspects of charity specific reporting set out in the Charities SORP (FRS 102).

For-profit companies have very standardised formats for their profit and loss account and balance sheet. The charity sector is much more diverse and so the taxonomy needs to consider the flexibility the Statement of Financial Activities (SoFA) permits and the SORP permits in allowing charities to tell their story.

The power of tagging accounts data is that tagged items can be searched upon. It is important therefore to tag the right items and to use the right tags (as there are different kinds of tag). The more tags you have the more data can be potentially searched but the greater the complexity – it is important to get the balance right.

‘Must’ and ‘Should’

Just because a tag exists does not mean it has to be applied or used. To help charities tell their story in tagging terms, the approach taken has involved creating tags for all ‘must items’ in the accounts and trustees’ annual report. Charities are also encouraged by the SORP to offer additional disclosures in the accounts, these ‘shoulds’ do not all have corresponding tags. Examples of ‘shoulds’ for which tags have been created are:

- Explanation of the contribution made by volunteers to activities (1.39)
- Volunteer contribution in terms of hours (1.39)
- Volunteer contribution in terms of staff equivalents (1.39)
- Statement that there are no material uncertainties about the charity’s ability to continue (3.39)

Do you agree with a selective approach to ‘shoulds’, if not what are your suggestions?(If not tagged then a ‘should’ item cannot be searched.)

Audit/independent examination reports

Modified audit/examiner reports indicate matters that are to be drawn to the trustees’ attention and so there is a tagging solution for each kind of report. The tags used are of a true/false kind, are they the best ones to use and are they described in an understandable way?

Tagging transfers

Under the new SORPs, the transfer column must total net nil and so a solution is given with a set of tags reflecting movements from and to funds. Is this the most efficient solution?

Tagging activities in the report and accounts

Charities can carry out a wide diversity of activities. The solution adopted is an activity grouping structure in the trustees’ annual report and notes on charitable expenditure which can be used more than once allowing multiple activities to be tagged along with related costs. This gives freedom in

telling the story and allows trends analysis through time but does not allow comparability between charities. For the SoFA a single tag is used for all expenditure on charitable activities which allows comparability between charities and through time but does not allow a breakdown of activities and costs. The total charitable expenditure is a given but do you agree with the proposed solution, if not what would you propose?

Tagging support costs in the notes to the accounts

Charities have a wide variety of support costs. At one level the SORP simply requires a differentiation between governance costs and other support costs but the proposed solution seeks to identify several broad categories of support costs:

- Total fundraising support costs
- Total charitable activity support costs
- Total grant funding support costs

In addition, the adoption of an activity support costs grouping allows a further breakdown by activity with the following additional proposed categories:

- Finance costs
- IT costs
- HR costs
- Payroll administration costs
- Building management costs
- Other
- Analysis item tag to cover further types of support costs not covered above

Any categorisation has its problems but it allows a greater explanation to be given. Do you support the proposal, if not what alternatives would you propose?

Overall taxonomy solution

Those familiar with or wishing to view the taxonomy are invited to offer a greater depth of feedback on details of the design: the dimensions, the tags, the types of tag and the charity extension what it covers and who it covered it.