

# Stakeholder Forum

## ‘Charity Accounting and Reporting The key challenges’

OSCr

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CHARITY  
COMMISSION



## Welcome to the Stakeholder Forum:

- The SORP journey so far
- Our commitment to transparency in developing the next SORP
- Involving the sector in SORP development
- Help set the agenda for charity reporting and accounting
- Help us all understand the challenges faced
- To join in the debate, beginning today
- Taken forward in a series of roundtables

## **Charity accounting and reporting is not developed in a vacuum:**

- A diverse sector
- Developments shaping the sector
- The external challenge of global standards
- UK accounting post convergence
- The need to maintain public trust and confidence

## Charities are diverse:

- In activity and area of operations
- In extent of public service delivery
- In terms of information needs of stakeholders
- Most charities are small – with simpler accountability & reporting needs
- But must not forget the needs of the large
- How best to reflect different accountability needs in the next SORP

## The sector profile:

<b>Income band</b>	<b>Total</b>	<b>Non-company</b>	<b>Company</b>
<b>Under £10,000</b>	114,600	94%	6%
<b>£10,000 to £100,000</b>	50,700	86%	14%
<b>£100,000 to £250,000</b>	11,000	57%	43%
<b>£250,000 to £500,000</b>	5,500	42%	58%
<b>Over £500,000</b>	9,900	29%	71%
<b>Grand total</b>	191,700	85%	15%

(main registered charities 31 December 2007 England, Wales & Scotland)

Developments shape the future:

- Increasing role of the sector in society
- Sector is increasingly engaged in public service delivery
- Scale economies advantage larger charities – polarisation?
- ‘Medium charities’ squeezed
- Fundraising is catching the public eye
- Demonstrating the public benefit
- Increasing expectations from a demanding public

## Global accounting standards:

- EC adoption of IASB commercial standards
- FASB/ IASB collaboration brings a world regime nearer
- UK GAAP to be converged with IASB standards
- IPSASB looking at Government but
- No one is looking at charities, so far....

## Accounting in the UK:

- ASB develops UK standards primarily for investors and commercial needs
- Drive is to raise standards of financial reporting and to converge with IFRS
- SORP interprets UK standards for the charity sector What role will ASB take post convergence?
- Role of SORP in post IFRS world

## Maintaining confidence:

- More than reputation alone
- A key to future success
- Communicating with public, partners, donors and beneficiaries
- Informed decision making
- Demonstrating the public benefit
- The report and accounts – the only public documents all must produce

How do we ensure the next SORP:

- Meets the information needs of users
- Provides an account of stewardship
- Allows for proper assessment of performance
- Recognises the diversity of the sector – particularly in terms of size
- Is accessible to users and preparers

In short how do we make the SORP  
more relevant

Today is all about sharing views:

- This morning we hear the perspectives of:
  - Commentators on accountability & transparency
  - Donors and financial supporters
  - Small charities
  - The SORP-making bodies & the SORP committee
- The afternoon focuses on workshop discussion of 4 key issues and feedback from you
- We will take the issues forward in the Autumn roundtables