

Stakeholder Forum

‘Life needs to be simpler’

OSCr

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CHARITY
COMMISSION



The sector and 'small charities' by income:

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

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

Small* ***176,400*** ***89%*** ***11%***

**(Income under £250,000)*

The 'real world' for small charities:

- Accountancy skills are in short supply
- None or few staff employed
- Reliance on trustees and volunteers
- Funding is mainly local
- Accountability is mainly local
- Achievements are mainly local
- Failure to comply has minimal impact on the wider sector

Small charities operate:

- In a web enabled world
- With analysts and philanthropists seeking data
- Where they must comply with certain rules
- In a sector that stresses accountability and transparency
- Where money is scarce
- Where the public have confidence in charity
- Where they are likely to lack skills and resources in compliance

- The SORP Committee is thinking about the small:
- Promising that the next SORP is written with the small in mind
 - On the current assumption that ‘One-stop’ shop SORP works for them
 - More user friendly, esp. use of technical terms
 - Clearly highlighting optional from mandatory
 - Minimising additional disclosures to those needed by readers
 - Keep the reporting burden in mind

Small charities should not take donors for granted:

- Report and accounts are a requirement under Charity Law
- Transparency matters:
 - Demonstrates effectiveness
 - Demonstrates honouring donors/beneficiaries
 - Enables growth for those who want to grow

Accruals accounting comes with 'rules'

- Accounting standards define reporting
- Sector cannot 'pick and mix' in what it chooses to do
- Small charities are less complex than large but may have:
 - Pension arrangements
 - Owned assets
 - Investment property
 - Leased property
- 'Accruals without rules' would destroy credibility
- SORP offers a freedom to be used constructively

- Maintaining donor confidence with minimal burden:
- Reporting is simple, direct and proportionate
 - Accounting statements are brief and highlight actual charity work
 - Notes to the accounts are the necessary minimum
 - Beneficiary, donor (time & money) and financial supporter interests should shape reporting
 - SORP is made simpler where it can be
 - The sector does 'accruals within rules'

Today is all about you and your views:

- What do donors and financial supporters need?
- What should small charities report?
- What are the main obstacles for small charities?
- Is the manifesto one you endorse?
- How should beneficiaries' needs be met?
- Are there other stakeholders that small charities should consider?