

I believe that having an effective reporting framework is in the interests of not only the public, but the charity sector itself so I would urge the charities SORP making-bodies to listen to organisations such as the Charity Finance Group, which have undertaken an extensive consultation with finance professionals via roundtables and an online survey.
In particular, I would urge the SORP making-bodies to:

1. Reject the proposal for a Key Facts Summary

I do not believe this summary would improve understanding of charities, and I do not believe that there is financial information which would universally demonstrate the effectiveness of a charity. It is likely to add to the sheer volume and impenetrability of charity accounts and encourage readers not to engage with the full annual report and accounts. I don't think that usability of a large and complex document can be increased by making it still larger.

2. Abolish the separate accounting of support costs

These add a burden on charities and do not add any value for the reader of the accounts. Support costs are necessary for all operations and separating out support costs feeds an incorrect impression that support costs are a 'bad' piece of expenditure. It also adds to the complexity of accounts when the same expenditure is broken out several different ways in different notes and makes the accounts harder for a nonprofessional user to understand rather than easier.

3. Reject calls further details on administration and fundraising costs

Financial disclosures are not the way to improve understanding of charities operations, encouraging and supporting charities to talk about their operations and approach to fundraising through narrative reporting would be better.

In general, as you will see from my particular comments above, I think that one of the greatest obstacles to understanding charity accounts is the sheer volume of information which needs to be included and which increasingly requires specialist knowledge of charity accounts before it can be understood. Different charities will inevitably have different financial indicators which are important for proper understanding of their activities, but I don't think that further increasing the list of different disclosures required for all charities is helpful to either the public or to beneficiaries.

Kind regards,

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