

To whom it may concern,

I am writing to respond to the research exercise on charities SORP (FRS 102).

I believe that it is important for the charities SORP making-bodies to take into account the views of charity sector preparers. I know 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**

There is no rationale for why 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 – not least because charities are not comparable and engage in a huge diversity of activities. It is only likely to encourage readers not to engage with the full annual report and accounts. Key issues are already clearly stated in the CEO and performance reports.

**2. Reject the proposal for material donors and funders to be declared**

I am concerned that this will impact of the donor's right to privacy and could lead to fewer charities receiving charitable donations. I also do not believe that declaring funders, such as local councils, would improve the public's understanding of the effectiveness of a charity. Many, many philanthropists prefer to give money anonymously. This could potentially be extremely harmful to the funding of the charity sector which would lead to reductions in activity and a great burden on the government/local authorities.

**3. 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, feeding the misconception that all charities could be staffed by volunteers. The SORP making-bodies need to take action.

**4. 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. Black and white financial metrics do not give the full picture and actually encourage avoiding the real intention behind improved reporting.

**5. Reject calls for charities to break down their spending by jurisdictions**

This will not add value as most charities that work overseas will already be explaining their operations through the narrative reporting. This will add significant bureaucracy and cost – putting even more constraints on the funds that go to the front line.

There is a worrying trend at present in many areas of society for increasing the quantity of measurement, rather than the quality of measurement. There needs to be a review of the real effectiveness of these changes balanced against the risk to the sector. It would be a tragedy if the SORP, which is supposed to protect the beneficiaries of the charity sector, actually resulted in those beneficiaries having no charities left to look after them.

Thank you for considering my response to the research exercise.

Kind regards,

Vicki

**Vicki Thornton**

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