

Attn.: Matthew Allen,

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

I would urge the SORP making-bodies to:

1. Reject the proposal for a Key Facts Summary

Charities vary widely. The prime objective for the presentation of accounts has to be creating a clear and fair view of the charity's activities in financial terms including its strengths and weaknesses. If this could be achieved in a simple and brief format then less information would be required in the accounts preparation. If the current level of information is required to provide a clear and fair view then a summary would inevitably be misleading as it would not contain all the information. If the SORP Committee believe a summary is adequate then they should consider simplifying the SORP to only require the summary information.

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

It is essential that donors or funders and charities on their behalf retain the right to anonymity. Any change to this principle could seriously affect the concept of charity. I am conscious of the need to be vigilant concerning "tainted" donations that might have undue influence on a charity's activities but this can best be done as part of the audit or independent inspection process.

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. The SORP making-bodies need to take action.

4. Reject calls further details on administration and fundraising costs

Further 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.

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, however, and further lengthen the SORP.

The recent introduction of the new SORP (FRS102) has generally been detrimental to the compromise of achieving a fair financial view of a charity's activities. The accounts are now longer, more complex and less understood by stakeholders without financial training. More thought should be given to achieving a clear and easily understood view of the charity, its activities over the previous period and its financial strengths or weaknesses in a concise way applying limits on detail based on materiality.

Thank you for considering my response to the research exercise.

Kind regards,

Graham Hall



Graham Hall

Accountant

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